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# Statistical release

**P9110**

## Quarterly financial statistics of municipalities

**September 2014**

**Embargoed until:  
10 December 2014  
14:30**

**Enquiries:**

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User Information Services  
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**Forthcoming issue:**

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December 2014

**Expected release date**

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March 2015

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### Key findings

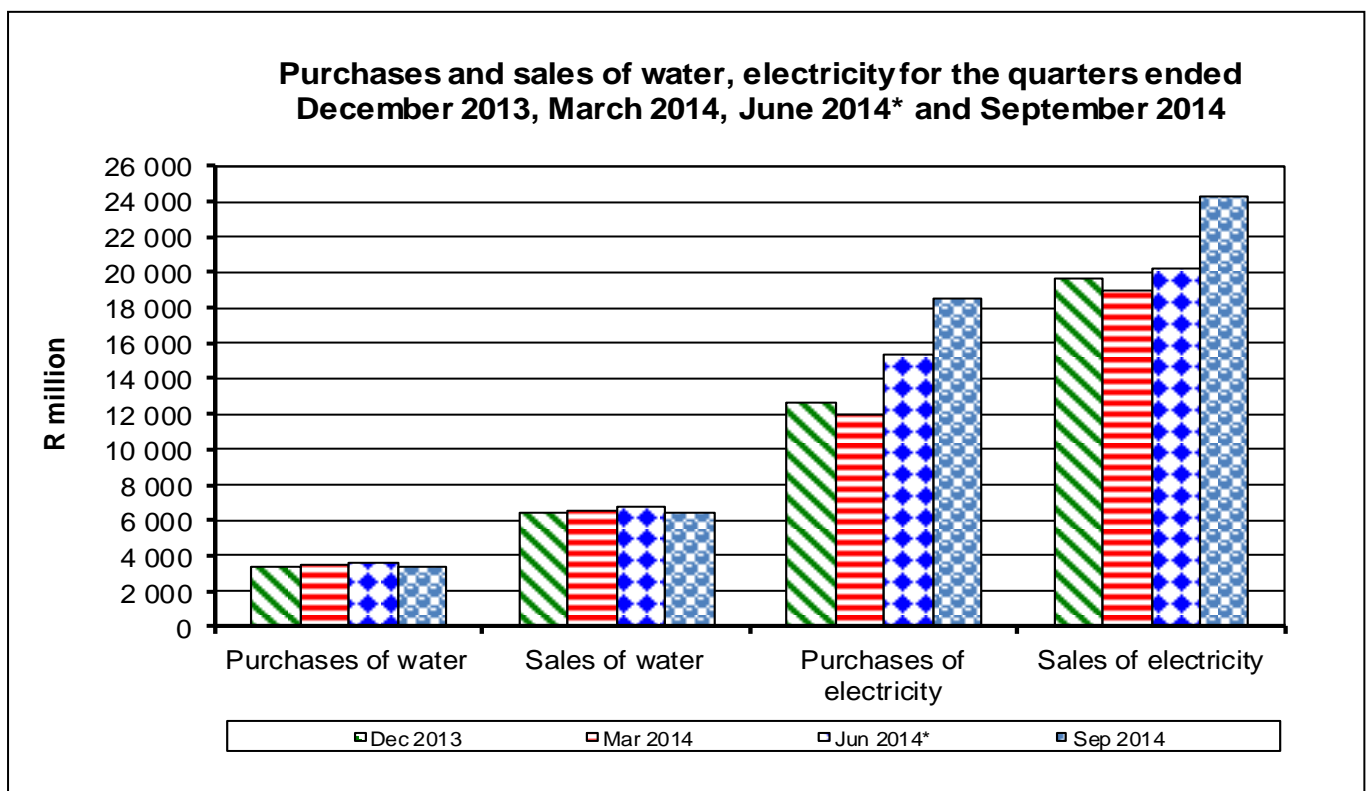
Item	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014	% change between quarters ended Jun. 2014 and Sep. 2014
	R million					
Purchases of water	3 266	3 479	3 536	3 356	-180	-5,1
Sales of water	6 404	6 474	6 673	6 424	-249	-3,7
Purchases of electricity	12 629	11 937	15 311	18 446	3 135	20,5
Sales of electricity	19 571	18 914	20 210	24 206	3 996	19,8
Employee-related costs	17 596	16 278	17 024	17 334	310	1,8

\* Some figures have been revised.

