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# Statistical release

## P9110

# Quarterly financial statistics of municipalities

## September 2009

**Embargoed until:  
14 December 2009  
10:00**

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**Forthcoming issue:**

December 2009

**Expected release date**

March 2010

Statistics South Africa • Mbalo-mbalo ya Afrika Tshipembe • Tinhlayo-tiko ta Afrika-Dzonga • Dipalopalo tsa Aforika Borwa • Ezezibalo zaseNingizimu Afrika  
Dipalopalo tša Afrika Borwa • Dipalopalo tsa Afrika Borwa • Ubalo lwaseMzantsi Afrika • Telubalo eNingizimu Afrika • iNanimbalo leSewula Afrika • Statistiek Suid-Afrika

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### Key findings

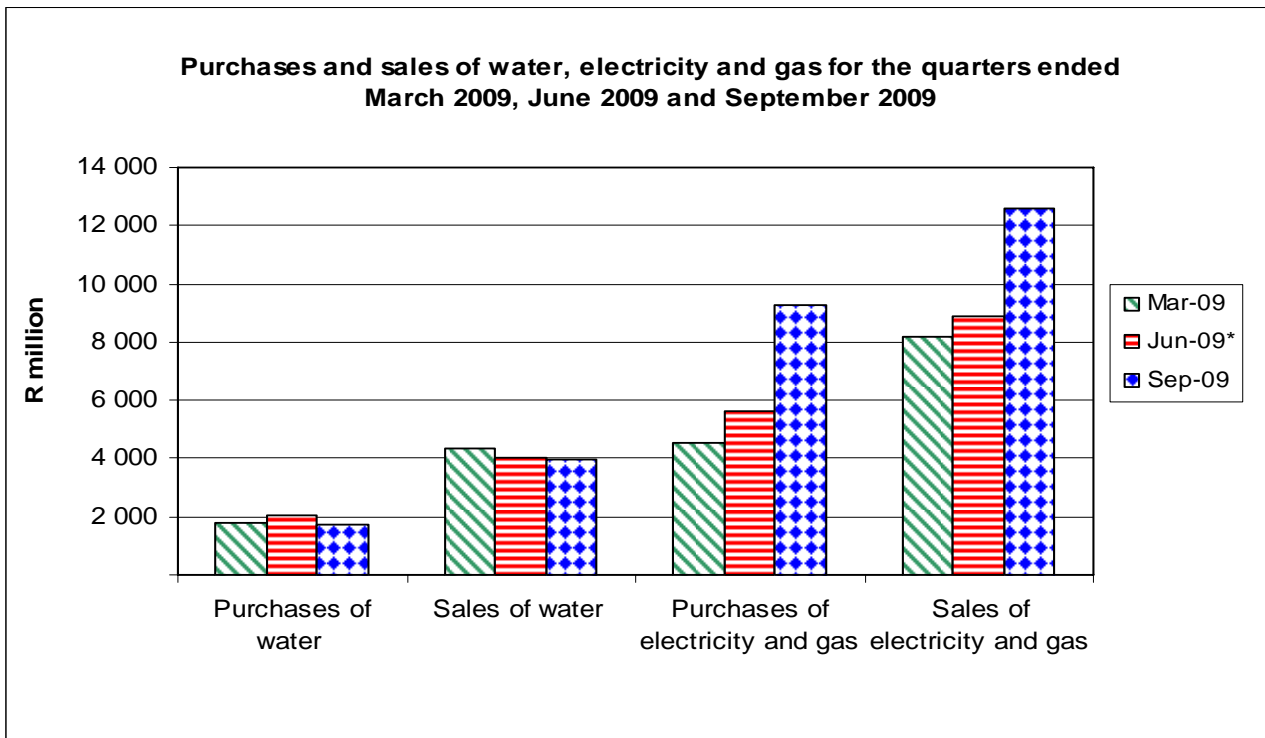
Item	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
Purchases of water	1 813	2 027	1 739	-14,2
Sales of water	4 348	4 058	3 959	-2,4
Purchases of electricity and gas	4 513	5 639	9 249	64,0
Sales of electricity and gas	8 214	8 914	12 574	41,1
Property, plant, and equipment (net carrying value)	132 985	143 832	203 879	41,7

\* Revised

Purchases of water decreased by 14,2% between the quarters ended June 2009 and September 2009. Purchases of electricity and gas increased by 64,0% over the same period.

