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Statistical release

P9110

Quarterly financial statistics of municipalities

June 2014

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Key findings

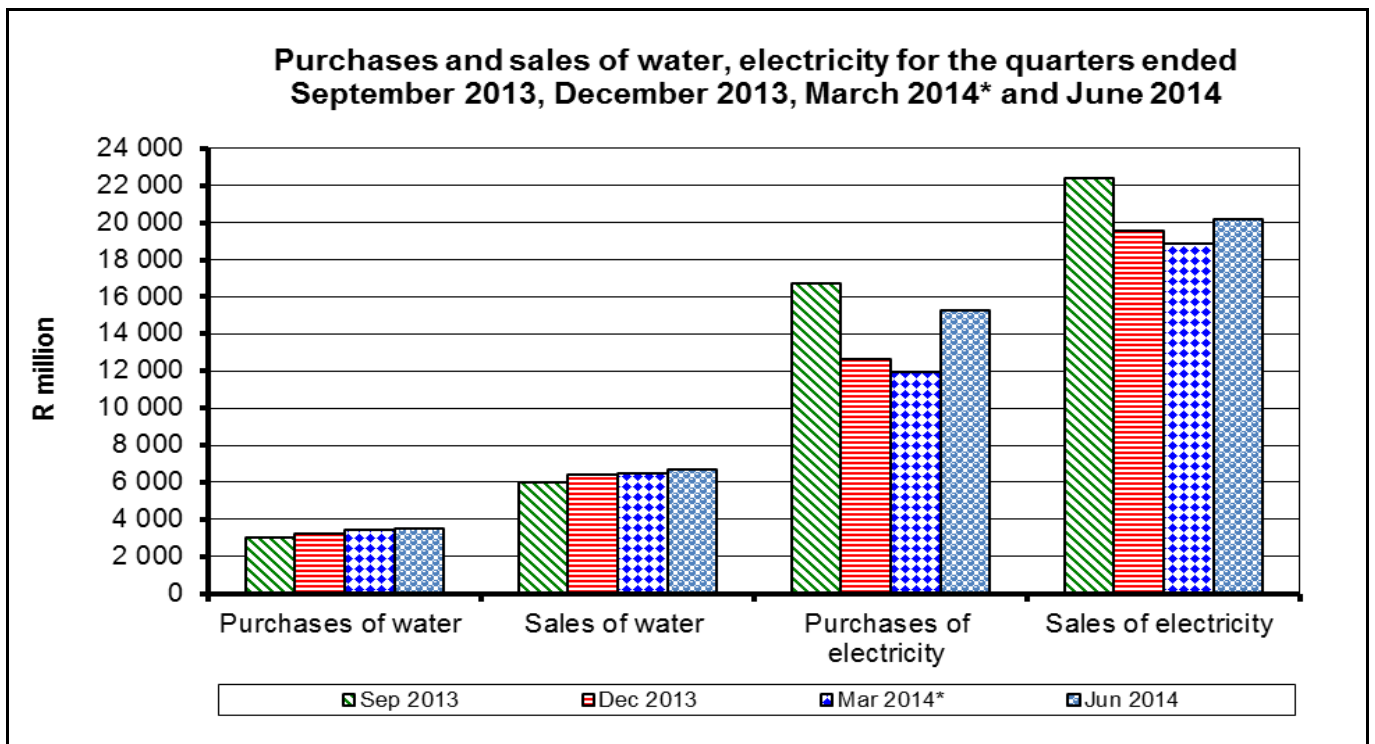
| Item | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 | % change between quarters ended Mar. 2014 and Jun. 2014 |
|--------------------------|----------------|---------------|-------------|-----------|---|---|
| | R million | | | | | |
| Purchases of water | 3 014 | 3 266 | 3 479 | 3 527 | 48 | 1,4 |
| Sales of water | 5 980 | 6 404 | 6 474 | 6 668 | 194 | 3,0 |
| Purchases of electricity | 16 752 | 12 629 | 11 937 | 15 261 | 3 324 | 27,8 |
| Sales of electricity | 22 431 | 19 571 | 18 914 | 20 193 | 1 279 | 6,8 |
| Employee related costs | 15 506 | 17 596 | 16 278 | 17 031 | 753 | 4,6 |

* Some figures have been revised.

