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# Statistical release

## P9110

# Quarterly financial statistics of municipalities

June 2009

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### Key findings

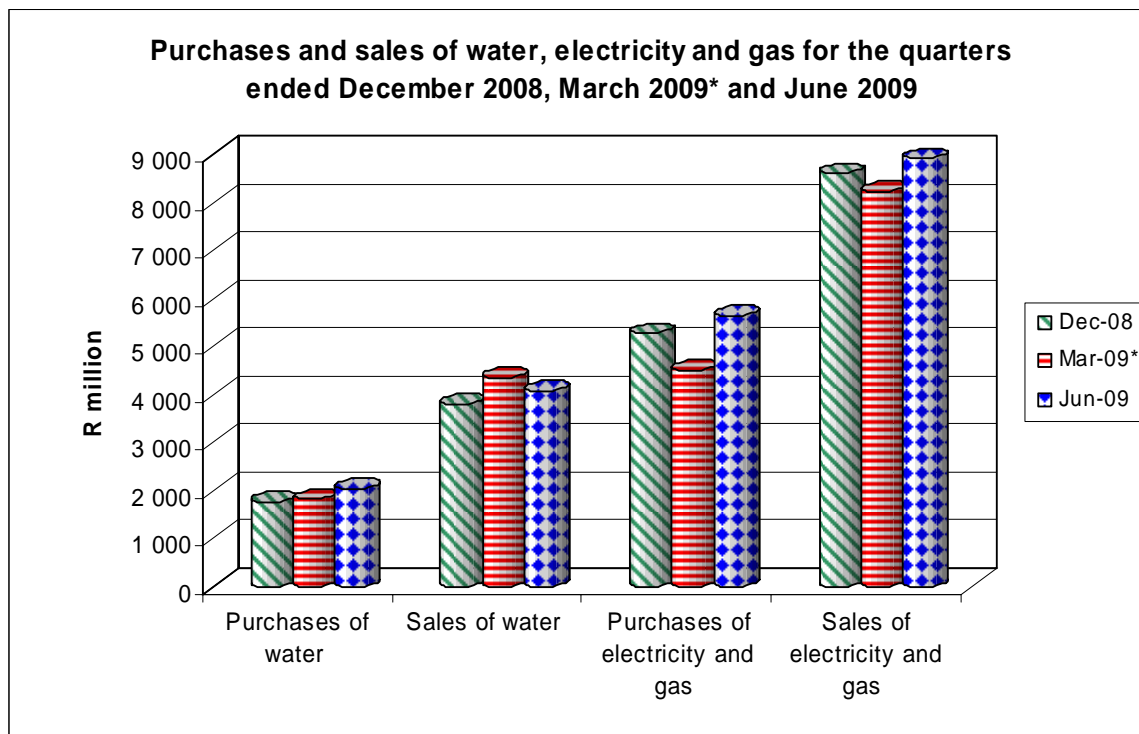
Item	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
Purchases of water	1 754	1 813	2 027	11,8
Sales of water	3 792	4 348	4 058	-6,7
Purchases of electricity and gas	5 269	4 513	5 639	25,0
Sales of electricity and gas	8 599	8 214	8 914	8,5
Property, plant, and equipment (net carrying value)	128 581	132 729	143 576	8,2

\* Revised

Purchases of water increased by 11,8% between the quarters ended March 2009 and June 2009. Purchases of electricity and gas increased by 25,0% over the same period.

Sales of electricity and gas increased by 8,5% between the quarters ended March 2009 and June 2009. A decrease of 6,7% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 8,2% between the quarters ended March 2009 and June 2009.



\*Revised

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

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2008, March 2009 and June 2009 quarters**