Sales of electricity and gas increased by 41,1% between the quarters ended June 2009 and September 2009. A decrease of 2,4% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 41,7% between the quarters ended June 2009 and September 2009.



\*Revised

**PJ Leholia**  
**Statistician-General**

**Part 1 – Consolidated statement of financial position of municipalities as at the end of the March, June and September 2009 quarters**

Net assets and liabilities	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
<b>Net assets:</b>				
Housing development fund	1 859	1 843	1 842	-0,1
Capital replacement reserve, capitalisation reserve, government grant reserve: Donations and public contribution reserve, self-insurance reserve, revaluation reserve and COIDA <sup>1</sup> reserve	54 186	54 997	64 230	16,8
Retained surplus/accumulated deficit	71 332	75 221	121 894	62,0
Outside shareholders' interest	0	0	0	0,0
<b>Non-current liabilities</b>				
<b>Marketable loan stock:</b>				
Other local government institutions	280	277	294	6,1
Other	3 659	4778	4 502	-5,8
<b>Bonds held by:</b>				
Other	5 946	5946	9 373	57,6
<b>Other non-current liabilities:</b>				
Government housing loans to public welfare organisations and individuals sponsored by the respondent	5	5	5	0,0
<b>Other long-term loans received from:</b>				
National government	71	71	1	-98,6
Provincial government	3	2	1	-50,0
Local government institutions	63	63	38	-39,7
Development Bank of Southern Africa	7 294	7 306	7 248	-0,8
Local authorities loans fund	2	2	1	-50,0
Financial public corporations	76	75	59	-21,3
Non-financial public corporations	1	0	1	-
Banks	7 821	8 554	10 557	23,4
Insurers	2	2	2	0,0
Pension funds	0	0	0	0,0
Public Investment Corporation	339	339	338	-0,3
Other domestic sources (including INCA) <sup>2</sup>	2 516	2493	2 128	-14,6
Long-term leases	237	249	303	21,7
Non-current provisions	6 981	7 568	7 656	1,2

**Part 1 – Consolidated statement of financial position of municipalities as at the end of the March, June and September 2009 quarters (continued)**

Net assets and liabilities	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
<b>Current liabilities</b>				
<b>External short-term loans from and deposits from:</b>				
Local government institutions	3	3	1	-66,7
Development Bank of Southern Africa	463	458	391	-14,6
Local authorities loans fund	7	7	3	-57,1
Financial public corporations	4	0	0	0,0
Banks	456	433	283	-34,6
Public Investment Corporation	0	0	20	-
Other domestic sources (including INCA) <sup>2</sup>	160	169	93	-45,0
Unspent conditional grants	6 749	6 377	7 230	13,4
Current provisions	4 620	5 492	5 725	4,2
Short-term leases	214	224	206	-8,0
Value added tax payable	1 266	1 224	1 672	36,6
Bank overdraft	1 836	1 895	2 243	18,4
<b>Creditors:</b>				
Trade creditors	9 657	12 193	16 690	36,9
Consumer deposits	2 435	2 435	2 351	-3,4
Income received in advance	2 433	2 461	2 036	-17,3
Other creditors	6 215	6 846	7 223	5,5
Liabilities not reflected elsewhere <sup>3</sup>	5 780	5 392	4 172	-22,6
<b>Total net assets and liabilities</b>	<b>204 971</b>	<b>215 400</b>	<b>280 812</b>	<b>30,4</b>

<sup>1</sup> COIDA: Compensation Commissioner for Occupational Injuries and Diseases