Purchases of water increased by 1,4% between the quarters ended March 2014 and June 2014. Purchases of electricity increased by 27,8% over the same period.

Sales of electricity increased by 6,8% between the quarters ended March 2014 and June 2014. An increase of 3,0% was recorded in the sales of water over the same period.

Employee related costs increased by 4,6% between the quarters ended March 2014 and June 2014.



*Some figures have been revised.

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2013, December 2013, March 2014 and June 2014 quarters

| Net assets and liabilities | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|--|----------------|---------------|-------------|-----------|---|
| | R million | | | | |
| Net assets | | | | | |
| Housing development fund | 1 229 | 1 207 | 1 195 | 1 173 | -22 |
| Capital replacement reserve | 18 045 | 18 292 | 18 322 | 18 457 | 135 |
| Capitalisation reserve | 1 300 | 1 239 | 1 258 | 1 260 | 2 |
| Government grant reserve | 8 395 | 8 395 | 8 395 | 8 397 | 2 |
| Donations and public contributions reserve | 747 | 744 | 749 | 749 | 0 |
| Self-insurance reserve | 240 | 239 | 194 | 194 | 0 |
| Revaluation reserve | 11 618 | 11 398 | 11 398 | 11 393 | -5 |
| COVID ¹ reserve | 176 | 176 | 192 | 192 | 0 |
| Other reserves (including Pre-GAMAP reserves and funds) | 1 916 | 1 913 | 1 913 | 1 915 | 2 |
| Retained surplus/Accumulated deficit | 359 742 | 360 857 | 364 673 | 366 488 | 1 815 |
| Outside shareholders' interest | 0 | 0 | 0 | 0 | 0 |
| Non-current liabilities | | | | | |
| Domestic loan stock held by: | | | | | |
| Other local government institutions | 0 | 0 | 0 | 0 | 0 |
| Public financial corporations | 29 | 29 | 29 | 29 | 0 |
| Public non-financial corporations | 0 | 0 | 0 | 0 | 0 |
| Other (includes: public/private companies, individuals etc.) | 7 010 | 6 875 | 6 780 | 6 761 | -19 |
| Bonds held by: | | | | | |
| Other local government institutions | 0 | 0 | 0 | 0 | 0 |
| Public financial corporations | 6 751 | 6 751 | 6 584 | 6 584 | 0 |
| Public non-financial corporations | 0 | 0 | 0 | 0 | 0 |
| Other (includes: public/private companies, individuals etc.) | 5 297 | 4 869 | 4 594 | 4 557 | -37 |
| Long-term loans from: | | | | | |
| National government | 0 | 0 | 0 | 0 | 0 |
| Provincial government | 0 | 0 | 0 | 0 | 0 |
| Local government institutions | 5 | 5 | 5 | 5 | 0 |
| Development Bank of Southern Africa (DBSA) | 8 958 | 8 880 | 8 843 | 10 308 | 1 465 |
| Local authorities loans fund | 0 | 0 | 0 | 0 | 0 |
| Public financial corporations | 287 | 278 | 272 | 262 | -10 |
| Public non-financial corporations | 0 | 0 | 0 | 0 | 0 |
| Banks | 17 529 | 17 337 | 17 342 | 17 560 | 218 |
| Insurers | 0 | 0 | 0 | 0 | 0 |
| Pension funds | 28 | 28 | 28 | 28 | 0 |
| Other domestic sources (including INCA ²) | 6 717 | 6 677 | 6 825 | 7 247 | 422 |
| Long-term leases | 818 | 810 | 827 | 815 | -12 |
| Non-current provisions | 12 317 | 12 383 | 12 444 | 12 945 | 501 |
| Retirement benefit obligations | 12 788 | 12 838 | 12 731 | 12 749 | 18 |

