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Quarterly financial statistics of municipalities

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Key findings

Item	Quarter ended			% change between quarter ended June 2008 and Sept. 2008
	R million			
	March 2008*	June 2008*	September 2008	
Purchases of water	1 565	1 884	1 425	-24,4
Sales of water	3 448	3 843	3 427	-10,8
Purchases of electricity and gas	3 345	3 944	5 650	43,3
Sales of electricity and gas	6 478	7 268	8 756	20,5
Property, plant and equipment	104 410	110 379	114 119	3,4

* Revised

Purchases of water decreased by 24,4% between the quarters ended June 2008 and September 2008. Purchases of electricity and gas increased by 43,3% over the same period.

Sales of electricity and gas increased by 20,5% between the quarters ended June 2008 and September 2008. A decrease of 10,8% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 3,4 % between the quarters ended June 2008 and September 2008.

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2008, June 2008 and September 2008 quarters

Net assets and liabilities	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Housing development fund	1 361	1 377	1 372	-0,4
Capital replacement reserve, capitalisation reserve, government grant reserve: Donations and public contribution reserve, self insurance reserve, revaluation reserve and COIDA ¹ reserve	47 553	49 694	51 444	3,5
Retained surplus/accumulated deficit	55 718	58 206	59 287	1,9
Outside shareholders' interest	60	60	60	0,0
Non-current liabilities				
Marketable loan stock:				
Other local government institutions	322	325	285	-12,3
Other	2 580	2 859	3 004	5,1
Bonds held by:				
Other	3 740	3 762	3 762	0,0
Other non-current liabilities				
Government housing loans to public welfare organisations and individuals sponsored by the respondent	4	6	6	0,0
Other long-term loans received from:				
National government	70	70	70	0,0
Provincial government	4	3	3	0,0
Local government institutions	12	11	11	0,0
Development Bank of Southern Africa	6 696	6 579	6 439	-2,1
Local authorities loans fund	10	10	10	0,0
Financial public corporations	95	79	92	16,5
Non-financial public corporations	95	93	95	2,2
Banks	6 219	5 751	6 439	12,0
Insurers	99	95	95	0,0
Pension funds	1	1	1	0,0
Public Investment Corporation	330	330	339	2,7
Other domestic sources (including INCA) ²	5 014	4 907	4 795	-2,3
Long-term leases	291	302	330	9,3
Non-current provisions	3 153	3 220	3 009	-6,6

* Revised

Part 1 – Consolidated statement of financial position of municipalities as at the end of March 2008, June 2008 and September 2008 quarters

Net assets and liabilities	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Current liabilities				
External short-term loans from and deposits from:				
Local government institutions	4	4	2	-50,0
Development Bank of Southern Africa	361	375	385	2,7
Local authorities loans fund	7	11	11	0,0
Financial public corporations	0	0	0	0,0
Banks	405	422	356	-15,6
Public Investment Corporation	1	1	0	-100,0
Other domestic sources (including INCA) ²	236	241	190	-21,2
Unspent conditional grants	5 455	5 189	5 809	11,9
Current provisions	1 642	1 522	1 533	0,7
Short-term leases	57	65	86	32,3
Value Added Tax payable	1 566	1 596	1 052	-34,1
Bank overdraft	2 799	2 762	2 781	0,7
Creditors:				
Trade creditors	7 218	10 650	10 840	1,8
Consumer deposits	2 056	2 349	2 375	1,1
Income received in advance	1 788	2 016	2 134	5,9
Other creditors	7 029	7 495	6 605	-11,9
Liabilities not reflected elsewhere ³	11 770	9 086	9 746	7,3
Total net assets and liabilities	175 821	181 524	184 853	1,8

¹ COIDA: Compensation Commissioner for Occupational Injuries and Diseases

² INCA: Infrastructure Finance Corporation Ltd

³ Include suspense accounts and liabilities not shown separately

* Revised

Part 1 – Consolidated statement of financial position for municipalities as at the end of March 2008, June 2008 and September 2008 quarters

