

Statistical release

P9110

Quarterly financial statistics of municipalities

June 2011

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Key findings

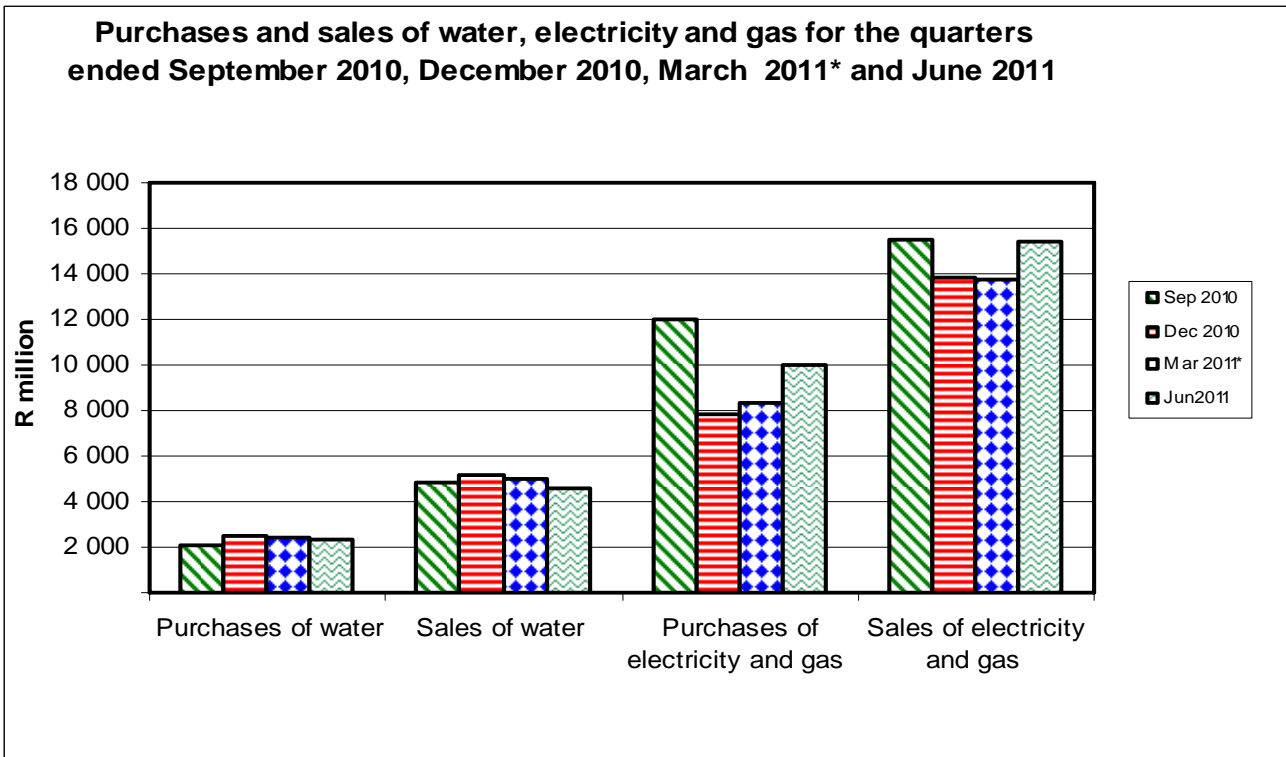
Item	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011	% change between quarters ended Mar. 2011 and Jun. 2011
	R million					
Purchases of water	2 073	2 474	2 376	2 370	-6	-0,3
Sales of water	4 868	5 178	5 003	4 618	-385	-7,7
Purchases of electricity and gas	12 028	7 853	8 373	9 992	1 619	19,3
Sales of electricity and gas	15 489	13 844	13 788	15 429	1 641	11,9
Property, plant and equipment (Net carrying value)	250 734	255 061	260 976	266 234	5 258	2,0

* Revised

Purchases of water decreased by 0,3% between the quarters ended March 2011 and June 2011. Purchases of electricity and gas increased by 19,3% over the same period.

Sales of electricity and gas increased by 11,9% between the quarters ended March 2011 and June 2011. A decrease of 7,7% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 2,0% between the quarters ended March 2011 and June 2011.



