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Statistical release

P9110

Quarterly financial statistics of municipalities

September 2013

**Embargoed until:
12 December 2013
09:00**

Enquiries:

User Information Services
27(12) 310 8600

Forthcoming issue:

December 2013

Expected release date:

March 2014

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Key findings

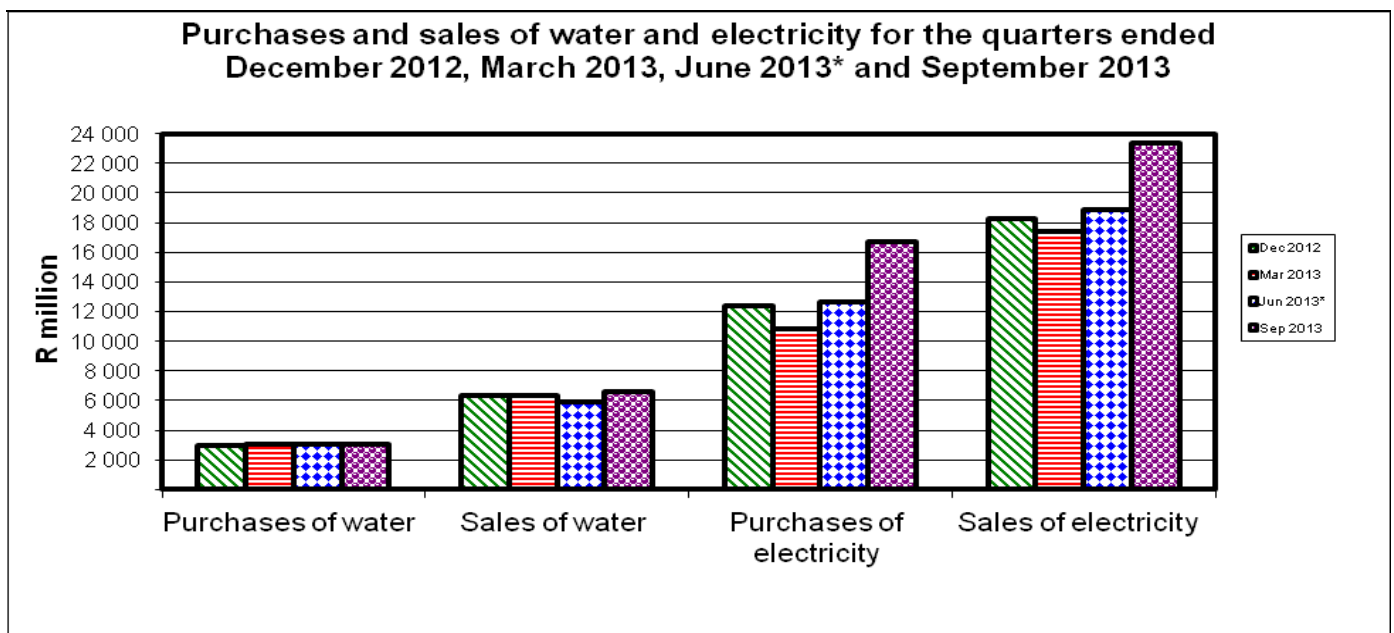
Item	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013	% change between quarters ended Jun. 2013 and Sep. 2013
	R million					
Purchases of water	3 023	3 060	3 069	3 053	-16	-0,5
Sales of water	6 342	6 411	5 981	6 636	655	11,0
Purchases of electricity	12 432	10 884	12 660	16 772	4 112	32,5
Sales of electricity	18 293	17 445	18 873	23 422	4 549	24,1
Property, plant and equipment (net carrying value)	355 841	356 971	418 249	423 593	5 344	1,3

* Some figures have been revised.

Purchases of water decreased by 0,5% between the quarters ended June 2013 and September 2013. Purchases of electricity increased by 32,5% over the same period.

Sales of electricity increased by 24,1% between the quarters ended June 2013 and September 2013. An increase of 11,0% was recorded in the sales of water over the same period.

Property, plant and equipment increased by 1,3% between the quarters ended June 2013 and September 2013.



*Some figures have been revised.

