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Statistical release

P9110

Quarterly financial statistics of municipalities

June 2012

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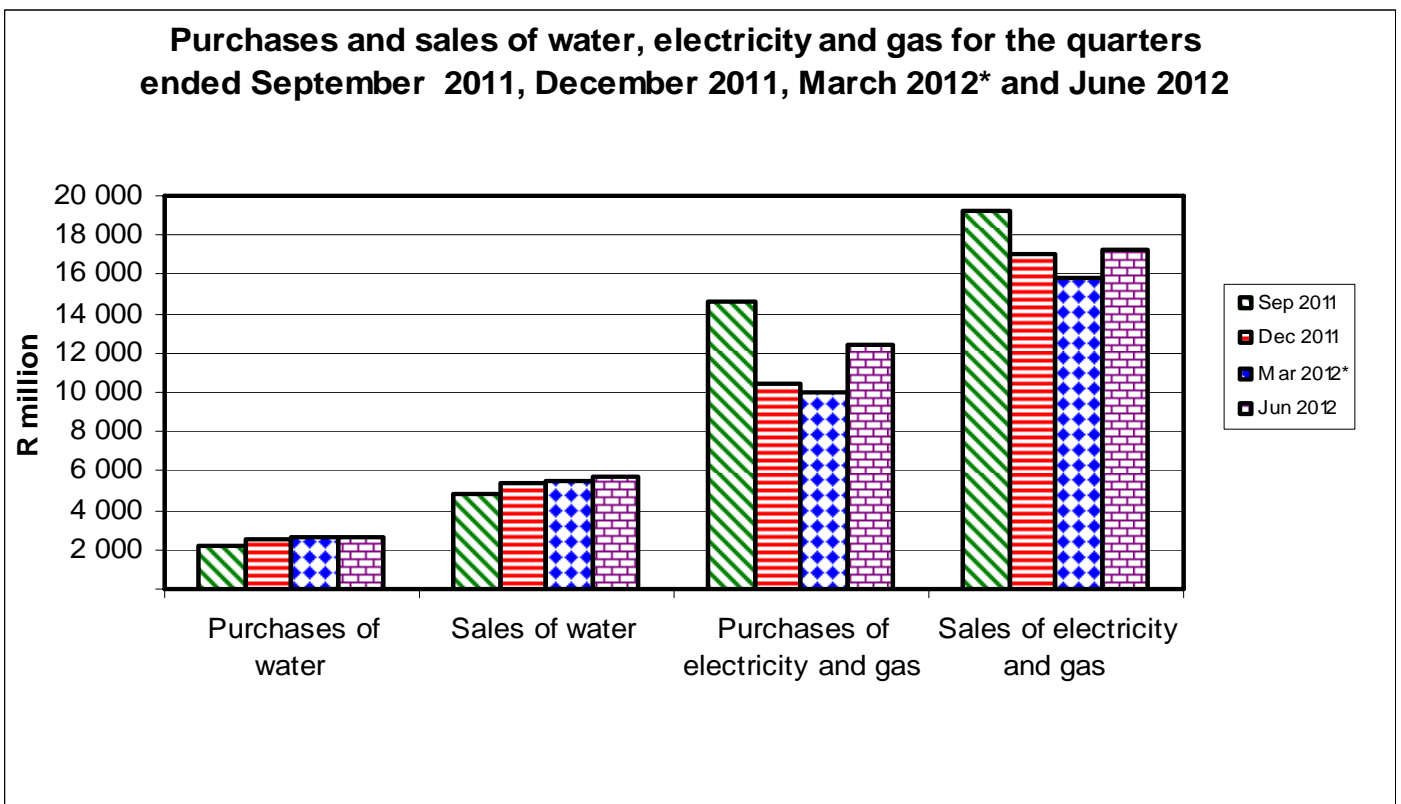
Item	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012	% change between quarters ended Mar. 2012 and Jun. 2012
	R million					
Purchases of water	2 189	2 543	2 627	2 678	51	1,9
Sales of water	4 878	5 358	5 528	5 699	171	3,1
Purchases of electricity and gas	14 652	10 491	9 969	12 420	2 451	24,6
Sales of electricity and gas	19 210	17 062	15 849	17 239	1 390	8,8
Property, plant and equipment (net carrying value)	321 032	322 121	323 568	330 004	6 436	2,0

* Revised.

