



The South Africa I know, the home I understand

Statistical release

P9110

Quarterly financial statistics of municipalities

June 2015

Note for users:

As part of its ongoing efforts to improve the relevance and quality of its statistics, Statistics South Africa (Stats SA) is reviewing Part 1 (Consolidated statement of financial position of municipalities) of this statistical release. If you are a regular user of the information in this table and would like to be contacted in relation to any changes in the future, please contact:

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**Embargoed until:
30 September 2015
10:00**

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Forthcoming issue:

September 2015

Expected release date

December 2015

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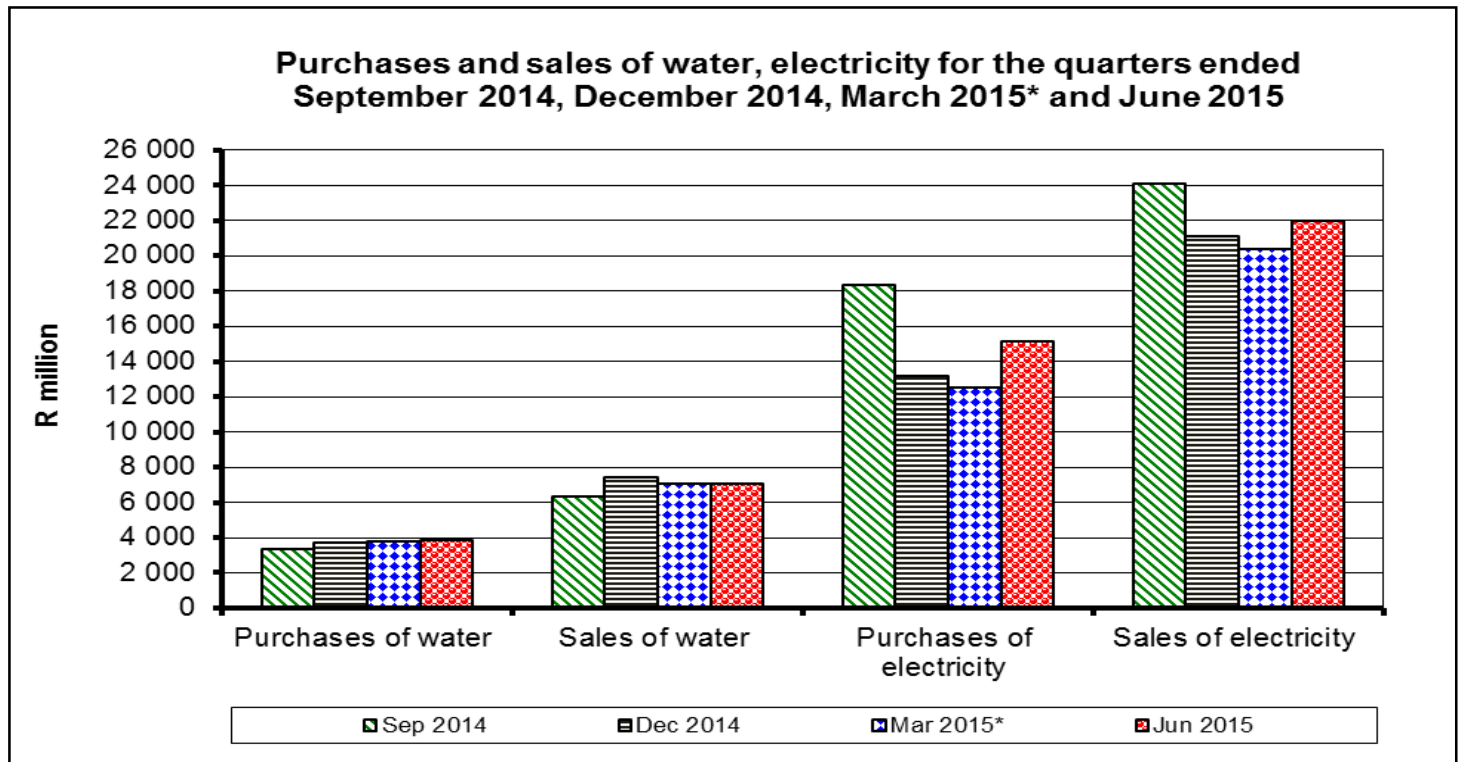
Item	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015	% change between quarters ended Mar. 2015 and Jun. 2015
	R million					
Purchases of water	3 345	3 718	3 814	3 851	37	1,0
Sales of water	6 351	7 461	7 092	7 060	-32	-0,5
Purchases of electricity	18 373	13 210	12 543	15 150	2 607	20,8
Sales of electricity	24 090	21 097	20 423	21 982	1 559	7,6
Employee-related costs	17 089	19 266	17 682	17 387	-295	-1,7

* Some figures have been revised.