*Revised

**PJ Lehohla
Statistician-General**

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2010, December 2010, March 2011 and June 2011 quarters

Net assets and liabilities	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Housing development fund	1 785	1 780	1 754	1 709	-45
Capital replacement reserve	18 519	17 647	17 526	17 739	213
Capitalisation reserve	7 346	6 445	6 393	6 384	-9
Government grant reserve	23 132	23 835	23 498	23 329	-169
Donations and public contributions reserve	3 186	3 319	3 569	3 788	219
Self-insurance reserve	1 137	1 150	1 152	1 177	25
Revaluation reserve	10 019	10 419	10 468	10 431	-37
COID ¹ reserve	1 499	1 500	1 500	1 515	15
Pre-GAMAP reserves and funds	2 567	2 334	2 114	2 114	0
Retained surplus/Accumulated deficit	160 142	162 724	167 527	166 057	-1 470
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	152	30	30	30	0
Public financial corporations	100	0	0	0	0
Public non-financial corporations	518	0	0	0	0
Private companies	0	0	1	1	0
Other	5 917	5 749	5 761	5 401	-360
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Private companies	0	0	0	0	0
Other	6 678	7 493	8 292	8 292	0
Government housing loans to public welfare organisations and individuals sponsored by the respondent	0	0	0	0	0
Long-term loans received from:					
National government	0	0	0	0	0
Provincial government	0	0	0	0	0
Local government institutions	28	28	28	28	0
Development Bank of Southern Africa (DBSA)	8 342	9 045	9 400	9 407	7
Local authorities loans fund	1	1	1	1	0
Public financial corporations	187	187	187	187	0
Public non-financial corporations	1	1	1	1	0
Banks	18 198	18 392	17 863	19 747	1 884

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2010, December 2010, March 2011 and June 2011 quarters (continued)

Net assets and liabilities	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Insurers	2	2	2	2	0
Pension funds	106	106	106	106	0
Public Investment Corporation (PIC)	338	338	338	338	0
Private companies	9	9	9	9	0
Other domestic sources (including INCA ²)	5 450	5 444	5 393	5 005	-388
Long-term leases	389	389	387	397	10
Non-current provisions	9 720	10 089	10 403	10 473	70
Current liabilities					
External short-term loans and deposits from:					
Local government institutions	1	1	1	1	0
Development Bank of Southern Africa (DBSA)	283	263	260	264	4
Local authorities loans fund	3	3	2	2	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Banks	412	861	1 012	1 068	56
Insurers	0	0	0	0	0
Pension funds	2	2	2	2	0
Public Investment Corporation (PIC)	21	21	21	21	0
Private companies	1	1	1	1	0
Other domestic sources (including INCA ²)	191	187	189	171	-18
Unspent conditional grants	9 070	8 770	9 599	8 237	-1 362
Current provisions	6 136	6 405	6 481	6 669	188
Short-term leases	202	205	202	202	0
VAT ³ payable	1 970	1 948	2 269	1 826	-443
Bank overdraft	2 632	2 119	2 241	4 070	1 829
Creditors:					
Trade creditors	17 717	17 836	16 577	20 199	3 622
Consumer deposits	3 133	3 177	3 225	3 247	22
Income received in advance	497	447	482	478	-4
Other creditors	9 845	10 002	9 472	10 348	876
Liabilities not reflected elsewhere ⁴	4 499	4 531	4 623	4 518	-105
Total net assets and liabilities	342 083	345 235	350 362	354 992	4 630

¹ COID: Compensation Commissioner for Occupational Injuries and Diseases

² INCA: Infrastructure Finance Corporation Ltd

³ Valued Added Tax

⁴ Includes suspense accounts and liabilities not shown separately.

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2010, December 2010, March 2011 and June 2011 quarters (continued)

