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Statistical release

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Quarterly financial statistics of municipalities

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Key findings

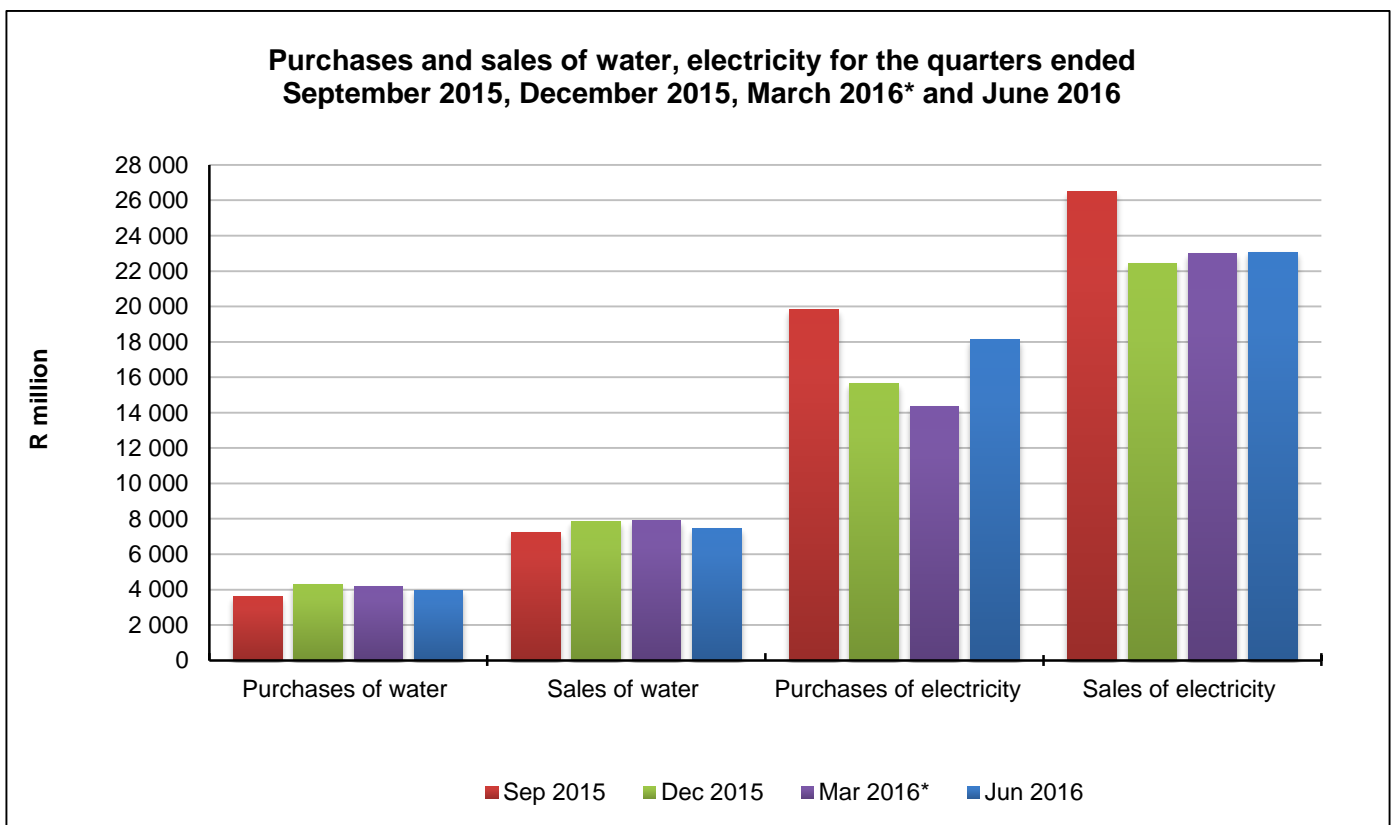
Item	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016	% change between quarters ended Mar. 2016 and Jun. 2016
	R million					
Purchases of water	3 587	4 259	4 170	3 983	-187	-4,5
Sales of water	7 228	7 856	7 910	7 473	-437	-5,5
Purchases of electricity	19 839	15 668	14 320	18 127	3 807	26,6
Sales of electricity	26 470	22 432	22 993	23 073	80	0,3
Employee-related costs	18 386	21 081	19 558	19 509	-49	-0,3

* Some figures have been revised.

Purchases of water decreased by 4,5% between the quarters ended March 2016 and June 2016. Sales of water decreased by 5,5% over the same period.