Purchases of water increased by 1,0% between the quarters ended March 2015 and June 2015. Sales of water decreased by 0,5% over the same period.

Purchases of electricity increased by 20,8% between the quarters ended March 2015 and June 2015. Sales of electricity increased by 7,6% over the same period.

Employee-related costs decreased by 1,7% between the quarters ended March 2015 and June 2015.



* Some figures have been revised.

PJ Lehohla
 Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2014, December 2014, March 2015 and June 2015 quarters

Net assets and liabilities	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	R million				
Net assets					
Housing development fund	987	960	938	930	-8
Capital replacement reserve	19 339	19 768	19 765	19 778	13
Capitalisation reserve	1 814	1 756	1 728	1 664	-64
Government grant reserve	6 678	6 676	6 675	6 720	45
Donations and public contributions reserve	378	372	369	370	1
Self-insurance reserve	293	293	293	293	0
Revaluation reserve	9 557	9 566	9 566	9 647	81
COID ¹ reserve	174	174	174	174	0
Other reserves (including Pre-GAMAP reserves and funds)	3 073	3 070	3 070	3 073	3
Retained surplus/Accumulated deficit	405 133	410 745	418 094	417 753	-341
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	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	6 712	6 657	6 595	6 595	0
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	6 418	7 876	7 709	7 709	0
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	6 125	6 126	6 126	6 127	1
Long-term loans from:					
National government	0	0	0	0	0
Provincial government	0	0	0	0	0
Local government institutions	2	2	2	2	0
Development Bank of Southern Africa (DBSA)	15 452	15 454	15 345	16 444	1 099
Local authorities loans fund	0	0	0	0	0
Public financial corporations	259	50	47	43	-4
Public non-financial corporations	0	0	0	0	0
Banks	10 796	10 639	10 607	11 355	748
Insurers	0	0	0	0	0
Pension funds	23	23	19	19	0
Other domestic sources (including INCA ²)	7 952	6 683	6 910	8 573	1 663
Long-term leases	889	939	943	836	-107
Non-current provisions	15 165	16 493	16 905	19 865	2 960
Retirement benefit obligations	15 495	15 662	15 686	15 660	-26

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2014, December 2014, March 2015 and June 2015 quarters (continued)

Net assets and liabilities	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	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	2	2	2	2	0
Development Bank of Southern Africa (DBSA)	1 672	1 671	1 666	1 669	3
Local authorities loans fund	0	0	0	0	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Banks	2 170	1 886	672	672	0
Insurers	0	0	0	0	0
Pension funds	1	1	1	1	0
Other domestic sources (including INCA ²)	1 950	1 508	1 324	2 706	1 382
Short-term leases	462	402	397	392	-5
Current provisions	8 921	8 957	9 270	9 387	117
Retirement benefit obligations	2 702	2 699	2 684	2 725	41
Unspent conditional grants	12 938	13 144	16 841	12 956	-3 885
VAT ³ payable	1 913	1 798	2 295	2 248	-47
Bank overdraft	1 693	1 668	1 705	1 745	40
Creditors:					
Trade creditors	37 315	36 736	37 755	44 290	6 535
Consumer deposits	5 053	5 032	5 080	4 892	-188
Income received in advance	953	950	1 014	1 414	400
Other creditors	9 228	9 294	9 720	9 807	87
Liabilities not reflected elsewhere ⁴	210	204	213	156	-57
Total net assets and liabilities	619 897	625 936	638 205	648 692	10 487

¹ COID - Compensation Commissioner for Occupational Injuries and Diseases.

² INCA - Infrastructure Finance Corporation Ltd.

³ VAT - Value added tax.