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2013, December 2013, March 2014 and June 2014 quarters (continued)

| Net assets and liabilities | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|---|----------------|----------------|----------------|----------------|---|
| | R million | | | | |
| Current liabilities | | | | | |
| Short-term loans from: | | | | | |
| National government | 0 | 0 | 0 | 0 | 0 |
| Provincial government | 0 | 0 | 0 | 0 | 0 |
| Local government institutions | 1 | 1 | 1 | 1 | 0 |
| Development Bank of Southern Africa (DBSA) | 645 | 605 | 606 | 596 | -10 |
| Local authorities loans fund | 0 | 0 | 0 | 0 | 0 |
| Public financial corporations | 5 | 5 | 5 | 5 | 0 |
| Public non-financial corporations | 0 | 0 | 0 | 0 | 0 |
| Banks | 1 946 | 1 906 | 1 895 | 1 849 | -46 |
| Insurers | 0 | 0 | 0 | 0 | 0 |
| Pension funds | 2 | 2 | 2 | 2 | 0 |
| Other domestic sources (including INCA ²) | 647 | 498 | 304 | 1 117 | 813 |
| Short-term leases | 381 | 395 | 376 | 373 | -3 |
| Current provisions | 8 414 | 8 728 | 8 796 | 8 692 | -104 |
| Retirement benefit obligations | 2 397 | 2 395 | 2 387 | 2 398 | 11 |
| Unspent conditional grants | 12 379 | 13 936 | 16 941 | 10 644 | -6 297 |
| VAT ³ payable | 1 767 | 1 992 | 1 702 | 1 436 | -266 |
| Bank overdraft | 1 706 | 1 963 | 2 100 | 1 827 | -273 |
| Creditors: | | | | | |
| Trade creditors | 27 973 | 30 801 | 30 628 | 37 476 | 6 848 |
| Consumer deposits | 4 669 | 4 707 | 4 733 | 4 218 | -515 |
| Income received in advance | 654 | 637 | 714 | 704 | -10 |
| Other creditors | 6 533 | 7 097 | 6 873 | 7 490 | 617 |
| Liabilities not reflected elsewhere ⁴ | 368 | 378 | 939 | 413 | -526 |
| Total net assets and liabilities | 552 429 | 558 266 | 564 595 | 569 309 | 4 714 |

¹COID - Compensation Commissioner for Occupational Injuries and Diseases.

²INCA - Infrastructure Finance Corporation Ltd.

³VAT - Value added tax.

⁴Includes suspense accounts and liabilities not shown separately.

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2013, December 2013, March 2014 and June 2014 quarters (continued)

| Assets | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|---|----------------|---------------|-------------|-----------|---|
| | R million | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment (net carrying value) | 425 120 | 426 689 | 428 004 | 434 996 | 6 992 |
| Investment property | 18 373 | 18 512 | 18 528 | 18 548 | 20 |
| Intangible assets | 2 630 | 2 694 | 2 684 | 2 934 | 250 |
| Biological (cultivated) assets | 55 | 73 | 73 | 73 | 0 |
| Investments in marketable securities: | | | | | |
| Municipal stock/shares | 834 | 833 | 1 658 | 2 347 | 689 |
| Other marketable stock/shares: | | | | | |
| Government stock | 0 | 0 | 0 | 0 | 0 |
| Treasury bills | 0 | 0 | 0 | 0 | 0 |
| Other local government institutions' stock | 64 | 64 | 64 | 214 | 150 |
| Public financial corporations' stock | 0 | 0 | 0 | 0 | 0 |
| Public non-financial corporations' stock | 1 075 | 1 075 | 1 075 | 1 075 | 0 |
| Companies' shares | 108 | 108 | 108 | 117 | 9 |
| Investments in non-marketable instruments of spheres of government, government institutions and elsewhere | 0 | 0 | 0 | 0 | 0 |
| Long-term receivables: | | | | | |
| Car loans | 0 | 0 | 0 | 0 | 0 |
| Housing selling scheme loans | 170 | 162 | 160 | 149 | -11 |
| Sewerage connection loans | 0 | 0 | 0 | 0 | 0 |
| Electricity appliance purchase scheme | 4 | 4 | 4 | 4 | 0 |
| Other (including local government institutions) | 469 | 427 | 407 | 406 | -1 |
| 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 | 22 | 22 | 22 | 22 | 0 |
| Long-term deposits and other investments with: | | | | | |
| Banks | 4 995 | 5 068 | 6 685 | 6 808 | 123 |
| Public financial corporations | 23 | 22 | 22 | 22 | 0 |
| Public non-financial corporations | 0 | 0 | 0 | 0 | 0 |
| Other | 2 039 | 2 156 | 2 245 | 1 991 | -254 |