Purchases of electricity increased by 26,6% between the quarters ended March 2016 and June 2016. Sales of electricity increased by 0,3% over the same period.

Employee-related costs decreased by 0,3% between the quarters ended March 2016 and June 2016.



* Some figures have been revised.

PJ Lehohla
Statistician-General

Table 1 – Consolidated statement of financial performance of municipalities for the quarters ended September 2015, December 2015, March 2016 and June 2016: Expenditure – South Africa

Expenditure	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016
Employee-related costs	18 386	21 081	19 558	19 509	-49
Remuneration of board of directors/councillors	808	821	939	902	-37
Interest paid	1 642	2 281	1 926	2 507	581
Loss on the disposal of property, plant and equipment	0	3	78	8	-70
Bad debts	2 282	2 163	2 676	3 674	998
Contracted services	1 932	3 553	2 903	4 185	1 282
Collection costs	131	252	191	213	22
Depreciation and amortisation	3 499	5 048	5 470	6 029	559
Impairment loss (PPE)	0	1	1	517	516
Repairs and maintenance	2 468	3 272	3 059	4 642	1 583
Bulk purchases:					
Purchases of water	3 587	4 259	4 170	3 983	-187
Purchases of electricity	19 839	15 668	14 320	18 127	3 807
Other bulk purchases	23	33	27	27	0
Grants and subsidies paid to:					
Other local government institutions	79	19	104	165	61
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	681	772	709	716	7
Non-profit institutions serving households	3	1	3	1	-2
Other	1 853	2 481	2 057	3 581	1 524
General expenditure:					
Accommodation, travelling and subsistence	196	271	175	244	69
Advertising, promotions and marketing	78	126	136	313	177
Audit fees	139	452	204	155	-49
Bank charges	94	100	71	73	2
Cleaning services	57	86	81	105	24
Consultancy and professional fees	323	448	658	944	286
Entertainment costs	18	27	50	35	-15
Fuel and oil	310	437	379	498	119
Hiring of plant and equipment	150	241	229	350	121
Insurance costs	438	233	188	132	-56
Pharmaceutical	31	37	41	27	-14
Postal and courier services	51	65	71	68	-3
Printing and stationery	151	159	135	211	76
Rebates for property rates	1 796	1 412	1 501	1 615	114
Rebates for service charges	133	93	144	122	-22
Rental of land, buildings and other structures	133	151	140	83	-57
Rental of office equipment	351	275	237	302	65
Security services	472	661	710	905	195
Subscriptions and membership fees	159	76	53	143	90
Telecommunication services	171	218	287	339	52
Training and education	142	185	183	237	54
Transport costs	116	246	198	286	88
Other expenditure	7 856	9 186	7 663	11 477	3 814
Surplus	36 014	20 802	23 135	9 792	-13 343
Total expenditure	106 592	97 695	94 860	97 242	2 382

* Some figures have been revised.

Table 2 – Consolidated statement of financial performance of municipalities for the quarters ended September 2015, December 2015, March 2016 and June 2016: Income – South Africa

Income	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016
	R million				
Property rates from:					
Residential	10 139	8 194	7 724	8 255	531
Commercial or business	2 655	2 577	2 430	2 964	534
State	1 047	637	733	663	-70
Other (includes agricultural, municipal etc.)	2 111	1 591	1 229	1 600	371
Property rates - penalties imposed and collection charges	71	65	62	64	2
Service charges					
Sales of water	7 228	7 856	7 910	7 473	-437
Sales of electricity	26 470	22 432	22 993	23 073	80
Refuse removal charges	2 614	2 386	2 361	2 399	38
Sewerage and sanitation charges	3 286	3 022	3 016	3 073	57
Other service charges (e.g. fresh produce market etc.)	94	108	142	147	5
Interest earned from:					
External investments	985	1 082	1 627	1 647	20
Outstanding debtors	1 099	1 265	1 221	1 270	49
Dividends received	0	0	0	0	0
Fines	796	901	813	1 178	365
Licences and permits	339	324	291	308	17
Income for agency services	256	418	347	377	30
Rental of facilities and equipment	429	469	479	445	-34
Bad debts recovered	70	13	8	16	8
Public contributions and donations (including PPE)	40	81	92	530	438
Gains on the disposal of property, plant and equipment	28	58	31	228	197
Grants and subsidies from:					
National government	25 439	20 786	18 963	10 453	-8 510
Provincial government	535	717	652	566	-86
Local government	1	2	109	4	-105
Other	472	683	638	622	-16
Spent conditional grant	2 063	4 128	3 897	4 597	700
Other income	3 538	3 782	4 060	8 230	4 170
Deficit	14 787	14 118	13 032	17 060	4 028
Total income	106 592	97 695	94 860	97 242	2 382

* Some figures have been revised.