⁴ Includes 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 2014, December 2014, March 2015 and June 2015 quarters (continued)

Assets	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
R million					
Non-current assets					
Property, plant and equipment (net carrying value)	471 628	476 877	478 767	487 622	8 855
Investment property	24 168	24 346	24 308	24 377	69
Intangible assets	2 813	2 653	2 705	2 793	88
Biological (cultivated) assets	228	228	228	225	-3
Investments in marketable securities:					0
Municipal stock/shares	4 333	4 371	4 410	4 410	0
Other marketable stock/shares:					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions' stock	236	406	406	406	0
Public financial corporations' stock	1	1	1	1	0
Public non-financial corporations' stock	996	996	996	996	0
Companies' shares	74	73	81	81	0
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	137	130	124	111	-13
Sewerage connection loans	0	0	0	0	0
Electricity appliance purchase scheme	4	4	4	4	0
Other (including local government institutions)	603	554	527	555	28
Long-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	24	24	24	24	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	5	5	5	5	0
Long-term deposits and other investments with:					
Banks	4 457	5 321	7 356	6 590	-766
Public financial corporations	24	24	24	25	1
Public non-financial corporations	0	0	0	0	0
Other	1 329	1 414	1 402	1 460	58

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of September 2014, December 2014 ,March 2015 and June 2015 quarters (concluded)

Assets	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	R million				
Current assets:					
Inventory	6 354	6 475	6 604	6 561	-43
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	34	34	31	31	0
Short-term deposits and other investments with:					
Banks	14 825	15 341	16 362	14 915	-1 447
Public financial corporations	15	2	2	2	0
Public non-financial corporations	0	0	0	0	0
Other	3 527	3 795	5 962	5 975	13
Debtors:					
Consumer debtors	37 639	37 648	40 831	41 705	874
Other debtors (including short-term portion of long-term receivables)	17 860	16 158	15 132	18 513	3 381
VAT ¹ receivable	2 715	2 923	2 059	2 286	227
Prepaid expenses	200	202	202	209	7
Petty cash and bank	25 541	25 808	29 522	28 579	-943
Assets not reflected elsewhere ²	127	123	130	231	101
Total assets	619 897	625 936	638 205	648 692	10 487

¹ Value added tax.

² Includes 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 ended September 2014, December 2014, March 2015 and June 2015: Expenditure

Expenditure	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	R million				
Employee-related costs	10 877	12 334	11 228	10 885	-343
Remuneration of board of directors/councillors	743	763	773	935	162
Interest paid	832	1 128	915	1 304	389
Loss on the disposal of property, plant and equipment	1	3	3	853	850
Bad debts	388	890	1 371	1 938	567
Contracted services	896	1 405	1 355	1 831	476
Collection costs	97	174	185	315	130
Depreciation and amortisation	1 235	1 343	1 725	1 813	88
Impairment loss (PPE)	58	6	23	154	131
Repairs and maintenance	443	682	653	884	231
Grants and subsidies paid to:					
Other local government institutions	31	31	29	51	22
Tertiary institutions of higher learning	0	0	1	3	2
Households or individuals	202	242	195	222	27
Non-profit institutions serving households	0	1	0	0	0
Other	1 034	1 254	1 036	1 235	199
General expenditure:					
Accommodation, travelling and subsistence	166	214	149	198	49
Advertising, promotions and marketing	74	104	91	123	32
Audit fees	113	346	223	171	-52
Bank charges	61	76	68	71	3
Cleaning services	22	42	52	48	-4
Consultancy and professional fees	222	302	308	420	112
Entertainment costs	17	20	19	25	6
Fuel and oil	166	208	194	222	28
Hiring of plant and equipment	137	220	47	160	113
Insurance costs	434	119	146	108	-38
Pharmaceutical	19	29	33	27	-6
Postal and courier services	50	53	62	62	0
Printing and stationery	128	125	138	163	25
Rebates for property rates	1 064	805	937	863	-74
Rental of land, buildings and other structures	106	112	95	105	10
Rental of office equipment	70	102	120	201	81
Security services	306	544	449	522	73
Subscriptions and membership fees	196	54	43	99	56
Telecommunication services	155	217	205	212	7
Training and education	109	123	135	185	50
Transport costs	38	48	40	50	10
Other expenditure	3 635	4 229	3 761	5 871	2 110
Surplus	18 806	14 243	14 295	943	-13 352
Total expenditure	42 931	42 591	41 102	33 272	-7 830

* Some figures have been revised.