Assets	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Property, plant, and equipment (net carrying value)	104 410	110 379	114 119	3,4
Investment property	316	339	588	73,5
Leased assets	55	59	108	83,1
Investments in marketable securities:				
Municipal stock/shares	44	46	46	0,0
Other marketable stock/shares:				
Government stock	23	23	23	0,0
Financial public corporations stock	4	4	4	0,0
Other	384	401	446	11,2
Investments in non-marketable instruments of other spheres of government and government institutions	1 616	1 654	1 636	-1,1
Long-term receivables:				
Loans to controlled municipal entities	8	10	24	140,0
Car loans	21	25	16	-36,0
Housing selling scheme loans	322	343	335	-2,3
Sewerage connection loans	0	0	0	0,0
Electricity appliance purchase scheme	4	3	3	0,0
Other	2 155	2 240	2 282	1,9
Sponsored government housing loans to public welfare and organisations and individuals	5	5	5	0,0
Loans and deposits:				
External long-term loans, deposits and investments:				
Long-term loans to:				
Other local government institutions	573	555	411	-25,9
Financial public corporations	16	16	18	12,5
Other companies	2	0	0	0,0
Individuals	662	652	655	0,5
Other	215	216	205	-5,1

*Revised

Part 1 – Consolidated statement of financial position for municipalities as at the end of March 2008, June 2008 and September 2008 quarters (concluded)

Assets	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Long-term deposits and other investments with:				
Public Investment Corporation	4	4	4	0,0
Banks	7 073	8 101	8 406	3,8
Other	862	1 097	929	-15,3
Current assets				
Inventory	1554	1 645	1 722	4,7
External short-term loans, deposits and investments:				
Short-term loans to:				
Financial public corporations	63	63	63	0,0
Non-financial public corporations	0	0	0	0,0
Other companies	0	0	0	0,0
Individuals	14	13	13	0,0
Other	58	71	66	-7,0
Short-term deposits and other investments with:				
Public Investment Corporation	344	355	290	-18,3
Banks	13 077	11 818	12 617	6,8
Other	3 601	3 747	3 256	-13,1
Other sundry debtors:				
Consumer debtors	15 087	15 507	15 031	-3,1
Other debtors	7 572	8 105	8 375	3,3
Prepaid expenses	24	21	20	-4,8
Petty cash and bank	9 410	8 809	7 997	-9,2
Assets not reflected elsewhere ¹	6 243	5 198	5 140	-1,1
Total assets	175 821	181 524	184 853	1,8

¹ Include suspense accounts and assets not shown separately

* Revised

Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended March 2008, June 2008 and September 2008: Expenditure

Expenditure	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Employee related costs	5 332	5 476	5 574	1,8
Remuneration of board of directors/councillors	305	376	348	-7,4
Property rates	125	154	136	-11,7
Interest paid	334	443	460	3,8
Loss on the disposal of property, plant and equipment	3	32	1	-96,9
Bad debts	148	193	199	3,1
Contracted services	508	592	581	-1,9
Collection cost	40	43	37	-14,0
Depreciation	623	419	230	-45,1
Repairs and maintenance	468	482	527	9,3
Grants and subsidies paid to:				
Other local government institutions	84	98	80	-18,4
Tertiary institutions of higher learning				
Other	392	519	428	-17,5
General expenditure:				
Accommodation	9	11	9	-18,2
Advertising	19	25	24	-4,0
Bank charges	20	17	17	0,0
Cleaning services	7	9	9	0,0
Consultancy fees	36	46	46	0,0
Fuel and oil	54	65	78	20,0
Hiring of plant and equipment	5	7	10	42,9
Insurance costs	46	44	66	50,0
Membership fees	13	15	17	13,3
Pharmaceutical	4	3	3	0,0
Postage and stamps	20	22	24	9,1
Printing and stationery	33	41	47	14,6
Security fees	28	35	48	37,1
Rental of land, buildings and other structures	28	23	32	39,1
Rental of office equipment	19	26	24	-7,7
Telecommunication services	71	103	91	-11,7
Training and education	25	38	40	5,3
Transport	19	27	24	-11,1
Travelling and subsistence	33	59	57	-3,4
Other expenditure	3 752	3 586	4 611	28,6
Surplus	8 431	7 903	9 523	20,5
Total expenditure	21 034	20 932	23 401	11,8

* Revised

Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended March 2008, June 2008 and September 2008: Income