<sup>2</sup> INCA: Infrastructure Finance Corporation Ltd

<sup>3</sup> Includes suspense accounts and liabilities not shown separately

\* Revised

- The percentage cannot be calculated meaningfully

**Part 1 – Consolidated statement of financial position of municipalities as at the end of the March, June and September 2009 quarters (continued)**

Assets	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
Property, plant, and equipment (net carrying value)	132 985	143 832	203 879	41,7
Investment property	1 098	1 129	3 654	223,6
<b>Investments in marketable securities:</b>				
Municipal stock/shares	393	432	3 983	822,0
<b>Other marketable stock/shares:</b>				
Government stock	23	23	5	-78,3
Financial public corporations stock	4	4	4	0,0
Other	535	536	404	-24,6
Investments in non-marketable instruments of other spheres of government and government institutions	57	57	17	-70,2
<b>Long-term receivables:</b>				
Loans to controlled municipal entities	24	24	23	-4,2
Car loans	16	14	9	-35,7
Housing selling scheme loans	604	601	553	-8,0
Sewerage connection loans	0	0	0	0,0
Electricity appliance purchase scheme	3	3	0	-100,0
Other	2 281	2 266	2 318	2,3
Sponsored government housing loans to public welfare organisations and individuals	5	5	4	-20,0
<b>Loans and deposits:</b>				
<b>External long-term loans, deposits and investments:</b>				
<b>Long-term loans to:</b>				
Other local government institutions	11	11	1	-90,9
Financial public corporations	32	32	32	0,0
Other companies	0	0	0	0,0
Individuals	37	36	33	-8,3
Other	68	68	36	-47,1

\* Revised

**Part 1 – Consolidated statement of financial position of municipalities as at the end of the March, June and September 2009 quarters (concluded)**

Assets	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
<b>Long-term deposits and other investments with:</b>				
Public Investment Corporation	11	11	32	190,9
Banks	6 518	6 685	6 556	-1,9
Other	795	814	698	-14,3
<b>Current assets</b>				
Inventory	1 814	1 792	2 379	32,8
<b>External short-term loans, deposits and investments:</b>				
<b>Short-term loans to:</b>				
Financial public corporations	328	328	426	29,9
Non-financial public corporations	0	0	0	0,0
Other companies	0	0	0	0,0
Individuals	9	9	2	-77,8
Other	72	77	48	-37,7
<b>Short-term deposits and other investments with:</b>				
Public Investment Corporation	190	190	211	11,1
Banks	15 608	14 179	15 686	10,6
Other	4 552	4 540	3 412	-24,8
<b>Other sundry debtors:</b>				
Consumer debtors	20 745	21 213	22 569	6,4
Other debtors	6 417	7 224	6 710	-7,1
Prepaid expenses	35	35	12	-65,7
Petty cash and bank	8 369	7 764	6 487	-16,4
Assets not reflected elsewhere <sup>1</sup>	1 332	1 466	629	-57,1
<b>Total assets</b>	<b>204 971</b>	<b>215 400</b>	<b>280 812</b>	<b>30,4</b>

<sup>1</sup> Includes 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, June and September 2009: Expenditure**