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2014, December 2014, March 2015 and June 2015: Income

Income	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	R million				
Taxes on property					
Property rates from:					
Residential	8 584	7 983	8 377	6 292	-2 085
Commercial or business	2 405	2 518	3 018	2 427	-591
State	383	206	128	264	136
Other (includes agricultural, municipal, etc.)	1 866	1 708	1 544	1 493	-51
Property rates – penalties imposed and collection charges	69	74	78	61	-17
Interest earned from:					
External investments	886	769	962	1 298	336
Outstanding debtors	611	650	770	691	-79
Dividends received	0	0	0	0	0
Fines	255	826	1 566	1 122	-444
Licences and permits	110	121	126	136	10
Income for agency services	213	204	221	241	20
Rental of facilities and equipment	206	296	189	223	34
Bad debts recovered	1	1	2	1	-1
Public contributions and donations (including property, plant and equipment)	14	13	14	31	17
Gains on the disposal of property, plant and equipment	17	79	51	67	16
Grants and subsidies from:					
National government	15 845	14 824	12 973	6 575	-6 398
Provincial government	188	265	168	161	-7
Local government	4	14	2	7	5
Other	26	43	72	44	-28
Spent conditional grants	34	185	162	284	122
Other income	3 509	3 754	3 913	3 107	-806
Deficit	7 705	8 058	6 766	8 747	1 981
Total income	42 931	42 591	41 102	33 272	-7 830

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2014, December 2014 , March 2015 and June 2015: Expenditure

Expenditure	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	R million				
Employee-related costs	6 212	6 932	6 454	6 502	48
Interest paid	421	1 159	692	1 173	481
Loss on disposal of property, plant and equipment	0	2	0	4	4
Bad debts	1 172	1 547	1 294	1 423	129
Contracted services	949	1 440	1 279	2 002	723
Collection costs	21	24	20	23	3
Depreciation and amortisation	2 319	2 962	2 647	3 169	522
Impairment loss (PPE)	116	6	26	19	-7
Repairs and maintenance	2 008	2 773	2 426	3 037	611
Bulk purchases:					
Purchases of water	3 345	3 718	3 814	3 851	37
Purchases of electricity	18 373	13 210	12 543	15 150	2 607
Other bulk purchases	132	136	136	206	70
Grants and subsidies paid to:					
Other local government institutions	14	12	5	27	22
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	141	182	169	174	5
Non-profit institutions serving households	0	0	0	0	0
Other	352	612	454	518	64
General expenditure:					
Accommodation, travelling and subsistence	23	28	20	34	14
Advertising, promotions and marketing	27	20	17	24	7
Audit fees	7	24	13	9	-4
Bank charges	4	3	4	5	1
Cleaning services	9	17	14	21	7
Consultancy and professional fees	144	150	129	186	57
Entertainment costs	1	1	1	1	0
Fuel and oil	179	192	247	256	9
Hiring of plant and equipment	70	37	78	95	17
Insurance costs	46	45	29	26	-3
Pharmaceutical	2	4	2	4	2
Postal and courier services	2	2	2	2	0
Printing and stationery	78	75	74	78	4
Rebates for service charges	207	345	245	224	-21
Rental of land, buildings and other structures	14	15	16	23	7
Rental of office equipment	163	205	166	203	37
Security services	125	126	140	219	79
Subscriptions and membership fees	2	0	1	5	4
Telecommunication services	33	41	34	43	9
Training and education	22	18	20	20	0
Transport costs	53	37	47	59	12
Other expenditure	3 909	4 562	4 266	6 024	1 758
Surplus	8 172	6 797	7 974	6 853	-1 121
Total expenditure	48 867	47 459	45 498	51 692	6 194

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2014, December 2014, March 2015 and June 2015: Income

Income	September 2014	December 2014	March 2015*	June 2015	Difference between quarters ended Mar. 2015 and Jun. 2015
	R million				
Interest earned from:					
External investments	97	71	115	129	14
Outstanding debtors	275	270	299	309	10
Dividends received	0	0	0	0	0
Fines	12	11	16	12	-4
Licences and permits	117	105	122	101	-21
Income for agency services	130	137	172	183	11
Rental of facilities and equipment	230	207	224	245	21
Bad debts recovered	0	3	2	1	-1
Public contributions and donations (including property, plant and equipment)	26	41	40	140	100
Gains on the disposal of property, plant and equipment	4	4	5	4	-1
Service charges:					
Sales of water	6 351	7 461	7 092	7 060	-32
Sales of electricity	24 090	21 097	20 423	21 982	1 559
Refuse removal charges	2 237	2 219	2 215	1 946	-269
Sewerage and sanitation charges	2 750	3 110	2 989	2 685	-304
Other service charges (e.g. fresh produce market)	109	88	89	87	-2
Grants and subsidies from:					
National government	5 300	6 572	6 254	9 234	2 980
Provincial government	166	400	277	125	-152
Local government	0	1	0	1	1
Other	9	34	14	36	22
Spent conditional grants	86	187	153	322	169
Other income	1 218	1 126	1 354	2 256	902
Deficit	5 660	4 315	3 643	4 834	1 191
Total income	48 867	47 459	45 498	51 692	6 194

* Some figures have been revised.