Assets	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Property, plant and equipment (net carrying value)	250 734	255 061	260 976	266 234	5 258
Investment property	7 197	5 353	5 510	5 540	30
Intangible assets	1 761	1 848	1 878	1 885	7
Biological (cultivated) assets	48	48	48	49	1
Investments in marketable securities:					
Municipal stock/shares	2 410	2 418	2 293	2 238	-55
Other marketable stock/shares:					
Government stock	1	1	1	1	0
Treasury bills	0	0	0	0	0
Other local government institutions	39	39	39	39	0
Public financial corporations stock	2	2	2	2	0
Public non-financial corporations stock	0	0	0	0	0
Other companies	1 090	1 118	953	935	-18
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	0	0	0	0	0
Long-term receivables:					
Loans to controlled municipal entities	743	740	740	744	4
Car loans	5	5	5	5	0
Housing selling scheme loans	335	328	322	281	-41
Sewerage connection loans	12	6	6	6	0
Electricity appliance purchase scheme	0	4	4	4	0
Other	2 508	2 442	2 450	2 422	-28
Sponsored government housing loans to public welfare, organisations and individuals	0	0	0	0	0
External long-term loans, deposits and investments					
Long-term loans to:					
Other local government institutions	1	1	1	1	0
Public financial corporations	29	28	28	27	-1
Public non-financial corporations	0	0	0	0	0
Other companies	0	0	0	0	0
Individuals	36	36	36	36	0
Other	35	35	12	12	0
Long-term deposits and other investments with:					
Public Investment Corporation (PIC)	32	32	32	32	0
Banks	2 506	2 491	2 922	2 160	-762
Public financial corporations	1	1	1	1	0
Public non-financial corporations	0	0	0	0	0

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2010, December 2010, March 2011 and June 2011 quarters (concluded)

Assets	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Other	453	450	1 350	1 330	-20
Current assets:					
Inventory	2 933	3 026	3 023	3 103	80
External short-term loans, deposits and investments					
Short-term loans to:					
Other local government institutions	1	1	1	1	0
Public financial corporations	264	264	264	264	0
Public non-financial corporations	0	0	0	0	0
Other companies	0	0	0	0	0
Individuals	1	1	1	1	0
Other	3 944	4 178	1 528	749	-779
Short-term deposits and other investments with:					
Public Investment Corporation (PIC)	215	215	215	215	0
Banks	19 241	18 579	20 399	19 907	-492
Public financial corporations	8	8	8	8	0
Public non-financial corporations	0	0	0	0	0
Other	1 449	1 466	1 214	1 222	8
Debtors:					
Consumer debtors	26 130	26 135	24 318	24 475	157
Other debtors	7 653	7 718	6 595	8 988	2 393
VAT ¹ receivable	1 543	1 537	1 560	1 563	3
Prepaid expenses	28	29	29	28	-1
Petty cash and bank	7 385	8 119	10 057	9 417	-640
Assets not reflected elsewhere ²	1 310	1 472	1 541	1 067	-474
Total assets	342 083	345 235	350 362	354 992	4 630

¹ Valued 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 September 2010, December 2010, March 2011 and June 2011: Expenditure

Expenditure	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Employee related costs	7 305	8 311	7 620	7 906	286
Remuneration of board of directors/councillors	497	527	566	545	-21
Property rates paid	268	113	124	211	87
Interest paid	481	960	699	867	168
Loss on the disposal of property, plant and equipment	0	3	2	15	13
Bad debts	498	476	699	1 237	538
Contracted services	629	617	678	942	264
Collection costs	69	96	95	103	8
Depreciation and amortisation	745	1 124	906	1 149	243
Impairment loss	0	0	0	4	4
Repairs and maintenance	365	392	437	551	114
Grants and subsidies paid to:					
Other local government institutions	74	124	138	282	144
Tertiary institutions of higher learning	0	0	0	0	0
Other	186	1 498	1 063	1 206	143
General expenditure:					
Accommodation, travelling and subsistence	81	100	82	101	19
Advertising	29	30	33	52	19
Audit Fees	67	170	128	109	-19
Bank charges	37	43	57	45	-12
Cleaning services	15	19	17	28	11
Consultancy fees	119	167	149	231	82
Entertainment costs	17	17	14	22	8
Fuel and oil	86	97	110	145	35
Hiring of plant and equipment	39	40	39	72	33
Insurance costs	226	116	71	78	7
Membership fees	48	34	24	23	-1
Pharmaceutical	16	26	21	18	-3
Postage and stamps	43	49	53	50	-3
Printing and stationery	79	83	84	94	10
Rental of land, buildings and other structures	119	108	82	117	35
Rental of office equipment	37	49	47	66	19
Security fees	205	225	264	307	43
Telecommunication services	129	160	180	197	17
Training and education	60	79	83	117	34
Transport costs	23	29	32	36	4
Other expenditure	3 354	2 531	2 873	4 941	2 068
Surplus	14 868	9 414	10 837	2 582	-8 255
Total expenditure	30 814	27 827	28 307	24 449	-3 858