Net assets and liabilities	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
<b>Net assets:</b>				
Housing development fund	1 854	1 859	1 843	-0,9
Capital replacement reserve, capitalisation reserve, government grant reserve: Donations and public contribution reserve, self-insurance reserve, revaluation reserve and COIDA <sup>1</sup> reserve	54 228	54 186	54 997	1,5
Retained surplus/accumulated deficit	67 680	71 332	75 221	5,5
Outside shareholders' interest	0	0	0	0,0
<b>Non-current liabilities</b>				
<b>Marketable loan stock:</b>				
Other local government institutions	280	280	277	-1,1
Other	3 658	3 659	4 778	30,6
<b>Bonds held by:</b>				
Other	5 953	5 946	5 946	0,0
<b>Other non-current liabilities :</b>				
Government housing loans to public welfare organisations and individuals sponsored by the respondent	5	5	5	0,0
<b>Other long-term loans received from:</b>				
National government	71	71	71	0,0
Provincial government	3	3	2	-33,3
Local government institutions	63	63	63	0,0
Development Bank of Southern Africa	7 199	7 294	7 306	0,2
Local authorities loans fund	2	2	2	0,0
Financial public corporations	126	76	75	-1,3
Non-financial public corporations	3	1	0	-100,0
Banks	7 584	7 821	8 554	9,4
Insurers	2	2	2	0,0
Pension funds	0	0	0	0,0
Public Investment Corporation	339	339	339	0,0
Other domestic sources (including INCA) <sup>2</sup>	2 452	2 516	2 491	-1,0
Long-term leases	236	237	249	5,1
Non-current provisions	6 989	6 981	7 568	8,4

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2008, March 2009 and June 2009 quarters (continued)**

Net assets and liabilities	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
<b>Current liabilities</b>				
<b>External short-term loans from and deposits from:</b>				
Local government institutions	3	3	3	0,0
Development Bank of Southern Africa	483	463	458	-1,1
Local authorities loans fund	7	7	7	0,0
Financial public corporations	4	4	0	-100,0
Banks	456	456	433	-5,0
Public Investment Corporation	0	0	0	0,0
Other domestic sources (including INCA) <sup>2</sup>	161	160	168	5,0
Unspent conditional grants	9 392	6 749	6 363	-5,7
Current provisions	1 535	4 620	5 492	18,9
Short-term leases	218	214	220	2,8
Value added tax payable	1 233	1 266	1 216	-3,9
Bank overdraft	2 282	1 836	1 907	3,9
<b>Creditors:</b>				
Trade creditors	9 574	9 657	12 193	26,3
Consumer deposits	2 412	2 435	2 435	0,0
Income received in advance	2 421	2 433	2 461	1,2
Other creditors	6 423	6 215	6 846	10,2
Liabilities not reflected elsewhere <sup>3</sup>	4 694	5 780	5 409	-6,4
<b>Total net assets and liabilities</b>	<b>200 025</b>	<b>204 971</b>	<b>215 400</b>	<b>5,1</b>

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

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

<sup>3</sup> Includes suspense accounts and liabilities not shown separately

\* Revised

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2008, March 2009 and June 2009 quarters (continued)**

Assets	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
Property, plant, and equipment (net carrying value)	128 581	132 729	143 576	8,2
Investment property	1 454	1 098	1 129	2,8
Leased assets	255	256	256	0,0
<b>Investments in marketable securities:</b>				
Municipal stock/shares	393	393	431	9,7
<b>Other marketable stock/shares:</b>				
Government stock	23	23	23	0,0
Financial public corporations stock	4	4	4	0,0
Other	535	535	536	0,2
Investments in non-marketable instruments of other spheres of government and government institutions	57	57	57	0,0
<b>Long-term receivables:</b>				
Loans to controlled municipal entities	25	24	24	0,0
Car loans	16	16	14	-12,5
Housing selling scheme loans	603	604	601	-0,5
Sewerage connection loans	0	0	0	0,0
Electricity appliance purchase scheme	3	3	3	0,0
Other	2 279	2 281	2 266	-0,7
Sponsored government housing loans to public welfare organisations and individuals	5	5	5	0,0
<b>Loans and deposits:</b>				
<b>External long-term loans, deposits and investments:</b>				
<b>Long-term loans to:</b>				
Other local government institutions	11	11	11	0,0
Financial public corporations	32	32	32	0,0
Other companies	0	0	0	0,0
Individuals	37	37	36	-2,7
Other	68	68	68	0,0

\* Revised

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2008, March 2009 and June 2009 quarters (concluded)**