Table 3 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2015, December 2015, March 2016 and June 2016: Expenditure – South Africa

Expenditure	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016
	R million				
Employee-related costs	11 395	13 253	12 325	12 424	99
Remuneration of board of directors/councillors	808	821	939	902	-37
Interest paid	968	1 225	1 048	1 230	182
Loss on the disposal of property, plant and equipment	0	1	2	55	53
Bad debts	804	872	1 245	1 828	583
Contracted services	769	1 562	1 203	1 842	639
Collection costs	116	230	167	131	-36
Depreciation and amortisation	870	1 616	1 694	2 593	899
Impairment loss (PPE)	0	1	0	517	517
Repairs and maintenance	406	657	654	996	342
Grants and subsidies paid to:					
Other local government institutions	76	17	99	133	34
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	290	284	286	226	-60
Non-profit institutions serving households	3	1	3	1	-2
Other	1 329	1 597	1 355	1 544	189
General expenditure:					
Accommodation, travelling and subsistence	171	240	150	215	65
Advertising, promotions and marketing	62	96	108	267	159
Audit fees	131	427	190	149	-41
Bank charges	89	95	67	69	2
Cleaning services	32	42	42	43	1
Consultancy and professional fees	242	327	396	523	127
Entertainment costs	17	26	48	31	-17
Fuel and oil	126	195	159	235	76
Hiring of plant and equipment	92	138	122	235	113
Insurance costs	376	180	128	100	-28
Pharmaceutical	30	36	40	25	-15
Postal and courier services	49	63	69	65	-4
Printing and stationery	120	128	107	181	74
Rebates for property rates	1 796	1 412	1 501	1 615	114
Rental of land, buildings and other structures	113	112	112	45	-67
Rental of office equipment	63	97	89	94	5
Security services	335	455	486	634	148
Subscriptions and membership fees	156	73	51	140	89
Telecommunication services	140	187	249	267	18
Training and education	115	156	148	186	38
Transport costs	37	33	38	47	9
Other expenditure	4 322	4 832	3 792	5 475	1 683
Surplus	25 130	14 233	14 117	5 139	-8 978
Total expenditure	51 578	45 720	43 229	40 202	-3 027

* Some figures have been revised.

Table 4 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2015, December 2015, March 2016 and June 2016: Income – South Africa

Income	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016
	R million				
Taxes on property					
Property rates from:					
Residential	10 139	8 194	7 724	8 255	531
Commercial or business	2 655	2 577	2 430	2 964	534
State	1 047	637	733	663	-70
Other (includes agricultural, municipal, etc.)	2 111	1 591	1 229	1 600	371
Property rates – penalties imposed and collection charges	71	65	62	64	2
Interest earned from:					
External investments	870	1 005	1 386	1 557	171
Outstanding debtors	717	823	832	840	8
Dividends received	0	0	0	0	0
Fines	589	689	598	950	352
Licences and permits	101	98	97	104	7
Income for agency services	182	341	283	273	-10
Rental of facilities and equipment	214	225	238	196	-42
Bad debts recovered	69	11	8	16	8
Public contributions and donations (including property, plant and equipment)	3	23	24	218	194
Gains on the disposal of property, plant and equipment	25	56	25	226	201
Grants and subsidies from:					
National government	19 910	14 842	13 129	5 055	-8 074
Provincial government	336	339	321	259	-62
Local government	1	2	108	3	-105
Other	259	306	290	255	-35
Spent conditional grants	1 320	2 240	1 905	1 885	-20
Other income	2 751	2 867	2 986	5 069	2 083
Deficit	8 208	8 789	8 821	9 750	929
Total income	51 578	45 720	43 229	40 202	-3 027

* Some figures have been revised.