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2013, December 2013, March 2014 and June 2014 quarters (concluded)

| Assets | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|---|----------------|----------------|----------------|----------------|---|
| | R million | | | | |
| Current assets: | | | | | |
| Inventory | 4 360 | 4 300 | 4 201 | 4 051 | -150 |
| Short-term loans, deposits and investments | | | | | |
| Short-term loans to: | | | | | |
| 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 companies/institutions | 30 | 33 | 33 | 34 | 1 |
| Short-term deposits and other investments with: | | | | | |
| Banks | 15 346 | 15 643 | 16 471 | 15 466 | -1 005 |
| Public financial corporations | 50 | 43 | 47 | 45 | -2 |
| Public non-financial corporations | 0 | 0 | 0 | 0 | 0 |
| Other | 6 648 | 8 672 | 9 136 | 6 828 | -2 308 |
| Debtors: | | | | | |
| Consumer debtors | 36 140 | 35 771 | 34 293 | 35 731 | 1 438 |
| Other debtors (including short-term portion of long-term receivables) | 10 526 | 10 160 | 10 415 | 10 545 | 130 |
| VAT ¹ receivable | 1 849 | 1 772 | 1 786 | 2 071 | 285 |
| Prepaid expenses | 220 | 217 | 217 | 222 | 5 |
| Petty cash and bank | 21 037 | 23 484 | 26 017 | 24 450 | -1 567 |
| Assets not reflected elsewhere ² | 208 | 228 | 206 | 126 | -80 |
| Total assets | 552 429 | 558 266 | 564 595 | 569 309 | 4 714 |

¹Value added tax.

²Includes suspense accounts and assets not shown separately.

* Some figures have been revised.

**Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters September 2013, December 2013, March 2014 and June 2014:
Expenditure**