Assets	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
<b>Long-term deposits and other investments with:</b>				
Public Investment Corporation	4	11	11	0,0
Banks	6 222	6 518	6 684	2,5
Other	812	795	816	2,6
<b>Current assets</b>				
Inventory	1 799	1 814	1 792	-1,2
<b>External short-term loans, deposits and investments:</b>				
<b>Short-term loans to:</b>				
Financial public corporations	328	328	328	0,0
Non-financial public corporations	0	0	0	0,0
Other companies	0	0	0	0,0
Individuals	9	9	9	0,0
Other	73	72	77	6,9
<b>Short-term deposits and other investments with:</b>				
Public Investment Corporation	190	190	190	0,0
Banks	15 366	15 608	14 179	-9,2
Other	4 531	4 552	4 540	-0,3
<b>Other sundry debtors:</b>				
Consumer debtors	20 343	20 745	21 213	2,3
Other debtors	6 745	6 417	7 224	12,6
Prepaid expenses	38	35	35	0,0
Petty cash and bank	7 838	8 369	7 764	-7,2
Assets not reflected elsewhere <sup>1</sup>	1 346	1 332	1 466	10,1
<b>Total assets</b>	<b>200 025</b>	<b>204 971</b>	<b>215 400</b>	<b>5,1</b>

<sup>1</sup> Includes suspense accounts and assets not shown separately

\* Revised

**Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended December 2008, March 2009 and June 2009: Expenditure**

Expenditure	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
Employee related costs	6 691	6 047	6 645	9,9
Remuneration of board of directors/councillors	402	465	508	9,2
Property rates	60	52	72	38,5
Interest paid	737	496	752	51,6
Loss on the disposal of property, plant, and equipment	1	4	18	350,0
Bad debts	472	449	672	49,7
Contracted services	643	616	736	19,5
Collection costs	74	72	91	26,4
Depreciation	777	776	811	4,5
Repairs and maintenance	729	658	828	25,8
<b>Grants and subsidies paid to:</b>				
Other local government institutions	61	1 405	864	-38,5
Tertiary institutions of higher learning	0	0	0	0,0
Other	176	166	132	-20,5
<b>General expenditure:</b>				
Accommodation	8	7	9	28,6
Advertising	35	41	36	-12,2
Bank charges	24	58	42	-27,6
Cleaning services	15	12	11	-8,3
Consultancy fees	91	127	179	40,9
Fuel and oil	126	108	130	20,4
Hiring of plant and equipment	83	80	84	5,0
Insurance costs	91	84	65	-22,6
Membership fees	20	28	14	-50,0
Pharmaceutical	19	13	16	23,1
Postage and stamps	34	47	37	-21,3
Printing and stationery	54	96	86	-10,4
Security fees	99	219	188	-14,2
Rental of land, buildings and other structures	55	117	109	-6,8
Rental of office equipment	30	34	39	14,7
Telecommunication services	111	167	145	-13,2
Training and education	38	54	60	11,1
Transport	33	26	39	50,0
Travelling and subsistence	61	54	74	37,0
Other expenditure	2 906	4 107	5 123	24,7
<b>Surplus</b>	9 228	9 281	2 436	-73,8
<b>Total expenditure</b>	<b>23 984</b>	<b>25 966</b>	<b>21 051</b>	<b>-18,9</b>

\* Revised



**Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended December 2008, March 2009 and June 2009:  
Income**

Income	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
<b>Taxes on property</b>				
<b>Property rates from:</b>				
National government	13	12	12	0,0
Provincial government	13	9	8	-11,1
Local government institutions	2	2	1	-50,0
Public corporations	0	0	0	0,0
<b>Property rates and other:</b>				
Rates from individuals and private companies	5 336	6 034	5 665	-6,1
Property rates - penalties imposed and collection charges	127	118	153	29,7
<b>Interest received from:</b>				
Interest earned: External investments	743	776	793	2,2
Interest earned: Outstanding debtors	627	691	501	-27,5
Dividends received	2	0	0	0,0
Fines	310	264	275	4,2
Licences and permits	73	87	115	32,2
Income for agency services	144	155	163	5,2
Rental of facilities	142	199	135	-32,2
Bad debts recovered	0	0	0	0,0
Public contributions, donations/donated PPE	11	3	3	0,0
Gains on the disposal of property, plant, and equipment	21	95	44	-53,7
<b>Subsidies from:</b>				
National government	37	54	61	13,0
Provincial government	31	29	33	13,8
Local government	0	0	0	0,0
Other	9	16	17	6,3
<b>Grants from (including equitable share):</b>				
National government	6 368	7 848	7 219	-8,0
Provincial government	327	268	299	11,6
Local government	8	5	4	-20,0
Other	1 100	1 127	926	-17,8
Spent conditional grants	25	30	22	-26,7
Other income	3 133	2 165	2 018	-6,8
<b>Deficit</b>	<b>5 382</b>	<b>5 979</b>	<b>2 584</b>	<b>-56,8</b>
<b>Total income</b>	<b>23 984</b>	<b>25 966</b>	<b>21 051</b>	<b>-18,9</b>