Expenditure	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
Employee related costs	6 047	6 660	6 657	0,0
Remuneration of board of directors/councillors	465	508	439	-13,6
Property rates	52	73	170	132,9
Interest paid	496	755	582	-22,9
Loss on the disposal of property, plant, and equipment	4	18	2	-88,9
Bad debts	449	681	303	-55,5
Contracted services	616	738	405	-45,1
Collection costs	72	93	60	-35,5
Depreciation	776	824	996	20,9
Repairs and maintenance	658	842	601	-28,6
<b>Grants and subsidies paid to:</b>				
Other local government institutions	1 405	864	665	-23,0
Tertiary institutions of higher learning	0	0	0	0,0
Other	166	112	190	69,6
<b>General expenditure:</b>				
Accommodation, travelling and subsistence	61	84	71	-15,5
Advertising	41	36	35	-2,8
Bank charges	58	42	34	-19,0
Cleaning services	12	11	15	36,4
Consultancy fees	127	179	105	-41,3
Fuel and oil	108	130	78	-40,0
Hiring of plant and equipment	80	84	56	-33,3
Insurance costs	84	66	89	34,8
Membership fees	28	14	33	135,7
Pharmaceutical	13	16	12	-25,0
Postage and stamps	47	37	34	-8,1
Printing and stationery	96	86	77	-10,5
Security fees	219	188	160	-14,9
Rental of land, buildings and other structures	117	109	131	20,2
Rental of office equipment	34	39	38	-2,6
Telecommunication services	167	147	126	-14,3
Training and education	54	62	39	-37,1
Transport	26	42	26	-38,1
Other expenditure	4 107	5 094	4 549	-10,7
<b>Surplus</b>	<b>9 281</b>	<b>2 427</b>	<b>11 645</b>	<b>379,8</b>
<b>Total expenditure</b>	<b>25 966</b>	<b>21 061</b>	<b>28 423</b>	<b>35,0</b>

\* Revised



**Part 2 – Statement of financial performance of municipalities for rates and general services for the quarters ended March, June and September 2009: Income**

Income	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
<b>Taxes on property</b>				
<b>Property rates from:</b>				
National government	12	12	16	33,3
Provincial government	9	8	15	87,5
Local government institutions	2	1	1	0,0
Public corporations	0	0	0	0,0
<b>Property rates and other:</b>				
Rates from individuals and private companies	6 034	5 664	7 088	25,1
Property rates - penalties imposed and collection charges	118	153	197	28,8
<b>Interest received from:</b>				
Interest earned: External investments	776	793	548	-30,9
Interest earned: Outstanding debtors	691	501	296	-40,9
Dividends received	0	0	0	0,0
Fines	264	275	275	0,0
Licences and permits	87	115	105	-8,7
Income for agency services	155	163	181	11,0
Rental of facilities	199	134	122	-9,0
Bad debts recovered	0	0	0	0,0
Public contributions, donations/donated PPE	3	4	5	25,0
Gains on the disposal of property, plant, and equipment	95	44	17	-61,4
<b>Subsidies from:</b>				
National government	54	61	46	-24,6
Provincial government	29	33	42	27,3
Local government	0	0	0	0,0
Other	16	17	16	-5,9
<b>Grants from (including equitable share):</b>				
National government	7 848	7 218	9 835	36,3
Provincial government	268	299	249	-16,7
Local government	5	4	4	0,0
Other	1 127	926	785	-15,2
Spent conditional grants	30	22	11	-50,0
Other income	2 165	2 003	1 852	-7,5
<b>Deficit</b>	5 979	2 611	6 717	157,3
<b>Total income</b>	<b>25 966</b>	<b>21 061</b>	<b>28 423</b>	<b>35,0</b>

\* Revised

**Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended March, June and September 2009: Expenditure**

Expenditure	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
Employee related costs	3 208	3 186	3 406	6,9
Property rates	19	21	17	-19,0
Interest paid	306	356	417	17,1
Bad debts written off	545	1 017	667	-34,4
Collection costs	14	17	18	5,9
Depreciation	908	1 101	812	-26,2
Repairs and maintenance	1 382	1 983	1 385	-30,2
Purchases of electricity and gas	4 513	5 639	9 249	64,0
Purchases of water	1 813	2 027	1 739	-14,2
Loss on disposal of property, plant, and equipment	3	5	5	0,0
Contracted services	735	857	649	-24,3
<b>Grants and subsidies paid to:</b>				
Other local government institutions	12	12	11	-8,3
Tertiary institutions of higher learning	0	0	0	0,0
Other	221	232	193	-16,8
<b>General expenditure:</b>				
Accommodation, travelling and subsistence	16	15	12	-20,0
Advertising	3	4	3	-25,0
Bank charges	2	2	2	0,0
Cleaning services	15	18	16	-11,1
Consultancy fees	42	56	51	-8,9
Fuel and oil	122	109	93	-14,7
Hiring of plant and equipment	52	83	80	-3,6
Insurance costs	31	31	28	-9,7
Membership fees	1	1	0	-100,0
Pharmaceutical	1	1	1	0,0
Postage and stamps	2	2	2	0,0
Printing and stationery	11	13	13	0,0
Security fees	40	47	42	-10,6
Rental of land, buildings and other structures	12	12	11	-8,3
Rental of office equipment	8	10	8	-20,0
Telecommunication services	21	28	21	-25,0
Training and education	7	8	9	12,5
Transport	56	46	31	-32,6
Other expenditure	3 244	3 795	2 412	-36,4
<b>Surplus</b>	<b>2 870</b>	<b>2 227</b>	<b>4 924</b>	<b>121,1</b>
<b>Total expenditure</b>	<b>20 235</b>	<b>22 961</b>	<b>26 327</b>	<b>14,7</b>