| Expenditure | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|---|----------------|---------------|---------------|---------------|---|
| | R million | | | | |
| Employee-related costs | 9 576 | 10 949 | 10 215 | 10 718 | 503 |
| Remuneration of board of directors/councillors | 689 | 707 | 860 | 773 | -87 |
| Interest paid | 830 | 1 133 | 713 | 1 045 | 332 |
| Loss on the disposal of property, plant and equipment | 23 | 409 | 11 | 97 | 86 |
| Bad debts | 338 | 571 | 692 | 778 | 86 |
| Contracted services | 671 | 1 391 | 1 210 | 1 700 | 490 |
| Collection costs | 81 | 123 | 124 | 180 | 56 |
| Depreciation and amortisation | 1 044 | 1 234 | 1 313 | 2 122 | 809 |
| Impairment loss (PPE) | 66 | 10 | 14 | 184 | 170 |
| Repairs and maintenance | 323 | 548 | 555 | 953 | 398 |
| Grants and subsidies paid to: | | | | | |
| Other local government institutions | 30 | 33 | 30 | 60 | 30 |
| Tertiary institutions of higher learning | 0 | 0 | 0 | 0 | 0 |
| Households or individuals | 175 | 170 | 118 | 274 | 156 |
| Non-profit institutions serving households | 0 | 0 | 1 | 0 | -1 |
| Other | 1 000 | 945 | 1 027 | 1 176 | 149 |
| General expenditure: | | | | | |
| Accommodation, travelling and subsistence | 139 | 174 | 140 | 152 | 12 |
| Advertising, promotions and marketing | 57 | 71 | 91 | 143 | 52 |
| Audit fees | 103 | 295 | 187 | 146 | -41 |
| Bank charges | 58 | 68 | 68 | 70 | 2 |
| Cleaning services | 29 | 37 | 34 | 38 | 4 |
| Consultancy and professional fees | 205 | 264 | 246 | 407 | 161 |
| Entertainment costs | 21 | 18 | 19 | 26 | 7 |
| Fuel and oil | 173 | 199 | 235 | 246 | 11 |
| Hiring of plant and equipment | 119 | 224 | 194 | 82 | -112 |
| Insurance costs | 279 | 154 | 104 | 110 | 6 |
| Pharmaceutical | 7 | 32 | 27 | 28 | 1 |
| Postal and courier services | 72 | 80 | 68 | 62 | -6 |
| Printing and stationery | 89 | 109 | 117 | 177 | 60 |
| Rebates for property rates | 944 | 682 | 2 067 | 751 | -1 316 |
| Rental of land, buildings and other structures | 102 | 144 | 110 | 157 | 47 |
| Rental of office equipment | 39 | 47 | 41 | 46 | 5 |
| Security services | 301 | 432 | 445 | 500 | 55 |
| Subscriptions and membership fees | 142 | 85 | 38 | 90 | 52 |
| Telecommunication services | 155 | 173 | 183 | 288 | 105 |
| Training and education | 108 | 131 | 130 | 173 | 43 |
| Transport costs | 32 | 46 | 46 | 63 | 17 |
| Other expenditure | 3 181 | 4 580 | 4 125 | 6 224 | 2 099 |
| Surplus | 19 775 | 12 301 | 11 462 | 5 424 | -6 038 |
| Total expenditure | 40 976 | 38 569 | 37 060 | 35 463 | -1 597 |

* Some figures have been revised.

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2013, December 2013, March 2014 and June 2014: Income

| Income | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|--|----------------|---------------|---------------|---------------|---|
| | R million | | | | |
| Taxes on property | | | | | |
| Property rates from: | | | | | |
| Residential | 7 505 | 6 703 | 6 867 | 6 721 | -146 |
| Commercial or business | 2 964 | 2 581 | 2 665 | 3 008 | 343 |
| State | 287 | 199 | 263 | 163 | -100 |
| Other (includes agricultural, municipal, etc.) | 1 329 | 1 021 | 1 075 | 1 418 | 343 |
| Property rates – penalties imposed and collection charges | 62 | 77 | 77 | 76 | -1 |
| Interest earned from: | | | | | |
| External investments | 682 | 735 | 987 | 841 | -146 |
| Outstanding debtors | 472 | 623 | 686 | 964 | 278 |
| Dividends received | 0 | 0 | 0 | 0 | 0 |
| Fines | 266 | 249 | 257 | 396 | 139 |
| Licences and permits | 117 | 109 | 129 | 138 | 9 |
| Income for agency services | 190 | 210 | 186 | 248 | 62 |
| Rental of facilities and equipment | 174 | 216 | 228 | 201 | -27 |
| Bad debts recovered | 44 | 1 | 1 | 7 | 6 |
| Public contributions and donations (including property, plant and equipment) | 41 | 0 | 24 | 31 | 7 |
| Gains on the disposal of property, plant and equipment | 25 | 36 | 40 | 67 | 27 |
| Grants and subsidies from: | | | | | |
| National government | 15 694 | 14 852 | 11 572 | 7 401 | -4 171 |
| Provincial government | 128 | 156 | 138 | 78 | -60 |
| Local government | 9 | 17 | 14 | 12 | -2 |
| Other | 74 | 125 | 113 | 128 | 15 |
| Spent conditional grants | 29 | 50 | 50 | 71 | 21 |
| Other income | 3 208 | 2 344 | 3 261 | 4 365 | 1 104 |
| Deficit | 7 676 | 8 265 | 8 427 | 9 129 | 702 |
| Total income | 40 976 | 38 569 | 37 060 | 35 463 | -1 597 |