Notes

Forthcoming issue	Issue	Expected release date
	September 2015	December 2015
Purpose of survey	The <i>Quarterly financial statistics of municipalities</i> is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used as inputs into the gross domestic product (GDP) calculation as well as to assist the public sector with policy formulation and the financial analysis of municipalities.	
Response rates	September quarter 2014:	90%
	December quarter 2014:	94%
	March quarter 2015:	100%
	June quarter 2015	100%

Reasons for fluctuations:

- Revisions due to late response and corrections reported by respondents; and/or
- Differences in response rates between the quarters; and/or
- Seasonality of variables in the survey

Explanatory notes

- Introduction** 1 The purpose of the quarterly financial statistics survey of municipalities is to provide stakeholders with information for allowing analysis and assessment of the state of local government finances.
- This publication contains estimates for the quarters ended September 2014, December 2014, March 2015 and June 2015. 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 local government institutions also adhere to the accounting standards and requirements in terms of the Generally 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 the cut-off date for submitting their questionnaires).
- Rounding off figures** 7 The figures in the tables have been rounded off to the nearest digit shown, and as a result there may be slight discrepancies between the sums of the constituent items and the totals shown.
- Related publications** 8 Users may wish to refer to the following Stats SA publications:
- P9101 *Capital expenditure of the public sector;*
 - P9114 *Financial census of municipalities;*
 - P9119.4 *Financial statistics of consolidated general government;*
 - P0441 *Gross domestic product; and*
 - P0277 *Quarterly employment statistics.*
- Symbols and abbreviations used** 9
- | | |
|----------|---|
| GRAP | Generally Recognised Accounting Practice |
| QES | Quarterly Employment Statistics |
| SIC | Standard Industrial Classification of All Economic Activities |
| Stats SA | Statistics South Africa |
| 0 | nil or not applicable |

Glossary of selected variables used in this publication

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	On the implementation of 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.
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 (previously referred to as income statement) reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.
Consolidated statement of financial position	The aggregate or consolidated statement of financial position (previously referred to as balance sheet) 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 those that can be converted into cash within one year. 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 refer to debts or obligations that are due within one year. 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, 1998 (Act No.117 of 1998).

Donation and Public Contribution Reserve	<p>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.</p>
Employee-related costs	<p>Employee-related costs include payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee-related costs also include:</p> <ul style="list-style-type: none">• basic compensation;• allowances;• contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc. (excluding unemployment insurance and workmen's compensation, etc., which may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and• uniform and clothing allowances (clothing, boots, overalls, etc. supplied to uniformed employees).• Also refer to the Quarterly Employment Statistics (QES, P0277) which measure employment and gross earnings of all employees on a given municipal payroll.
General expenditure	<p>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.</p>
Government Grant Reserve	<p>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.</p>
Housing and trading services	<p>Housing includes all activities associated with the municipal 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).</p>
Housing Development Fund	<p>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, 1997 (Act No. 107 of 1997).</p>

Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
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, 1998 (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). Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
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.
Provision	Provision is any amount set aside for the purpose of meeting the following: <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. Provision includes: <ul style="list-style-type: none"> • bad debts; and • leave payouts.

Rates and general services	Rates and general services refer to municipal services that are not economically self-supporting and are financed by imposing assessment and other rates, the receipt of subsidies and other contributions. 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.).
Repairs and maintenance	Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the municipality. Where considered necessary, the cost of repairs in respect of the various types of assets, e.g. buildings, plant, may be subdivided. Where repairs and maintenance have been charged to a 'provision for repairs account', the actual expenditure incurred during the current year has been reflected under this 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.
Reserve	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.
Revaluation Reserve	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.
Self-insurance Reserve	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.
Value Added Tax	This is taxation imposed in respect of the supply of goods and services. It is collected in stages by enterprises but is ultimately charged in full to the final purchasers.
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