\* Revised

**Part 3 – Statement of financial performance of municipalities for housing and trading services for the quarters ended March, June and September 2009: Income**

Income	March 2009	June 2009*	September 2009	% change between quarters ended Jun. 2009 and Sept. 2009
	R million			
<b>Subsidies from:</b>				
National government	73	73	75	2,7
Provincial government	64	49	30	-38,8
Local government	0	0	0	0,0
Other	5	7	4	-42,9
<b>Grants from (include equitable share):</b>				
National government	1 938	2 157	2 438	13,0
Provincial government	185	172	160	-7,0
Local government	5	4	3	-25,0
Other	114	137	115	-16,1
Spent conditional grants	89	99	72	-27,3
Rental of facilities and equipment	218	146	146	0,0
<b>Interest received from:</b>				
Interest received from: External investments	53	20	58	190,0
Interest received from: Outstanding debtors	300	140	236	68,6
Sales of electricity and gas	8 214	8 914	12 574	41,1
Sales of water	4 348	4 058	3 959	-2,4
Refuse removal	829	816	900	10,3
Sewerage and sanitation	855	797	821	3,0
Fines	11	14	14	0,0
Gains on the disposal of property, plant, and equipment	24	6	3	-50,0
Bad debts recovered	3	3	3	0,0
Licences and permits	22	26	36	38,5
Income for agency services	120	127	100	-21,3
Public contributions, donated/contributed PPE	14	83	12	-85,5
Other income	1 366	1 533	1 941	26,6
<b>Deficit</b>	<b>1 385</b>	<b>3 580</b>	<b>2 627</b>	<b>-26,6</b>
<b>Total income</b>	<b>20 235</b>	<b>22 961</b>	<b>26 327</b>	<b>14,7</b>

\* Revised

**Notes**

**Forthcoming issue      Issue      Expected release date**

December 2009      March 2010

**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 2009:	84%
June quarter 2009:	83%
September quarter 2009:	82%

**Reasons for fluctuations:**

- Change of accounting standards from IMFO to GRAP/GAMAP.
- Revisions and corrections reported by respondents.