* Revised

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2010, December 2010, March 2011 and June 2011: Income

Income	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Taxes on property					
Property rates from:					
National government	22	13	15	13	-2
Provincial government	23	18	26	19	-7
Local government institutions	1	1	1	1	0
Public corporations	8	5	10	7	-3
Property rates and other:					
Rates from individuals and private companies	8 355	7 090	7 231	6 876	-355
Property rates – penalties imposed and collection charges	136	449	682	339	-343
Interest earned from:					
External investments	349	319	412	689	277
Outstanding debtors	339	354	363	346	-17
Dividends received	0	0	0	0	0
Fines	252	286	295	290	-5
Licences and permits	122	117	128	117	-11
Income for agency services	206	226	227	273	46
Rental of facilities and equipment	127	123	146	155	9
Bad debts recovered	0	0	0	0	0
Public contributions and donations (including property, plant and equipment)	4	9	11	43	32
Gains on the disposal of property, plant and equipment	14	22	51	24	-27
Subsidies from:					
National government	65	44	29	32	3
Provincial government	63	50	39	42	3
Local government	0	0	0	0	0
Other	37	95	25	89	64
Grants (including equitable share) from:					
National government	12 165	10 220	8 738	5 962	-2 776
Provincial government	234	242	172	143	-29
Local government	3	18	13	10	-3
Other	92	134	74	143	69
Spent conditional grants	19	119	102	205	103
Other income	2 487	2 006	3 004	2 727	-277
Deficit	5 691	5 867	6 513	5 904	-609
Total income	30 814	27 827	28 307	24 449	-3 858

* Revised

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2010, December 2010, March 2011 and June 2011: Expenditure

Expenditure	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Employee related costs	4 317	4 948	4 524	4 659	135
Property rates paid	12	3	3	3	0
Interest paid	263	679	407	578	171
Loss on disposal of property, plant and equipment	0	0	2	3	1
Bad debts	803	894	1 063	984	-79
Contracted services	820	1 168	1 081	1 312	231
Collection costs	19	25	25	31	6
Depreciation and amortisation	1 313	1 619	1 698	2 128	430
Impairment loss	0	0	0	0	0
Repairs and maintenance	1 538	1 981	1 719	2 253	534
Purchases of electricity and gas	12 028	7 853	8 373	9 992	1 619
Purchases of water	2 073	2 474	2 376	2 370	-6
Grants and subsidies paid to:					
Other local government institutions	5	8	7	0	-7
Tertiary institutions of higher learning	0	0	0	0	0
Other	188	235	266	429	163
General expenditure:					
Accommodation, travelling and subsistence	12	16	11	20	9
Advertising	2	4	5	6	1
Audit fees	3	10	5	8	3
Bank charges	1	1	2	3	1
Cleaning services	9	11	11	14	3
Consultancy fees	27	45	53	113	60
Entertainment costs	1	1	1	1	0
Fuel and oil	122	128	133	199	66
Hiring of plant and equipment	71	110	86	134	48
Insurance costs	22	19	15	19	4
Membership fees	1	0	0	1	1
Pharmaceutical	1	3	3	3	0
Postage and courier services	1	3	2	3	1
Printing and stationery	15	14	15	16	1
Rental of land, buildings and other structures	14	23	20	33	13
Rental of office equipment	13	26	30	40	10
Security services	54	50	76	66	-10
Telecommunication services	19	20	25	29	4
Training and education	8	12	10	13	3
Transport costs	23	35	46	62	16
Other expenditure	2 804	3 694	3 365	4 371	1 006
Surplus	4 337	4 119	6 177	3 976	-2 201
Total expenditure	30 939	30 231	31 635	33 872	2 237

* Revised

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2010, December 2010, March 2011 and June 2011: Income