\* Revised

**Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended December 2008, March 2009 and June 2009:  
Expenditure**

Expenditure	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
Employee related costs	3 343	3 208	3 186	-0,7
Property rates	15	19	21	10,5
Interest paid	157	306	356	16,3
Bad debts written off	566	545	1 017	86,6
Collection costs	13	14	17	21,4
Depreciation	1 007	908	1 101	21,3
Repairs and maintenance	1 683	1 382	1 983	43,5
Purchases of electricity and gas	5 269	4 513	5 639	25,0
Purchases of water	1 754	1 813	2 027	11,8
Loss on disposal of property, plant, and equipment	0	3	5	66,7
Contracted services	1 009	735	857	16,6
<b>Grants and subsidies paid to:</b>				
Other local government institutions	12	12	12	0,0
Tertiary institutions of higher learning	0	0	0	0,0
Other	282	221	232	5,0
<b>General expenditure:</b>				
Accommodation	4	4	4	0,0
Advertising	2	3	4	33,3
Bank charges	2	2	2	0,0
Cleaning services	10	15	18	20,0
Consultancy fees	38	42	56	33,3
Fuel and oil	98	122	109	-10,7
Hiring of plant and equipment	49	52	83	59,6
Insurance costs	26	31	31	0,0
Membership fees	1	1	1	0,0
Pharmaceutical	1	1	1	0,0
Postage and stamps	0	2	2	0,0
Printing and stationery	8	11	13	18,2
Security fees	50	40	47	17,5
Rental of land, buildings and other structures	10	12	12	0,0
Rental of office equipment	1	8	10	25,0
Telecommunication services	18	21	28	33,3
Training and education	8	7	8	14,3
Transport	42	56	55	-1,8
Travelling and subsistence	11	12	11	-8,3
Other expenditure	1 655	3 244	3 786	16,7
<b>Surplus</b>	<b>2 720</b>	<b>2 870</b>	<b>2 227</b>	<b>-22,4</b>
<b>Total expenditure</b>	<b>19 864</b>	<b>20 235</b>	<b>22 961</b>	<b>13,5</b>

\* Revised

**Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended December 2008, March 2009 and June 2009:  
Income**

Income	December 2008	March 2009*	June 2009	% change between quarters ended Mar. 2009* and Jun. 2009
	R million			
<b>Subsidies from:</b>				
National government	55	73	73	0,0
Provincial government	52	64	49	-23,4
Local government	0	0	0	0,0
Other	3	5	4	-20,0
<b>Grants from (include equitable share):</b>				
National government	1 257	1 938	2 157	11,3
Provincial government	145	185	172	-7,0
Local government	4	5	4	-20,0
Other	105	114	137	20,2
Spent conditional grants	69	89	99	11,2
Rental of facilities and equipment	113	218	146	-33,0
<b>Interest received from:</b>				
Interest received from: External investments	87	53	20	-62,3
Interest received from: Outstanding debtors	285	300	140	-53,3
Sales of electricity and gas	8 599	8 214	8 914	8,5
Sales of water	3 792	4 348	4 058	-6,7
Refuse removal	722	829	816	-1,6
Sewerage and sanitation	743	855	797	-6,8
Fines	19	11	14	27,3
Gains on the disposal of property, plant, and equipment	44	24	6	-75,0
Bad debts recovered	7	3	3	0,0
Licences and permits	27	22	26	18,2
Income for agency services	132	120	127	5,8
Public contributions, donated/contributed PPE	13	14	83	492,9
Other income	1 246	1 366	1 533	12,2
<b>Deficit</b>	<b>2 345</b>	<b>1 385</b>	<b>3 583</b>	<b>158,7</b>
<b>Total income</b>	<b>19 864</b>	<b>20 235</b>	<b>22 961</b>	<b>13,5</b>