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2012, March 2013, June 2013 and September 2013 quarters

Net assets and liabilities	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Net assets					
Housing development fund	1 303	1 298	1 207	1 232	25
Capital replacement reserve	17 146	17 385	17 750	18 300	550
Capitalisation reserve	2 407	2 466	1 397	1 300	-97
Government grant reserve	6 210	6 210	8 381	8 395	14
Donations and public contributions reserve	745	745	716	747	31
Self-insurance reserve	266	267	295	243	-52
Revaluation reserve	6 739	6 690	11 683	11 729	46
COID ¹ reserve	147	147	158	176	18
Other reserves (including pre-GAMAP reserves and funds)	2 560	2 560	1 915	1 916	1
Retained surplus/Accumulated deficit	291 981	297 345	351 900	360 068	8 168
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	34	36	36	36	0
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	5 071	7 446	7 005	7 010	5
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	6 751	6 751	6 751	6 751	0
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	2 446	2 422	2 419	2 420	1
Long-term loans from:					
National government	0	0	0	0	0
Provincial government	0	0	0	0	0
Local government institutions	5	5	5	5	0
Development Bank of Southern Africa (DBSA)	9 715	9 341	8 987	8 955	-32
Local authorities loans fund	1	1	0	0	0
Public financial corporations	301	292	274	287	13
Public non-financial corporations	0	0	0	0	0
Banks	16 837	17 497	20 095	20 423	328
Insurers	0	0	0	0	0
Pension funds	117	114	28	28	0
Other domestic sources (including INCA ²)	4 899	5 661	6 034	6 717	683
Long-term leases	621	617	460	819	359
Non-current provisions	11 262	11 395	12 317	12 324	7
Retirement benefit obligations	11 032	10 998	12 221	12 774	553

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2012, March 2013, June 2013 and September 2013 quarters (continued)

Net assets and liabilities	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	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	0	0	1	1	0
Development Bank of Southern Africa (DBSA)	684	697	865	638	-227
Local authorities loans fund	2	2	0	0	0
Public financial corporations	0	5	5	5	0
Public non-financial corporations	0	0	0	0	0
Banks	1 173	1 225	1 423	1 951	528
Insurers	1	1	0	0	0
Pension funds	2	2	2	2	0
Other domestic sources (including INCA ²)	1 785	1 017	774	647	-127
Short-term leases	391	393	285	381	96
Current provisions	7 583	7 889	8 262	8 418	156
Retirement benefit obligations	1 891	1 892	2 318	2 397	79
Unspent conditional grants	12 076	16 478	15 528	12 422	-3 106
VAT ³ payable	2 578	2 714	1 903	1 773	-130
Bank overdraft	4 735	4 667	1 685	1 706	21
Creditors:					
Trade creditors	25 199	24 595	36 027	27 933	-8 094
Consumer deposits	4 225	4 011	4 373	4 667	294
Income received in advance	476	493	737	651	-86
Other creditors	5 521	5 316	6 434	6 298	-136
Liabilities not reflected elsewhere ⁴	4 705	5 872	293	366	73
Total net assets and liabilities	471 623	484 958	552 949	552 911	-38

¹ COID: Compensation Commissioner for Occupational Injuries and Diseases.

² INCA: Infrastructure Finance Corporation Ltd.

³ 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 December 2012, March 2013, June 2013 and September 2013 quarters (continued)

Assets	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Non-current assets					
Property, plant and equipment (net carrying value)	355 841	356 971	418 249	423 593	5 344
Investment property	13 640	13 590	17 885	18 352	467
Intangible assets	2 495	2 095	2 662	2 628	-34
Biological (cultivated) assets	53	55	56	54	-2
Investments in marketable securities:					0
Municipal stock/shares	1 081	1 084	825	834	9
Other marketable stock/shares:					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions' stock	39	39	64	64	0
Public financial corporations' stock	0	0	0	0	0
Public non-financial corporations' stock	0	0	1 075	1 075	0
Companies' shares	253	264	111	108	-3
Investments in non-marketable instruments of spheres of government institutions and elsewhere	0	0	0	0	0
Long-term receivables:					
Car loans	1	1	0	0	0
Housing selling scheme loans	196	192	177	170	-7
Sewerage connection loans	0	0	0	0	0
Electricity appliance purchase scheme	0	0	4	4	0
Other (including local government institutions)	1 318	1 425	447	466	19
Long-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	34	34	34	34	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	15	15	22	25	3
Long-term deposits and other investments with:					
Banks	5 949	7 091	4 419	4 999	580
Public financial corporations	25	25	22	23	1
Public non-financial corporations	0	0	0	0	0
Other	2 401	2 583	1 971	2 039	68