## Explanatory notes

<b>Introduction</b>	<p><b>1</b> 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 2009, June 2009 and September 2009. The survey is designed to obtain financial information of local government institutions relating to:</p> <ul style="list-style-type: none"> <li>• the consolidated statement of financial position of municipalities;</li> <li>• the statement of financial performance of municipalities – rates and general services; and</li> <li>• the statement of financial performance of municipalities – housing and trading services.</li> </ul>														
<b>Scope of the survey</b>	<p><b>2</b> This survey covers quarterly financial information of all 283 municipalities.</p>														
<b>Classification and accounting standards</b>	<p><b>3</b> 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 General Recognised Accounting Practice (GRAP).</p>														
<b>Collection of levies</b>	<p><b>4</b> 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>														
<b>Survey methodology and design</b>	<p><b>5</b> The statistical unit for the collection of information is the municipality.</p>														
<b>Imputation</b>	<p><b>6</b> 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>														
<b>Revised figures</b>	<p><b>7</b> 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>														
<b>Rounding off figures</b>	<p><b>8</b> 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>														
<b>Related publications</b>	<p><b>9</b> Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> <li>• P9101 Capital expenditure of the public sector;</li> <li>• P9114 Financial census of municipalities;</li> <li>• P9119.4 Financial statistics of consolidated general government;</li> <li>• P0441 Gross domestic product;</li> <li>• P0277 Quarterly employment statistics; and</li> <li>• D9144 Quarterly financial statistics of municipalities.</li> </ul>														
<b>Symbols and abbreviations used</b>	<p><b>10</b></p> <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 10px;">GAMAP</td> <td>Generally Accepted Municipal Accounting Practice</td> </tr> <tr> <td>GRAP</td> <td>General Recognised Accounting Practice</td> </tr> <tr> <td>IMFO</td> <td>Institute of Municipal Finance Officers</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>-</td> <td>The percentage cannot be calculated meaningfully</td> </tr> <tr> <td>0</td> <td>nil or not applicable</td> </tr> </table>	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	-	The percentage cannot be calculated meaningfully	0	nil or not applicable
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														
-	The percentage cannot be calculated meaningfully														
0	nil or not applicable														

## Glossary

<b>Capital replacement reserve (CRR)</b>	<p>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.</p>
<b>Capitalisation reserve</b>	<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>
<b>Consolidated statement of financial position</b>	<p>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.</p>
<b>Current assets</b>	<p>Current assets consist of inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; and petty cash and bank.</p>
<b>Current expenditure</b>	<p>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).</p>
<b>Current liabilities</b>	<p>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.</p>
<b>Current provision</b>	<p>Current provision is a liability or an obligation of uncertain timing or amount for an entity, payable within twelve months.</p>
<b>District municipality</b>	<p>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.)</p>

**Donations and Public Contributions 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 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).

**General expenditure**

The following are included in general expenditure: accommodation, travelling and subsistence; advertising; bank charges; bad debts (see below) cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance cost; membership fees; pharmaceutical; 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.

When debtors are uncollectable it is written off and regarded as an expense and is recorded as bad debts. In some instances, the bad debts recovered (receipt of an amount, partially or in full, previously written off as uncollectable) are included in other income.

**Government Grants 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**

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).

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<b>Housing development funds</b>	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.
<b>Levies</b>	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 Transition Act (LGTA) of 1993. Regional establishment levy is the turnover tax paid by businesses on their total turnover in terms of the relevant legislation.
<b>Local municipality</b>	Local municipality refers to a municipality that shares a 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.
<b>Long-term loans</b>	Long-term loans are loans with an outstanding maturity of more than one year.
<b>Marketable loan stock</b>	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.
<b>Metropolitan municipality</b>	Metropolitan municipality means an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. (Refer to the Local Government: Municipal Structures Act No.117 of 1998.)
<b>Money market instruments</b>	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposit, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.
<b>Municipality</b>	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).
<b>Net carrying value</b>	Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet account, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset.
<b>Other expenditure</b>	The following are included in other expenditure: administration charges/fees; audit fees; books and magazines; consumables; legal fees; licences and trade licences; professional fees; refreshments; and sundries.
<b>Property, plant and equipment</b>	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use or for rental to others that the entities anticipate using during more than one period.

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<b>Provision</b>	<p>Provision is any amount set aside for the purpose of meeting the following:</p> <ul style="list-style-type: none"><li>• specific requirements where the amounts thereof can be closely estimated; and</li><li>• specific commitments and contingencies as at the date of the balance sheet, where the amounts involved cannot be determined with significant accuracy.</li></ul> <p>Provision includes:</p> <ul style="list-style-type: none"><li>• bad debts; and</li><li>• leave payouts.</li></ul>
<b>Rates and general services</b>	<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>
<b>Repairs and maintenance</b>	<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>
<b>Reserve</b>	<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>
<b>Revaluation reserve</b>	<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>
<b>Self-insurance reserve</b>	<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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