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters September 2013, December 2013, March 2014 and June 2014: Expenditure

| Expenditure | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|---|----------------|---------------|---------------|---------------|---|
| | R million | | | | |
| Employee-related costs | 5 930 | 6 647 | 6 063 | 6 313 | 250 |
| Interest paid | 436 | 659 | 1 196 | 884 | -312 |
| Loss on disposal of property, plant and equipment | 1 | 4 | 2 | 47 | 45 |
| Bad debts | 1 082 | 969 | 1 310 | 1 673 | 363 |
| Contracted services | 891 | 1 462 | 1 338 | 1 786 | 448 |
| Collection costs | 18 | 33 | 26 | 29 | 3 |
| Depreciation and amortisation | 2 028 | 2 270 | 2 982 | 2 734 | -248 |
| Impairment loss (PPE) | 103 | 2 | 16 | 24 | 8 |
| Repairs and maintenance | 1 765 | 2 335 | 2 192 | 2 997 | 805 |
| Bulk purchases: | | | | | |
| Purchases of water | 3 014 | 3 266 | 3 479 | 3 527 | 48 |
| Purchases of electricity | 16 752 | 12 629 | 11 937 | 15 261 | 3 324 |
| Other bulk purchases | 132 | 133 | 132 | 135 | 3 |
| Grants and subsidies paid to: | | | | | |
| Other local government institutions | 30 | 49 | 66 | 70 | 4 |
| Tertiary institutions of higher learning | 0 | 0 | 0 | 0 | 0 |
| Households or individuals | 134 | 167 | 208 | 358 | 150 |
| Non-profit institutions serving households | 0 | 0 | 0 | 0 | 0 |
| Other | 314 | 499 | 442 | 547 | 105 |
| General expenditure: | | | | | |
| Accommodation, travelling and subsistence | 23 | 24 | 24 | 32 | 8 |
| Advertising, promotions and marketing | 21 | 41 | 23 | 45 | 22 |
| Audit fees | 10 | 22 | 14 | 10 | -4 |
| Bank charges | 4 | 3 | 29 | 12 | -17 |
| Cleaning services | 15 | 22 | 22 | 19 | -3 |
| Consultancy and professional fees | 82 | 99 | 107 | 244 | 137 |
| Entertainment costs | 2 | 0 | 1 | 3 | 2 |
| Fuel and oil | 158 | 217 | 210 | 264 | 54 |
| Hiring of plant and equipment | 50 | 84 | 82 | 237 | 155 |
| Insurance costs | 43 | 33 | 42 | 48 | 6 |
| Pharmaceutical | 2 | 3 | 6 | 4 | -2 |
| Postal and courier services | 2 | 2 | 3 | 3 | 0 |
| Printing and stationery | 92 | 59 | 77 | 77 | 0 |
| Rebates for service charges | 228 | 207 | 229 | 266 | 37 |
| Rental of land, buildings and other structures | 219 | 134 | 157 | 155 | -2 |
| Rental of office equipment | 5 | 6 | 13 | 18 | 5 |
| Security services | 116 | 102 | 119 | 136 | 17 |
| Subscriptions and membership fees | 3 | 2 | 2 | 4 | 2 |
| Telecommunication services | 33 | 32 | 37 | 38 | 1 |
| Training and education | 20 | 37 | 19 | 33 | 14 |
| Transport costs | 63 | 61 | 73 | 74 | 1 |
| Other expenditure | 3 493 | 4 233 | 4 695 | 6 749 | 2 054 |
| Surplus | 8 552 | 6 993 | 6 587 | 3 090 | -3 497 |
| Total expenditure | 45 866 | 43 540 | 43 960 | 47 946 | 3 986 |