Purchases of water increased by 1,9% between the quarters ended March 2012 and June 2012. Purchases of electricity and gas increased by 24,6% over the same period.

Sales of electricity and gas increased by 8,8% between the quarters ended March 2012 and June 2012. An increase of 3,1% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 2,0% between the quarters ended March 2012 and June 2012.



*Revised.

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2011, December 2011, March 2012 and June 2012 quarters

Net assets and liabilities	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Housing development fund	1 666	1 685	1 666	1 660	-6
Capital replacement reserve	16 270	16 566	16 608	16 790	182
Capitalisation reserve	10 141	10 108	10 078	10 049	-29
Government grant reserve	18 354	18 347	18 318	18 335	17
Donations and public contributions reserve	3 354	3 378	3 378	3 378	0
Self-insurance reserve	969	1 010	1 018	1 018	0
Revaluation reserve	7 119	7 062	7 254	7 443	189
COID ¹ reserve	1 513	316	321	322	1
Other reserves	3 227	3 022	2 812	2 812	0
Retained surplus/Accumulated deficit	220 443	225 664	231 437	229 299	-2 138
Outside shareholders' interest	0	0	0	0	0
Non-current liabilities					
Marketable loan stock and bonds					
Domestic loan stock held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Other	5 611	5 476	5 367	5 318	-49
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	7 451	7 451	7 470	7 462	-8
Public non-financial corporations	0	0	0	0	0
Other	1 655	1 675	1 654	1 651	-3
Long-term loans and deposits from:					
National government	0	0	0	0	0
Provincial government	5	5	0	0	0
Local government institutions	25	25	25	25	0
Development Bank of Southern Africa (DBSA)	9 642	9 710	9 652	10 145	493
Local authorities loans fund	1	1	1	1	0
Public financial corporations	809	799	824	750	-74
Public non-financial corporations	0	0	0	0	0
Banks	16 875	16 329	15 999	16 570	571

¹COID - Compensation Commissioner for Occupational Injuries and Diseases.

*Revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2011, December 2011, March 2012 and June 2012 quarters (continued)

Net assets and liabilities	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Insurers	2	2	2	2	0
Pension funds	142	142	142	142	0
Private companies	0	0	0	0	0
Other domestic sources (including INCA ²)	6 730	7 125	6 435	7 587	1 152
Long-term leases	796	428	427	407	-20
Non-current provisions	8 134	10 207	10 092	11 914	1 822
Retirement benefit obligations	5 177	6 358	6 501	6 543	42
Current liabilities					
Short-term loans and deposits from:					
Local government institutions	1	1	1	1	0
Development Bank of Southern Africa (DBSA)	320	358	358	366	8
Local authorities loans fund	2	2	2	2	0
Public financial corporations	0	1	1	1	0
Public non-financial corporations	0	0	0	0	0
Banks	1 049	1 210	1 223	1 255	32
Insurers	1	1	1	1	0
Pension funds	3	3	3	3	0
Private companies	0	0	0	0	0
Other domestic sources (including INCA ²)	635	526	1 113	664	-449
Unspent conditional grants	9 553	11 083	15 099	11 905	-3 194
Current provisions	7 042	7 341	7 699	7 655	-44
Retirement benefit obligations	1 609	1 625	1 668	1 641	-27
Short-term leases	341	325	326	331	5
VAT ³ payable	2 916	2 985	2 814	2 581	-233
Bank overdraft	1 340	2 325	1 711	1 600	-111
Creditors:					
Trade creditors	23 672	22 850	22 385	28 282	5 897
Consumer deposits	3 645	3 686	3 805	3 852	47
Income received in advance	495	464	511	488	-23
Other creditors	6 578	4 781	3 791	4 273	482
Liabilities not reflected elsewhere ⁴	8 130	6 802	6 859	8 822	1 963
Total net assets and liabilities	413 443	419 260	426 851	433 346	6 495

²INCA - Infrastructure Finance Corporation Ltd.