Purchases of water decreased by 5,1% between the quarters ended June 2014 and September 2014. Purchases of electricity increased by 20,5% over the same period.

Sales of electricity increased by 19,8% between the quarters ended June 2014 and September 2014. A decrease of 3,7% was recorded in the sales of water over the same period.

Employee-related costs increased by 1,8% between the quarters ended June 2014 and September 2014.



\*Some figures have been revised.

**PJ Lehohla**  
**Statistician-General**

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2013, March 2014, June 2014 and September 2014 quarters**

Net assets and liabilities	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
<b>Net assets</b>					
Housing development fund	1 207	1 195	988	987	-1
Capital replacement reserve	18 292	18 322	19 105	19 268	163
Capitalisation reserve	1 239	1 258	1 814	1 814	0
Government grant reserve	8 395	8 395	6 680	6 678	-2
Donations and public contributions reserve	744	749	378	378	0
Self-insurance reserve	239	194	282	293	11
Revaluation reserve	11 398	11 398	8 514	9 636	1 122
COVID <sup>1</sup> reserve	176	192	197	98	-99
Other reserves (including Pre-GAMAP reserves and funds)	1 913	1 913	2 932	2 930	-2
Retained surplus/Accumulated deficit	360 857	364 673	400 361	407 067	6 706
Outside shareholders' interest	0	0	0	0	0
<b>Non-current liabilities</b>					
<b>Domestic loan stock held by:</b>					
Other local government institutions	0	0	0	0	0
Public financial corporations	29	29	0	0	0
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	6 875	6 780	7 667	6 712	-955
<b>Bonds held by:</b>					
Other local government institutions	0	0	0	0	0
Public financial corporations	6 751	6 584	6 584	6 418	-166
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	4 869	4 594	6 088	6 124	36
<b>Long-term loans from:</b>					
National government	0	0	0	0	0
Provincial government	0	0	0	0	0
Local government institutions	5	5	2	2	0
Development Bank of Southern Africa (DBSA)	8 880	8 843	15 550	15 458	-92
Local authorities loans fund	0	0	0	0	0
Public financial corporations	278	272	262	259	-3
Public non-financial corporations	0	0	0	0	0
Banks	17 337	17 342	10 808	10 807	-1
Insurers	0	0	0	0	0
Pension funds	28	28	23	23	0
Other domestic sources (including INCA <sup>2</sup> )	6 677	6 825	7 845	7 957	112
Long-term leases	810	827	1 119	890	-229
Non-current provisions	12 383	12 444	14 229	15 798	1 569
Retirement benefit obligations	12 838	12 731	15 549	15 563	14

\* Some figures have been revised.

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2013, March 2014, June 2014 and September 2014 quarters (continued)**

Net assets and liabilities	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
<b>Current liabilities</b>					
<b>Short-term loans from:</b>					
National government	0	0	0	0	0
Provincial government	0	0	0	0	0
Local government institutions	1	1	2	2	0
Development Bank of Southern Africa (DBSA)	605	606	657	1 677	1 020
Local authorities loans fund	0	0	0	0	0
Public financial corporations	5	5	0	0	0
Public non-financial corporations	0	0	0	0	0
Banks	1 906	1 895	1 688	2 176	488
Insurers	0	0	0	0	0
Pension funds	2	2	1	1	0
Other domestic sources (including INCA <sup>2</sup> )	498	304	2 099	1 940	-159
Short-term leases	395	376	408	459	51
Current provisions	8 728	8 796	8 710	8 883	173
Retirement benefit obligations	2 395	2 387	2 519	2 705	186
Unspent conditional grants	13 936	16 941	11 239	10 848	-391
VAT <sup>3</sup> payable	1 992	1 702	1 823	1 916	93
Bank overdraft	1 963	2 100	1 722	1 709	-13
<b>Creditors:</b>					
Trade creditors	30 801	30 628	43 913	37 214	-6 699
Consumer deposits	4 707	4 733	4 469	4 332	-137
Income received in advance	637	714	1 031	929	-102
Other creditors	7 097	6 873	8 451	9 263	812
Liabilities not reflected elsewhere <sup>4</sup>	378	939	224	209	-15
<b>Total net assets and liabilities</b>	<b>558 266</b>	<b>564 595</b>	<b>615 933</b>	<b>619 423</b>	<b>3 490</b>

<sup>1</sup>COID - Compensation Commissioner for Occupational Injuries and Diseases.