Income	September 2010	December 2010	March 2011*	June 2011	Difference between quarters ended Mar. 2011 and Jun. 2011
	R million				
Interest earned from:					
External investments	19	26	34	31	-3
Outstanding debtors	203	195	210	199	-11
Dividends received	0	0	0	0	0
Fines	10	10	11	9	-2
Licences and permits	44	42	76	94	18
Income for agency services	109	137	112	159	47
Rental of facilities and equipment	149	199	175	182	7
Bad debts recovered	0	0	0	0	0
Public contributions and donations (including property, plant and equipment)	29	45	80	65	-15
Gains on the disposal of property, plant and equipment	17	6	5	2	-3
Sales of electricity and gas	15 489	13 844	13 788	15 429	1 641
Sales of water	4 868	5 178	5 003	4 618	-385
Refuse removal charges	1 120	1 149	1 242	1 227	-15
Sewerage and sanitation charges	1 121	1 185	1 264	1 397	133
Subsidies from:					
National government	34	60	45	45	0
Provincial government	10	20	25	20	-5
Local government	0	0	0	0	0
Other	2	0	0	0	0
Grants (including equitable share) from:					
National government	2 477	2 726	3 112	3 174	62
Provincial government	98	150	185	172	-13
Local government	9	0	0	0	0
Other	216	241	1 547	444	-1 103
Spent conditional grants	46	65	35	33	-2
Other income	969	1 045	1 378	2 237	859
Deficit	3 900	3 908	3 308	4 335	1 027
Total income	30 939	30 231	31 635	33 872	2 237

* Revised

Notes

Forthcoming issue	Issue	Expected release date
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	September 2011	December 2011
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Purpose of survey The quarterly financial statistics of municipalities is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used to estimate Gross Domestic Product (GDP) and its components as well as to assist the public sector with policy formulation and the financial analysis of municipalities.

Response rates

September quarter 2010:	85%
December quarter 2010:	83%
March quarter 2011:	82%
June quarter 2011:	87%

Reasons for fluctuation:

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

Explanatory notes

- Introduction**
- 1 The purpose of the quarterly financial statistics survey of municipalities is to provide both stakeholders and users with information for allowing analysis and assessment of the state of local government finances.
- This publication contains estimates for the quarters ended September 2010, December 2010, March 2011 and June 2011. The survey is designed to obtain financial information of local government institutions relating to:
- the consolidated statement of financial position of municipalities;
 - the consolidated statement of financial performance of municipalities – rates and general services; and
 - the consolidated statement of financial performance of municipalities – housing and trading services.
- Scope of the survey**
- 2 This survey covers quarterly financial information of all 283 municipalities.
- Classification and accounting standards**
- 3 For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the *Standard Industrial Classification of all Economic Activities, Fifth Edition, Report No.09-90-02 of January 1993 (SIC)*. Activities of the local government institutions also adhere to the accounting standards and requirements in terms of the General Accepted Municipal Accounting Practice (GAMAP) and also General Recognised Accounting Practice (GRAP).
- Survey methodology and design**
- 4 The statistical unit for the collection of information is the municipality.
- Imputation**
- 5 The historical method is used to impute for non-response. According to this method previous information is used to arrive at current figures, after being appraised for its suitability.
- Revised figures**
- 6 Estimates for the current quarter are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and also if the data was received late by Stats SA (after cut-off date).
- Rounding off figures**
- 7 The figures in the tables have been rounded to the nearest digit shown, and as a result there may be slight discrepancies between the sums of the constituent items and the totals shown.
- Related publications**
- 8 Users may wish to refer to the following Stats SA publications:
- P9101 Capital expenditure of the public sector;
 - P9114 Financial census of municipalities;
 - P9119.4 Financial statistics of consolidated general government;
 - P0441 Gross domestic product;
 - P0277 Quarterly employment statistics; and
 - D9144 Quarterly financial statistics of municipalities.
- Symbols and abbreviations used**
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- | | |
|----------|--|
| 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>Employees related costs includes payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee related costs also includes:</p> <ul style="list-style-type: none">• 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	<p>The following are included in general expenditure: accommodation, travelling and subsistence; advertising; bank charges; bad debts (see below) cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance costs; membership fees; pharmaceutical expenses; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport costs.</p> <p>When debtors are uncollectible, they are written off as expenses and are recorded as bad debts in the books of an institution. In some instances, the bad debts are recovered (receipt of an amount, partially or in full, previously written off as uncollectible) are recorded as income in an institution's books.</p>
Government Grant Reserve	When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.
Housing and trading services	Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include abattoirs, electricity and gas, markets, passenger transport, water and other trading services (forestry, agriculture, airports, mineral baths, stone crushing and sand supply services).

Housing Development 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">• administration charges/fees;• books and magazines;• consumables;• legal fees;• licences and trade licences;• professional fees;• refreshments; and• sundries.
Property, plant and equipment	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use and as income generators or for rental to others that the entities anticipate using during more than one period.

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

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