³VAT - Value added tax.

⁴Includes suspense accounts and liabilities not shown separately.

*Revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2011, December 2011, March 2012 and June 2012 quarters (continued)

Assets	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
R million					
Property, plant and equipment (net carrying value)	321 032	322 121	323 568	330 004	6 436
Investment property	8 175	8 865	9 066	9 135	69
Intangible assets	1 843	1 761	1 747	1 723	-24
Biological (cultivated) assets	83	83	83	81	-2
Investments in marketable securities:					
Municipal stock/shares	1 174	1 175	3 223	3 225	2
Other marketable stock/shares:					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions	39	39	39	39	0
Public financial corporations stock	0	0	0	0	0
Public non-financial corporations stock	0	0	0	0	0
Other companies/institutions	298	293	293	293	0
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	0	0	0	0	0
Long-term receivables, loans, deposits and investments					
Long-term receivables:					
Car loans	1	1	1	1	0
Housing selling scheme loans	229	223	217	211	-6
Sewerage connection loans	6	6	6	6	0
Electricity appliance purchase scheme	6	6	6	6	0
Other (including local government institutions)	1 093	1 136	1 124	1 152	28
Long-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	34	34	34	34	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	313	428	425	430	5
Long-term deposits and investments with:					
Banks	1 482	1 430	1 956	1 466	-490

*Revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2011, December 2011, March 2012 and June 2012 quarters (concluded)

Assets	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Public financial corporations	58	39	35	32	-3
Public non-financial corporations	0	0	0	0	0
Other	4 413	4 942	5 485	5 033	-452
Current assets:					
Inventory	4 047	4 154	4 199	4 052	-147
Short-term receivables, loans, deposits and investments					
Short-term loans to:					
Other local government institutions	2	2	2	2	0
Public financial corporations	113	113	113	113	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	472	1 451	2 450	935	-1 515
Short-term deposits and other investments with:					
Banks	10 691	11 971	13 873	13 244	-629
Public financial corporations	26	35	40	42	2
Public non-financial corporations	0	0	0	0	0
Other	1 358	1 284	1 302	1 301	-1
Debtors:					
Consumer debtors	30 971	29 256	29 086	32 539	3 453
Other debtors (including short-term portion of long-term receivables)	8 693	10 323	9 399	9 264	-135
VAT ⁵ receivable	1 360	1 257	1 275	1 449	174
Prepaid expenses	59	59	59	61	2
Petty cash and bank	13 957	15 994	16 980	16 454	-526
Assets not reflected elsewhere ⁶	1 415	779	765	1 019	254
Total assets	413 443	419 260	426 851	433 346	6 495

⁵Value added tax.

⁶Includes 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 2011, December 2011, March 2012 and June 2012: Expenditure

Expenditure	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Employee-related costs	7 887	9 018	8 264	8 274	10
Remuneration of board of directors/councillors	558	557	677	633	-44
Interest paid	759	703	804	919	115
Loss on the disposal of property, plant and equipment	7	3	21	20	-1
Bad debts	502	662	645	541	-104
Contracted services	567	948	847	1 164	317
Collection costs	79	113	83	121	38
Depreciation and amortisation	1 057	1 031	1 100	1 514	414
Impairment loss	66	0	33	24	-9
Repairs and maintenance	318	504	454	626	172
Grants and subsidies paid to:					
Other local government institutions	103	144	182	215	33
Tertiary institutions of higher learning	0	15	12	25	13
Households or individuals	28	77	124	104	-20
Non-profit institutions serving households	0	0	0	0	0
Other	851	1 015	1 005	1 151	146
General expenditure:					
Accommodation, travelling and subsistence	111	109	122	116	-6
Advertising, promotions and marketing	37	52	51	80	29
Audit fees	72	203	149	126	-23
Bank charges	49	56	49	70	21
Cleaning services	17	29	29	35	6
Consultancy and professional fees	149	166	172	289	117
Entertainment costs	19	22	22	22	0
Fuel and oil	137	139	158	181	23
Hiring of plant and equipment	38	65	68	98	30
Insurance costs	196	97	61	102	41
Pharmaceutical	12	17	20	22	2
Postal and courier services	38	45	48	58	10
Printing and stationery	78	96	99	120	21
Rebates for property rates	317	687	896	735	-161
Rental of land, buildings and other structures	94	91	112	150	38
Rental of office equipment	52	39	45	62	17
Security services	246	305	333	382	49
Subscriptions and membership fees	91	30	29	49	20
Telecommunication services	137	169	181	200	19
Training and education	61	89	81	127	46
Transport costs	35	47	32	57	25
Other expenditure	3 070	3 109	3 278	4 108	830
Surplus	15 212	11 032	11 936	5 114	-6 822
Total expenditure	33 050	31 484	32 222	27 634	-4 588