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2012, March 2013, June 2013 and September 2013 quarters (concluded)

Assets	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Current assets:					
Inventory	3 832	3 773	5 561	5 908	347
Short-term loans, deposits and investments					
Short-term loans to:					
Other local government institutions	1	1	0	0	0
Public financial corporations	63	63	0	0	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	36	36	30	30	0
Short-term deposits and other investments with:					
Banks	14 550	16 528	15 327	15 541	214
Public financial corporations	12	13	37	50	13
Public non-financial corporations	0	0	0	0	0
Other	6 540	10 699	8 927	6 648	-2 279
Debtors:					
Consumer debtors	32 505	33 545	37 738	36 381	-1 357
Other debtors (including short-term portion of long-term receivables)	10 496	9 692	9 739	10 516	777
VAT ¹ receivable	1 259	1 216	1 702	1 823	121
Prepaid expenses	53	51	221	220	-1
Petty cash and bank	18 240	23 171	25 440	21 117	-4 323
Assets not reflected elsewhere ²	695	706	204	209	5
Total assets	471 623	484 958	552 949	552 911	-38

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 December 2012, March 2013, June 2013 and September 2013: Expenditure

Expenditure	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Employee-related costs	9 690	9 228	9 390	9 633	243
Remuneration of board of directors/councillors	663	718	728	694	-34
Interest paid	962	680	970	833	-137
Loss on the disposal of property, plant and equipment	2	4	79	23	-56
Bad debts	742	587	1 107	341	-766
Contracted services	999	940	1 657	677	-980
Collection costs	118	100	196	82	-114
Depreciation and amortisation	1 168	1 137	2 131	1 045	-1 086
Impairment loss (PPE)	19	20	22	66	44
Repairs and maintenance	467	468	714	332	-382
Grants and subsidies paid to:					
Other local government institutions	80	131	229	30	-199
Tertiary institutions of higher learning	0	1	0	0	0
Households or individuals	178	149	167	176	9
Non-profit institutions serving households	0	0	0	1	1
Other	975	1 249	1 393	1 021	-372
General expenditure:					
Accommodation, travelling and subsistence	140	123	180	142	-38
Advertising, promotions and marketing	84	55	101	59	-42
Audit fees	221	169	160	125	-35
Bank charges	60	61	104	59	-45
Cleaning services	36	31	41	31	-10
Consultancy and professional fees	217	293	344	213	-131
Entertainment costs	28	27	28	24	-4
Fuel and oil	159	168	207	174	-33
Hiring of plant and equipment	72	52	105	120	15
Insurance costs	91	170	131	285	154
Pharmaceutical	26	17	33	8	-25
Postal and courier services	57	61	69	75	6
Printing and stationery	93	84	123	97	-26
Rebates for property rates	723	1 925	652	951	299
Rental of land, buildings and other structures	111	114	101	102	1
Rental of office equipment	45	52	50	42	-8
Security fees	312	368	443	299	-144
Subscriptions and membership fees	42	15	67	154	87
Telecommunication services	185	164	208	156	-52
Training and education	103	113	192	108	-84
Transport costs	28	41	45	42	-3
Other expenditure	3 769	3 649	5 668	4 077	-1 591
Surplus	11 336	10 325	5 862	20 220	14 358
Total expenditure	34 001	33 488	33 697	42 517	8 820

* Some figures have been revised.

Part 2– Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2012, March 2013, June 2013 and September 2013: Income

Income	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Taxes on property					
Property rates from:					
Residential	6 347	6 291	6 885	7 454	569
Commercial or business	659	685	660	2 979	2 319
State	107	106	15	299	284
Other (includes agricultural, municipal, etc.)	1 597	2 517	2 946	1 585	-1 361
Property rates – penalties imposed and collection charges	108	101	59	62	3
Interest earned from:					
External investments	475	554	922	692	-230
Outstanding debtors	424	551	566	464	-102
Dividends received	0	0	0	0	0
Fines	278	203	355	288	-67
Licences and permits	126	134	108	120	12
Income for agency services	206	218	237	190	-47
Rental of facilities and equipment	182	193	228	176	-52
Bad debts recovered	0	1	6	45	39
Public contributions and donations (including property, plant and equipment)	14	8	44	41	-3
Gains on the disposal of property, plant and equipment	38	40	71	27	-44
Grants and subsidies from:					
National government	12 749	11 214	7 763	16 021	8 258
Provincial government	177	150	223	97	-126
Local government	7	7	6	9	3
Other	110	156	144	75	-69
Spent conditional grants	77	35	51	35	-16
Other income	2 780	3 474	3 847	3 246	-601
Deficit	7 540	6 850	8 561	8 612	51
Total income	34 001	33 488	33 697	42 517	8 820