Income	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Taxes on property				
Property rates from:				
National government	76	69	64	-7,2
Provincial government	43	34	37	8,8
Local government institutions	5	6	6	0,0
Public corporations	21	17	15	-11,8
Property rates and other:				
Rates from individuals and private companies	4 466	4 610	5 310	15,2
Service levies	45	33	31	-6,1
Establishment levies	9	10	9	-10,0
Property rates - penalties imposed and collection charges	63	66	68	3,0
Interest received from:				
Interest earned: External investments	457	706	604	-14,4
Interest earned: Outstanding debtors	580	536	533	-0,6
Dividend received	0	0	0	0,0
Fines	261	260	306	17,7
Licences and permits	54	61	78	27,9
Income for agency services	116	135	119	-11,9
Rental of facilities	109	83	90	8,4
Bad debts recovered	23	25	0	-100,0
Public contribution, donations/donated PPE	38	36	30	-16,7
Gains on the disposal of property, plant and equipment	16	20	20	0,0
Subsidies from:				
National government	543	441	406	-7,9
Provincial government	425	338	319	-5,6
Local government	5	5	4	-20,0
Other	68	70	62	-11,4
Grants (including the equitable share) from:				
National government	5 860	4 976	6 210	24,8
Provincial government	309	287	346	20,6
Local government	85	67	64	-4,5
Other	150	128	147	14,8
Spent conditional grant	118	99	90	-9,1
Other income	2 271	2 433	2 871	18,0
Deficit	4 818	5 381	5 562	3,4
Total income	21 034	20 932	23 401	11,8

* Revised

Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended March 2008, June 2008 and September 2008: Expenditure

Expenditure	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Employee related costs	2 579	2 654	2 818	6,2
Property rates	6	7	8	14,3
Interest paid	280	360	302	-16,1
Bad debts written off	286	419	459	9,5
Collection cost	17	17	12	-29,4
Depreciation	448	437	225	-48,5
Repairs and maintenance	892	1 159	1 262	8,9
Purchases of electricity and gas	3 345	3 944	5 650	43,3
Purchases of water	1 565	1 884	1 425	-24,4
Loss on disposal of property, plant and equipment	2	2	3	50,0
Contracted services	412	525	564	7,4
Grants and subsidies paid to:				
Other local government institutions	38	38	31	-18,4
Tertiary institutions of higher learning	0	0	0	0,0
Other	59	66	62	-6,1
General expenditure:				
Accommodation	4	4	3	-25,0
Advertising	1	1	3	200,0
Bank charges	0	2	2	0,0
Cleaning services	4	4	8	100,0
Consultancy fees	3	39	37	-5,1
Fuel and oil	41	138	113	-18,1
Hiring of plant and equipment	21	68	67	-1,5
Insurance costs	21	10	15	50,0
Membership fees	0	1	0	-100,0
Pharmaceutical	0	2	0	-100,0
Postage and stamps	3	3	3	0,0
Printing and stationery	4	8	10	25,0
Security fees	10	21	22	4,8
Rental of land, buildings and other structures	5	3	5	66,7
Rental of office equipment	6	6	7	16,7
Telecommunication services	9	12	18	50,0
Training and education	4	3	4	33,3
Transport	20	13	17	30,8
Travelling and subsistence	6	8	10	25,0
Other expenditure	2 510	3 352	4 138	23,4
Surplus	3 069	3 670	2 572	-29,9
Total expenditure	15 670	18 880	19 875	5,3

* Revised

Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended March 2008, June 2008 and September 2008: Income

Income	March 2008*	June 2008*	September 2008	% change between quarter ended June 2008 and Sept. 2008
	R million			
Subsidies from:				
National government	62	74	78	5,4
Provincial government	24	25	25	0,0
Local government	0	1	0	-100,0
Other	6	6	4	-33,3
Grants from (including equitable share):				
National government	776	783	977	24,8
Provincial government	201	334	283	-15,3
Local government	30	39	41	5,1
Other	51	52	58	11,5
Spent conditional grant	104	120	89	-25,8
Rental of facilities and equipment	120	108	120	11,1
Interest received from:				
Interest received from: External investments	25	21	22	4,8
Interest received from: Outstanding debtors	276	143	207	44,8
Sales of electricity and gas	6 478	7 268	8 756	20,5
Sales of water	3 448	3 843	3 427	-10,8
Refuse removal, sewerage and sanitation charges	1 555	1 570	1 515	-3,5
Fines	8	10	10	0,0
Gains on the disposal of property, plant and equipment	2	3	4	33,3
Bad debts recovered	5	5	0	-100,0
Licences and permits	28	42	30	-28,6
Income for agency services	156	24	33	37,5
Public contributions, donated/contributed PPE	9	8	6	-25,0
Other income	1 431	2 742	1 623	-40,8
Deficit	876	1 659	2 567	54,7
Total income	15 670	18 880	19 875	5,3