*Revised.

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2011, December 2011, March 2012 and June 2012: Income

Income	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Taxes on property					
Property rates from:					
Residential	6 197	5 940	5 726	5 820	94
Commercial or business	459	676	680	521	-159
State	103	143	113	79	-34
Other (includes agricultural, municipal, etc.)	2 366	2 364	1 986	1 983	-3
Property rates – penalties imposed and collection charges	102	98	123	80	-43
Interest earned from:					
External investments	330	417	485	1 034	549
Outstanding debtors	342	434	426	393	-33
Dividends received	0	0	0	0	0
Fines	274	293	301	394	93
Licences and permits	117	128	155	171	16
Income for agency services	172	213	173	247	74
Rental of facilities and equipment	160	178	200	214	14
Bad debts recovered	0	0	0	1	1
Public contributions and donations (including property, plant and equipment)	6	4	13	66	53
Gains on the disposal of property, plant and equipment	39	27	51	63	12
Subsidies from:					
National government	50	143	39	12	-27
Provincial government	16	24	22	30	8
Local government	0	0	0	1	1
Other	9	63	31	22	-9
Grants (including equitable share) from:					
National government	13 066	10 173	10 465	6 377	-4 088
Provincial government	248	144	217	68	-149
Local government	8	6	9	5	-4
Other	183	313	128	180	52
Spent conditional grants	25	43	83	122	39
Other income	2 652	2 560	4 809	3 537	-1 272
Deficit	6 126	7 100	5 987	6 214	227
Total income	33 050	31 484	32 222	27 634	-4 588

*Revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2011, December 2011, March 2012 and June 2012: Expenditure

Expenditure	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Employee-related costs	4 527	5 088	4 970	4 889	-81
Interest paid	382	393	545	718	173
Loss on disposal of property, plant and equipment	0	1	6	18	12
Bad debts	914	824	1 042	1 507	465
Contracted services	1 018	1 048	1 336	1 614	278
Collection costs	17	19	24	34	10
Depreciation and amortisation	1 710	2 094	1 904	2 417	513
Impairment loss	71	0	14	5	-9
Repairs and maintenance	1 412	1 850	1 917	2 350	433
Bulk purchases:					
Purchases of water	2 189	2 543	2 627	2 678	51
Purchases of electricity and gas	14 652	10 491	9 969	12 420	2 451
Other (e.g. sewer purification)	191	10	107	109	2
Grants and subsidies paid to:					
Other local government institutions	13	3	0	3	3
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	44	88	131	133	2
Non-profit institutions serving households	0	0	0	0	0
Other	206	239	379	344	-35
General expenditure:					
Accommodation, travelling and subsistence	13	16	15	20	5
Advertising, promotions and marketing	4	9	6	10	4
Audit fees	3	14	14	9	-5
Bank charges	2	2	9	18	9
Cleaning services	9	22	17	26	9
Consultancy and professional fees	29	56	134	158	24
Entertainment costs	0	1	1	2	1
Fuel and oil	133	170	199	279	80
Hiring of plant and equipment	79	145	158	178	20
Insurance costs	25	17	15	16	1
Pharmaceutical	2	3	2	3	1
Postal and courier services	1	2	2	3	1
Printing and stationery	14	16	12	17	5
Rebates for service charges	134	171	169	129	-40
Rental of land, buildings and other structures	13	24	21	21	0
Rental of office equipment	13	28	43	59	16
Security services	55	73	78	81	3
Subscriptions and membership fees	1	1	1	1	0
Telecommunication services	17	24	26	28	2
Training and education	7	13	11	19	8
Transport costs	28	37	43	63	20
Other expenditure	2 955	3 346	3 641	4 445	804
Surplus	5 588	6 588	4 862	2 728	-2 134
Total expenditure	36 471	35 469	34 450	37 552	3 102

* Revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2011, December 2011, March 2012 and June 2012: Income

Income	September 2011	December 2011	March 2012*	June 2012	Difference between quarters ended Mar. 2012 and Jun. 2012
	R million				
Interest earned from:					
External investments	24	25	27	34	7
Outstanding debtors	201	239	229	281	52
Dividends received	0	0	0	0	0
Fines	10	10	16	10	-6
Licences and permits	48	68	74	94	20
Income for agency services	151	157	151	199	48
Rental of facilities and equipment	168	199	193	183	-10
Bad debts recovered	0	0	0	0	0
Public contributions and donations (including property, plant and equipment)	27	32	28	283	255
Gains on the disposal of property, plant and equipment	5	1	6	8	2
Sales of water	4 878	5 358	5 528	5 699	171
Sales of electricity and gas	19 210	17 062	15 849	17 239	1 390
Refuse removal charges	1 277	1 331	1 413	1 282	-131
Sewerage and sanitation charges	1 460	1 535	1 862	1 309	-553
Other service charges (e.g. fresh produce market)	7	9	10	9	-1
Subsidies from:					
National government	93	22	45	38	-7
Provincial government	18	32	24	23	-1
Local government	0	0	0	0	0
Other	0	11	11	14	3
Grants (including equitable share) from:					
National government	3 311	4 103	3 549	4 901	1 352
Provincial government	99	210	165	214	49
Local government	9	5	0	11	11
Other	45	105	39	39	0
Spent conditional grants	21	54	188	171	-17
Other income	1 398	1 571	939	1 615	676
Deficit	4 011	3 330	4 104	3 896	-208
Total income	36 471	35 469	34 450	37 552	3 102

*Revised.

Notes

Forthcoming issue	Issue	Expected release date
	September 2012	December 2012

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 2011:	86%
	December quarter 2011:	85%
	March quarter 2012:	87%
	June quarter 2012:	87%

Reasons for fluctuation:

- Change in accounting practices and standards adopted by the respondents.
- Revisions due to late response 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 2011, December 2011, March 2012 and June 2012. 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 278 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, and 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 were 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; and*
 - P0277 *Quarterly employment statistics.*
- Symbols and abbreviations used** 9
- | | |
|----------|--|
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GRAP | General Recognised Accounting Practice |
| 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 (Act No.117 of 1998).
Donation and Public Contribution Reserve	When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit.
Employee-related costs	<p>Employee-related costs 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 include:</p> <ul style="list-style-type: none">• basic compensation;• allowances;• contributions 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 regarded as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and• uniform clothing and allowances (clothing, boots, overalls, etc. supplied to uniformed employees).
General expenditure	The following are included in general expenditure: accommodation, travelling and subsistence; advertising; audit fees; bank charges; cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance costs; membership fees; pharmaceutical expenses; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport costs.
Government Grant Reserve	When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.
Housing and trading services	Housing includes all activities associated with the provision of housing. Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting) and other trading services which include environmental protection like pollution control, biodiversity & landscape and others like coastal protection etc., air transport, abattoirs, tourism, forestry, markets and licensing and regulation like licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business.

Housing Development Fund	The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
Long-term loans	Long-term loans are loans with an outstanding maturity of more than one year.
Marketable loan stock	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
Metropolitan municipality	Metropolitan municipality means an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
Money market instruments	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposit, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and includes district, local and metropolitan municipalities. A municipality is an institution consisting of a municipal council (elected political representatives) and the municipal administration (appointed officials).
Net carrying value	Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.
Other expenditure	The following are included in other expenditure: <ul style="list-style-type: none"> • departmental charges/fees; • books and magazines; • consumables; • licences and trade licences; • workshops; • refreshments; and • sundries.
Property, plant and equipment	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use and as income generators or for rental to others that the entities anticipate using during more than one period.

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