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2013, December 2013, March 2014 and June 2014: Income

| Income | September 2013 | December 2013 | March 2014* | June 2014 | Difference between quarters ended Mar. 2014 and Jun. 2014 |
|--|----------------|---------------|---------------|---------------|---|
| | R million | | | | |
| Interest earned from: | | | | | |
| External investments | 69 | 123 | 146 | 127 | -19 |
| Outstanding debtors | 301 | 249 | 319 | 288 | -31 |
| Dividends received | 0 | 0 | 0 | 0 | 0 |
| Fines | 14 | 15 | 15 | 24 | 9 |
| Licences and permits | 116 | 121 | 107 | 112 | 5 |
| Income for agency services | 119 | 120 | 119 | 172 | 53 |
| Rental of facilities and equipment | 233 | 300 | 258 | 315 | 57 |
| Bad debts recovered | 0 | 0 | 0 | 5 | 5 |
| Public contributions and donations (including property, plant and equipment) | 76 | 49 | 52 | 99 | 47 |
| Gains on the disposal of property, plant and equipment | 11 | 8 | 10 | 17 | 7 |
| Service charges: | | | | | |
| Sales of water | 5 980 | 6 404 | 6 474 | 6 668 | 194 |
| Sales of electricity | 22 431 | 19 571 | 18 914 | 20 193 | 1 279 |
| Refuse removal charges | 2 166 | 2 310 | 1 720 | 1 911 | 191 |
| Sewerage and sanitation charges | 2 584 | 2 610 | 2 581 | 2 738 | 157 |
| Other service charges (e.g. fresh produce market) | 22 | 21 | 20 | 30 | 10 |
| Grants and subsidies from: | | | | | |
| National government | 4 645 | 5 651 | 5 842 | 6 783 | 941 |
| Provincial government | 190 | 282 | 275 | 181 | -94 |
| Local government | 0 | 1 | 2 | 2 | 0 |
| Other | 110 | 245 | 143 | 136 | -7 |
| Spent conditional grants | 49 | 151 | 148 | 130 | -18 |
| Other income | 1 785 | 1 547 | 1 583 | 2 137 | 554 |
| Deficit | 4 965 | 3 762 | 5 232 | 5 878 | 646 |
| Total income | 45 866 | 43 540 | 43 960 | 47 946 | 3 986 |

* Some figures have been revised.

Notes**Forthcoming issue** **Issue** **Expected release date**

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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 2013: 84%
December quarter 2013: 87%
March quarter 2014: 87%
June quarter 2014: 87%

Reasons for fluctuation:

- Change in accounting practices and standards adopted by the respondents.
- Revisions are due to late response and corrections reported by respondents.