* Revised

Notes

Forthcoming issue	Issue	Expected release date
	December 2008	26 March 2009

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	March quarter 2008:	84%
	June quarter 2008:	81%
	September quarter 2008:	83%

Reason for fluctuation:

- Change of accounting standards from IMFO to GRAP/GAMAP
- Revisions 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 March 2008, June 2008 and September 2008. 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; • statement of financial performance of municipalities – rates and general services; and • statement of financial performance of municipalities – housing and trading services.
Scope of the survey	<p>2 This survey covers quarterly financial information of all 283 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, Fifth Edition, Report no.09-90-02 of January 1993 (SIC)</i>. Activities of the local government institutions also adhere to the accounting standards and requirements in terms of the Institute of Municipal Finance Officers (IMFO) and also General Recognised Accounting Practice.</p>
Collection of levies	<p>4 Although regional council levies were abolished with effect from 1 July 2006, income in respect of these funds are arrear amounts based on taxes on payroll and turnover collected by local authorities to fund mainly infrastructural development projects.</p>
Survey methodology and design	<p>5 The statistical unit for the collection of information is the municipality.</p>
Imputation	<p>6 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>7 Estimates for the quarters are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and late submission of their data to Stats SA.</p>
Rounding off figures	<p>8 The figures in the tables have been rounded to the nearest digit shown. There may be slight discrepancies between the sums of the constituent items and the totals shown.</p>
Related publications	<p>9 Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> • P9101 Capital expenditure of the public sector; • P9114 Financial census of municipalities; • P9119.4 Financial statistics of consolidated general government; • P0441 Gross domestic product; • P0277 Quarterly employment statistics; and • D9144 Quarterly financial statistics of municipalities.
Symbols and abbreviations used	<p>10 GAMAP Generally Accepted Municipal Accounting Practice GRAP General Recognised Accounting Practice IMFO Institute of Municipal Finance Officers SIC Standard Industrial Classification Stats SA Statistics South Africa 0 nil or not applicable</p>

Glossary

Capital replacement reserve (CRR)	In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/deficit to the CRR in terms of a council resolution. The cash in the designated CRR bank account can only 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 balance 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>
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 financial year.
Current assets	Current assets consist of inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; and petty cash and bank.
Current expenditure	Current expenditure refers to transactions that decrease the net worth of the institution, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the consumption of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), and the total expenditure on housing and trading services (excluding the surplus).
Current liabilities	Current liabilities consist of external short-term loans from and deposits, unspent conditional grants, current provisions, short-term leases, Value Added Tax, bank overdraft and creditors.
District municipality	District municipality refers to a municipality 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 C municipality. Refer to 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.

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

Employee related cost

Compensation of employees includes payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.

Compensation of employees also includes:

- basic compensation;
- allowances;
- contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc. (excluding unemployment insurance and workmen's compensation, etc., which contributions may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and
- uniform clothing and allowances (clothing, boots, overalls, etc. supplied to uniformed employees).

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. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

Housing development funds

The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Housing and trading services	Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include abattoirs, electricity and gas, markets, passenger transport, water and other trading services (forestry, agriculture, airports, mineral baths, stone crushing and sand supply services).
Levies	Levies include both regional service and regional establishment levies collected by the districts and metropolitan municipalities. Regional service levy is the payroll tax paid by registered levy payers on total remuneration of their employees in terms of the Local Government Act (LGTA) of 1993. Regional establishment levy is the turnover tax paid by businesses on their total turnover in terms of the relevant legislation.
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.
Long-term loans	Long-term loans are loans with an outstanding maturity of more than one year.
Marketable loan stock	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
Metropolitan municipality	Metropolitan municipality means an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to Local Government: Municipal Structures Act (Act No.117 of 1998).
Money market instruments	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposits, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and includes district, local and metropolitan municipalities. A municipality is an institution consisting of a municipal council (elected political representatives) and the municipal administration (appointed officials).
Other expenditure	The following are included in other expenditure: <ul style="list-style-type: none"> • administration charges/fees; • audit fees; • books and magazines; • consumables; • legal fees; • licences and trade licences; • professional fees; • refreshments; and • sundries.

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

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