\* Revised

**Notes**

**Forthcoming issue      Issue      Expected release date**

September 2009      December 2009

**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**      December quarter 2008:      86%  
 March quarter 2009:      84%  
 June quarter 2009:      83%

**Reasons for fluctuation:**

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

## Explanatory notes

<b>Introduction</b>	<p>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.</p> <p>This publication contains estimates for the quarters ended December 2008, March 2009 and June 2009. The survey is designed to obtain financial information of local government institutions relating to:</p> <ul style="list-style-type: none"> <li>• the consolidated statement of financial position of municipalities;</li> <li>• the statement of financial performance of municipalities – rates and general services; and</li> <li>• the statement of financial performance of municipalities – housing and trading services.</li> </ul>												
<b>Scope of the survey</b>	<p>2 This survey covers quarterly financial information of all 283 municipalities.</p>												
<b>Classification and accounting standards</b>	<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 Institute of Municipal Finance Officers (IMFO) and also General Recognised Accounting Practice (GRAP).</p>												
<b>Collection of levies</b>	<p>4 Although regional council levies were abolished with effect from 1 July 2006, income in respect of these funds are arrear amounts based on taxes on payroll and turnover collected by local authorities to fund mainly infrastructural development projects.</p>												
<b>Survey methodology and design</b>	<p>5 The statistical unit for the collection of information is the municipality.</p>												
<b>Imputation</b>	<p>6 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>												
<b>Revised figures</b>	<p>7 Estimates for the quarters are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and late submission of their data to Stats SA.</p>												
<b>Rounding off figures</b>	<p>8 The figures in the tables have been rounded to the nearest digit shown. There may be slight discrepancies between the sums of the constituent items and the totals shown.</p>												
<b>Related publications</b>	<p>9 Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> <li>• P9101 Capital expenditure of the public sector;</li> <li>• P9114 Financial census of municipalities;</li> <li>• P9119.4 Financial statistics of consolidated general government;</li> <li>• P0441 Gross domestic product;</li> <li>• P0277 Quarterly employment statistics; and</li> <li>• D9144 Quarterly financial statistics of municipalities.</li> </ul>												
<b>Symbols and abbreviations used</b>	<p>10</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
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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>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 financial year.
<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 consumption of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), and the total expenditure on 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.
<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.)

**Donations and Public Contributions Reserve**

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

**Employee related cost**

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

Compensation of employees also includes:

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

**Government Grants Reserve**

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

**Housing and trading services**

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

**Housing development funds**

The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the provincial MEC responsible for housing.

**Levies**

Levies include both regional service and regional establishment levies collected by the districts and metropolitan municipalities. Regional service levy is the payroll tax paid by registered levy payers on total remuneration of their employees in terms of the Local Government Transition Act (LGTA) of 1993. Regional establishment levy is the turnover tax paid by businesses on their total turnover in terms of the relevant legislation.

**Local municipality**

Local municipality refers to a municipality that shares a 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.

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<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 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 account, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset.
<b>Other expenditure</b>	The following are included in other expenditure: <ul style="list-style-type: none"><li>• administration charges/fees;</li><li>• audit 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 or for rental to others that the entities anticipate using during more than one period.
<b>Provision</b>	Provision is any amount set aside for the purpose of meeting the following: <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> Provision includes: <ul style="list-style-type: none"><li>• bad debts; and</li><li>• leave payouts.</li></ul>

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<b>Rates and general services</b>	Rates and general services include ambulance, fire control (or firefighting), 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.
<b>Repairs and maintenance</b>	Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the department. Where considered necessary, the cost of repairs in respect of the various types of assets, e.g. buildings, plant, may be subdivided. Where repairs and maintenance have been charged to a 'provision for repairs account', the actual expenditure incurred during the current year has been reflected under this sub-division and the amount chargeable to the 'provision for repairs' is reflected as a deduction from the actual cost. Any balance of expenditure still remaining is treated as a charge against the current year.
<b>Reserve</b>	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.
<b>Revaluation reserve</b>	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.
<b>Self-insurance reserve</b>	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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