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2012, March 2013, June 2013 and September 2013: Expenditure

Expenditure	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Employee-related costs	5 899	5 686	5 614	5 945	331
Interest paid	497	295	1 348	435	-913
Loss on disposal of property, plant and equipment	2	19	19	1	-18
Bad debts	1 141	1 103	1 721	1 082	-639
Contracted services	1 436	1 345	1 719	902	-817
Collection costs	25	26	33	19	-14
Depreciation and amortisation	2 014	2 498	2 009	2 039	30
Impairment loss (PPE)	19	15	17	103	86
Repairs and maintenance	2 003	1 892	3 055	1 769	-1 286
Bulk purchases:					
Purchases of water	3 023	3 060	3 069	3 053	-16
Purchases of electricity	12 432	10 884	12 660	16 772	4 112
Other bulk purchases	118	131	128	132	4
Grants and subsidies paid to:					
Other local government institutions	0	12	17	30	13
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	206	191	222	142	-80
Non-profit institutions serving households	0	0	0	0	0
Other	385	409	459	307	-152
General expenditure:					
Accommodation, travelling and subsistence	20	17	23	23	0
Advertising, promotions and marketing	21	9	22	15	-7
Audit fees	24	10	14	7	-7
Bank charges	8	12	21	4	-17
Cleaning services	14	16	15	14	-1
Consultancy and professional fees	68	59	122	57	-65
Entertainment costs	2	4	4	9	5
Fuel and oil	232	217	299	153	-146
Hiring of plant and equipment	116	131	139	51	-88
Insurance costs	20	13	19	20	1
Pharmaceutical	4	4	3	2	-1
Postal and courier services	2	2	3	2	-1
Printing and stationery	19	17	27	21	-6
Rebates for services charges	227	172	195	227	32
Rental of land, buildings and other structures	20	22	23	42	19
Rental of office equipment	10	8	18	5	-13
Security services	81	65	97	87	-10
Subscriptions and membership fees	2	2	4	7	3
Telecommunication services	26	26	34	29	-5
Training and education	25	27	35	20	-15
Transport costs	46	50	53	54	1
Other expenditure	3 721	4 214	5 417	3 814	-1 603
Surplus	5 756	5 473	4 114	10 001	5 887
Total expenditure	39 664	38 136	42 791	47 395	4 604

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters December 2012, March 2013, June 2013 and September 2013: Income

Income	December 2012	March 2013	June 2013*	September 2013	Difference between quarters ended Jun. 2013 and Sep. 2013
	R million				
Interest earned from:					
External investments	35	33	41	70	29
Outstanding debtors	269	249	240	299	59
Dividends received	0	0	0	0	0
Fines	15	17	9	14	5
Licences and permits	63	102	93	115	22
Income for agency services	163	222	185	117	-68
Rental of facilities and equipment	201	173	200	232	32
Bad debts recovered	0	0	15	1	-14
Public contributions and donations (including property, plant and equipment)	71	79	155	76	-79
Gains on the disposal of property, plant and equipment	8	1	29	11	-18
Services charges:					
Sales of water	6 342	6 411	5 981	6 636	655
Sales of electricity	18 293	17 445	18 873	23 422	4 549
Refuse removal charges	1 496	1 516	1 613	1 824	211
Sewerage and sanitation	1 555	1 799	1 858	2 042	184
Other services charges (e.g. fresh produce market)	24	12	34	22	-12
Grants and subsidies from:					
National government	4 657	4 595	5 710	4 394	-1 316
Provincial government	182	163	272	189	-83
Local government	1	0	0	1	1
Other	135	151	171	124	-47
Spent conditional grants	29	21	54	69	15
Other income	1 887	1 875	2 044	3 163	1 119
Deficit	4 238	3 272	5 214	4 574	-640
Total income	39 664	38 136	42 791	47 395	4 604

* Some figures have been revised.