Explanatory notes

| | | | | | | | | | | | |
|--|--|-------|--|------|--|-----|------------------------------------|----------|-------------------------|---|-----------------------|
| Introduction | <p>1 The purpose of the quarterly financial statistics survey of municipalities is to provide 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 September 2013, December 2013, March 2014 and June 2014. The survey is designed to obtain financial information of local government institutions relating to:</p> <ul style="list-style-type: none"> • the consolidated statement of financial position of municipalities; • the consolidated statement of financial performance of municipalities – rates and general services; and • the consolidated statement of financial performance of municipalities – housing and trading services. | | | | | | | | | | |
| Scope of the survey | <p>2 This survey covers quarterly financial information of all 278 municipalities.</p> | | | | | | | | | | |
| Classification and accounting standards | <p>3 For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the <i>Standard Industrial Classification of all Economic Activities</i>, Fifth Edition, and Report No.09-90-02 of January 1993 (SIC). Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Accepted Municipal Accounting Practice (GAMAP) and also Generally Recognised Accounting Practice (GRAP).</p> | | | | | | | | | | |
| Survey methodology and design | <p>4 The statistical unit for the collection of information is the municipality.</p> | | | | | | | | | | |
| Imputation | <p>5 The historical method is used to impute for non-response. According to this method previous information is used to arrive at current figures, after being appraised for its suitability.</p> | | | | | | | | | | |
| Revised figures | <p>6 Estimates for the current quarter are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and also if the data were received late by Stats SA (after the cut-off date for submitting their questionnaires).</p> | | | | | | | | | | |
| Rounding off figures | <p>7 The figures in the tables have been rounded off to the nearest digit shown, and as a result there may be slight discrepancies between the sums of the constituent items and the totals shown.</p> | | | | | | | | | | |
| Related publications | <p>8 Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> • P9101 <i>Capital expenditure of the public sector;</i> • P9114 <i>Financial census of municipalities;</i> • P9119.4 <i>Financial statistics of consolidated general government;</i> • P0441 <i>Gross domestic product; and</i> • P0277 <i>Quarterly employment statistics;</i> | | | | | | | | | | |
| Symbols and abbreviations used | <p>9</p> <table border="0" style="margin-left: 20px;"> <tr> <td>GAMAP</td> <td>Generally Accepted Municipal Accounting Practice</td> </tr> <tr> <td>GRAP</td> <td>Generally Recognised Accounting Practice</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 | Generally Recognised Accounting Practice | SIC | Standard Industrial Classification | Stats SA | Statistics South Africa | 0 | nil or not applicable |
| GAMAP | Generally Accepted Municipal Accounting Practice | | | | | | | | | | |
| GRAP | Generally Recognised Accounting Practice | | | | | | | | | | |
| SIC | Standard Industrial Classification | | | | | | | | | | |
| Stats SA | Statistics South Africa | | | | | | | | | | |
| 0 | nil or not applicable | | | | | | | | | | |

Glossary of selected variables used in this publication

| | |
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| 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 are assets that can easily be converted into cash within one year during the normal course of business. 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. |

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| District municipality | District municipality refers to a municipality that has a municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality. Refer to the Local Government: Municipal Structures (Act No.117 of 1998). |
| Donation and Public Contribution Reserve | When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. |
| Employee-related costs | <p>Employee-related costs include payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee-related costs also include:</p> <ul style="list-style-type: none"> • basic compensation; • allowances; • contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc. (excluding unemployment insurance and workmen's compensation, etc., which may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and • uniform and clothing allowances (clothing, boots, overalls, etc. supplied to uniformed employees). |
| 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 (such as pollution control, biodiversity & landscape and coastal protection etc.), air transport, abattoirs, tourism, forestry, markets and licensing & regulation (such as licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business). |

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| Housing Development Fund | Housing Development Fund is a fund into which all proceeds from housing developments, which include rental income and sales of houses, are paid, as per the Housing Act (Act No. 107 of 1997). Note: 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. 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 refers to an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998). |
| Money market instruments | Money market instruments include bankers' acceptance, trade bills, promissory notes, capital project bills, bridging debentures, negotiable certificates of deposit, Land Bank bills, and Land Bank and South African Reserve Bank 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 financial year. |

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| 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 refer to municipal services that are not economically self-supporting and are financed by imposing assessment and other rates, the receipt of subsidies and other contributions. This includes ambulance services, fire control (or fire-fighting), health services (clinics, old-age homes), roads and storm water drainage, parks and recreation (libraries, cultural activities, museums, sport administration, community halls, swimming pools, sports grounds, nature reserves, etc.), sewerage and cleansing, traffic (licensing offices) and other services (city engineers, administration, personnel, legal services, city treasurer, etc.).</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> |
| Value Added Tax | <p>This is taxation imposed in respect of the supply of goods and services</p> |
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