Table 5 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2015, December 2015, March 2016 and June 2016: Expenditure – South Africa

Expenditure	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016
	R million				
Employee-related costs	6 991	7 828	7 233	7 085	-148
Interest paid	674	1 056	878	1 277	399
Loss on disposal of property, plant and equipment	0	2	76	-47	-123
Bad debts	1 478	1 291	1 431	1 846	415
Contracted services	1 163	1 991	1 700	2 343	643
Collection costs	15	22	24	82	58
Depreciation and amortisation	2 629	3 432	3 776	3 436	-340
Impairment loss (PPE)	0	0	1	0	-1
Repairs and maintenance	2 062	2 615	2 405	3 646	1 241
Bulk purchases:					
Purchases of water	3 587	4 259	4 170	3 983	-187
Purchases of electricity	19 839	15 668	14 320	18 127	3 807
Other bulk purchases	23	33	27	27	0
Grants and subsidies paid to:					
Other local government institutions	3	2	5	32	27
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	391	488	423	490	67
Non-profit institutions serving households	0	0	0	0	0
Other	524	884	702	2 037	1 335
General expenditure:					
Accommodation, travelling and subsistence	25	31	25	29	4
Advertising, promotions and marketing	16	30	28	46	18
Audit fees	8	25	14	6	-8
Bank charges	5	5	4	4	0
Cleaning services	25	44	39	62	23
Consultancy and professional fees	81	121	262	421	159
Entertainment costs	1	1	2	4	2
Fuel and oil	184	242	220	263	43
Hiring of plant and equipment	58	103	107	115	8
Insurance costs	62	53	60	32	-28
Pharmaceutical	1	1	1	2	1
Postal and courier services	2	2	2	3	1
Printing and stationery	31	31	28	30	2
Rebates for service charges	133	93	144	122	-22
Rental of land, buildings and other structures	20	39	28	38	10
Rental of office equipment	288	178	148	208	60
Security services	137	206	224	271	47
Subscriptions and membership fees	3	3	2	3	1
Telecommunication services	31	31	38	72	34
Training and education	27	29	35	51	16
Transport costs	79	213	160	239	79
Other expenditure	3 534	4 354	3 871	6 002	2 131
Surplus	10 884	6 569	9 018	4 653	-4 365
Total expenditure	55 014	51 975	51 631	57 040	5 409

* Some figures have been revised.

Table 6 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2015, December 2015, March 2016 and June 2016: Income – South Africa

Income	September 2015	December 2015	March 2016*	June 2016	Difference between quarters ended Mar. 2016 and Jun. 2016
	R million				
Interest earned from:					
External investments	115	77	241	90	-151
Outstanding debtors	382	442	389	430	41
Dividends received	0	0	0	0	0
Fines	207	212	215	228	13
Licences and permits	238	226	194	204	10
Income for agency services	74	77	64	104	40
Rental of facilities and equipment	215	244	241	249	8
Bad debts recovered	1	2	0	0	0
Public contributions and donations (including property, plant and equipment)	37	58	68	312	244
Gains on the disposal of property, plant and equipment	3	2	6	2	-4
Service charges:					
Sales of water	7 228	7 856	7 910	7 473	-437
Sales of electricity	26 470	22 432	22 993	23 073	80
Refuse removal charges	2 614	2 386	2 361	2 399	38
Sewerage and sanitation charges	3 286	3 022	3 016	3 073	57
Other service charges (e.g. fresh produce market)	94	108	142	147	5
Grants and subsidies from:					
National government	5 529	5 944	5 834	5 398	-436
Provincial government	199	378	331	307	-24
Local government	0	0	1	1	0
Other	213	377	348	367	19
Spent conditional grants	743	1 888	1 992	2 712	720
Other income	787	915	1 074	3 161	2 087
Deficit	6 579	5 329	4 211	7 310	3 099
Total income	55 014	51 975	51 631	57 040	5 409

* Some figures have been revised.

Notes

Forthcoming issue	Issue	Expected release date
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	September 2016	December 2016
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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 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 2015:	99%
	December quarter 2015:	99%
	March quarter 2016:	100%
	June quarter 2016	100%

Reasons for fluctuations:

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

Explanatory notes

Introduction	<p>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.</p> <p>This publication contains estimates for the quarters ended September 2015, December 2015, March 2016 and June 2016. 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 performance 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 Recognised Accounting Practice (GRAP).</p> <p>The Standard Chart of Accounts for Municipalities and Municipal entities (MSCOA) is currently being pilot-tested by National Treasury. This is a multi-dimensional classification framework providing the method and format for recording and classifying financial transaction information in the general ledger forming part of the books of account containing a standard list of all available accounts.</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 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</p>

Glossary of selected variables used in this publication

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.
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).
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).
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	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.
Housing and trading services	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).

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).
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).
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).
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.
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.
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