Notes

Forthcoming issue	Issue	Expected release date
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	December 2013	March 2014
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Purpose of survey The *Quarterly financial statistics of municipalities* is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used to estimate the 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	December quarter 2012:	85%
	March quarter 2013:	84%
	June quarter 2013:	87%
	September quarter 2013:	82%

Reasons for fluctuation:

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

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 December 2012, March 2013, June 2013 and September 2013. 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, Report No.09-90-02 of January 1993 (SIC). Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Accepted Municipal Accounting Practice (GAMAP) and also Generally Recognised Accounting Practice (GRAP).
- 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 was received late by Stats SA (after cut-off date).
- Rounding off figures**
- 7 The figures in the tables have been rounded to the nearest million 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**
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- | | |
|----------|--|
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| IMFO | Institute of Municipal Finance Officers |
| SIC | Standard Industrial Classification |
| Stats SA | Statistics South Africa |
| 0 | nil or not applicable |

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 be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.
Capitalisation Reserve	<p>On the implementation of GAMAP/GRAP, the balances on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a capitalisation reserve instead of the accumulated surplus/deficit in terms of a directive (budget circular) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.</p> <p>The balance on the capitalisation reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the capitalisation reserve to the accumulated surplus/deficit. When an item of property, plant and equipment is disposed, the balance in the capitalisation reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
COID Reserve	This is money set aside for injuries, disablements, diseases and deaths caused by work related activities. It is usually transferred from accumulated surplus account.
Consolidated statement of financial performance	The aggregate or consolidated statement of financial performance reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.
Consolidated statement of financial position	The aggregate or consolidated statement of financial position reports the institution's financial position at a specific point in time (the end of the reporting period). This statement covers all assets, net assets and liabilities at the end of the reporting period.
Current assets	Current assets are assets that are expected to be turned into cash within one year during the normal course of business. Current assets consist of inventories, external short-term loans, deposits and investments, debtors, prepaid expenses, and petty cash and bank.
Current expenditure	Current expenditure refers to transactions that decrease the net worth of the institution, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the acquisition of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), and the total expenditure of housing and trading services (excluding the surplus).
Current liabilities	Current liabilities consist of external short-term loans and deposits, unspent conditional grants, current provisions, short-term leases, value added tax, bank overdraft and creditors.
Current provision	Current provision is a liability or an obligation of uncertain timing or amount for an entity, payable within twelve months.

District municipality	District municipality refers to a municipality that has a municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality. Refer to the Local Government: Municipal Structures (Act No.117 of 1998).
Donation and Public Contribution Reserve	When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit.
Employee-related costs	<p>Employee-related costs include payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee-related costs also include:</p> <ul style="list-style-type: none"> • basic compensation; • allowances; • contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc. (excluding unemployment insurance and workmen's compensation, etc., which may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and • uniform and clothing allowances (clothing, boots, overalls, etc. supplied to uniformed employees).
General expenditure	The following are included in general expenditure: accommodation, travelling and subsistence; advertising; audit fees; bank charges; cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance costs; membership fees; pharmaceutical expenses; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport costs.
Government Grant Reserve	When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit.
Housing and trading services	Housing includes all activities associated with the provision of housing. Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting) and other trading services which include environmental protection (such as pollution control, biodiversity & landscape and coastal protection etc.), air transport, abattoirs, tourism, forestry, markets and licensing & regulation (such as licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business).

Housing Development Fund	Housing Development Fund is a fund into which all proceeds from housing developments, which include rental income and sales of houses, are paid, as per the Housing Act (Act No. 107 of 1997). Note: Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
Long-term loans	Long-term loans are loans with an outstanding maturity of more than one year.
Marketable loan stock	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
Metropolitan municipality	Metropolitan municipality refers to an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
Money market instruments	Money market instruments include bankers' acceptance, trade bills, promissory notes, capital project bills, bridging debentures, negotiable certificates of deposit, Land Bank bills, and Land Bank and South African Reserve Bank debentures.
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and includes district, local and metropolitan municipalities. A municipality is an institution consisting of a municipal council (elected political representatives) and the municipal administration (appointed officials).
Net carrying value	Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.
Other expenditure	The following are included in other expenditure: <ul style="list-style-type: none"> • departmental charges/fees; • books and magazines; • consumables; • licences and trade licences; • workshops; • refreshments; and • sundries.
Property, plant and equipment	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use and as income generators or for rental to others that the entities anticipate using during more than one financial year.

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