<sup>2</sup>INCA - Infrastructure Finance Corporation Ltd.

<sup>3</sup>VAT - Value added tax.

<sup>4</sup>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 2013, March 2014, June 2014 and September 2014 quarters (continued)**

Assets	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
<b>Non-current assets</b>					
Property, plant and equipment (net carrying value)	426 689	428 004	468 863	471 446	2 583
Investment property	18 512	18 528	23 790	24 159	369
Intangible assets	2 694	2 684	2 967	2 811	-156
Biological (cultivated) assets	73	73	225	228	3
<b>Investments in marketable securities:</b>					
Municipal stock/shares	833	1 658	4 299	4 333	34
<b>Other marketable stock/shares:</b>					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions' stock	64	64	228	236	8
Public financial corporations' stock	0	0	1	1	0
Public non-financial corporations' stock	1 075	1 075	996	996	0
Companies' shares	108	108	74	74	0
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	0	0	0	0	0
<b>Long-term receivables:</b>					
Car loans	0	0	0	0	0
Housing selling scheme loans	162	160	144	137	-7
Sewerage connection loans	0	0	0	0	0
Electricity appliance purchase scheme	4	4	4	4	0
Other (including local government institutions)	427	407	599	608	9
<b>Long-term loans to:</b>					
Other local government institutions	0	0	0	0	0
Public financial corporations	34	34	24	25	1
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	22	22	5	5	0
<b>Long-term deposits and other investments with:</b>					
Banks	5 068	6 685	6 420	4 232	-2 188
Public financial corporations	22	22	24	33	9
Public non-financial corporations	0	0	0	0	0
Other	2 156	2 245	1 305	1 331	26

\* Some figures have been revised.

**Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2013, March 2014, June 2014 and September 2014 quarters (concluded)**

Assets	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
<b>Current assets:</b>					
Inventory	4 300	4 201	5 976	6 258	282
<b>Short-term loans, deposits and investments</b>					
<b>Short-term loans to:</b>					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	33	33	34	31	-3
<b>Short-term deposits and other investments with:</b>					
Banks	15 643	16 471	14 596	15 173	577
Public financial corporations	43	47	38	54	16
Public non-financial corporations	0	0	0	0	0
Other	8 672	9 136	3 896	3 499	-397
<b>Debtors:</b>					
Consumer debtors	35 771	34 293	37 823	37 404	-419
Other debtors (including short-term portion of long-term receivables)	10 160	10 415	14 353	17 859	3 506
VAT <sup>1</sup> receivable	1 772	1 786	2 430	2 704	274
Prepaid expenses	217	217	204	200	-4
Petty cash and bank	23 484	26 017	26 550	25 447	-1 103
Assets not reflected elsewhere <sup>2</sup>	228	206	65	135	70
<b>Total assets</b>	<b>558 266</b>	<b>564 595</b>	<b>615 933</b>	<b>619 423</b>	<b>3 490</b>

<sup>1</sup>Value added tax.

<sup>2</sup>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 2013, March 2014, June 2014 and September 2014: Expenditure**

Expenditure	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
Employee-related costs	10 949	10 215	10 699	10 896	197
Remuneration of board of directors/councillors	707	860	776	759	-17
Interest paid	1 133	713	1 045	829	-216
Loss on the disposal of property, plant and equipment	409	11	97	4	-93
Bad debts	571	692	876	402	-474
Contracted services	1 391	1 210	1 722	894	-828
Collection costs	123	124	180	101	-79
Depreciation and amortisation	1 234	1 313	2 216	1 211	-1 005
Impairment loss (PPE)	10	14	190	59	-131
Repairs and maintenance	548	555	944	447	-497
<b>Grants and subsidies paid to:</b>					
Other local government institutions	33	30	65	32	-33
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	170	118	274	204	-70
Non-profit institutions serving households	0	1	0	0	0
Other	945	1 027	1 172	1 052	-120
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	174	140	157	169	12
Advertising, promotions and marketing	71	91	144	75	-69
Audit fees	295	187	143	119	-24
Bank charges	68	68	70	63	-7
Cleaning services	37	34	38	23	-15
Consultancy and professional fees	264	246	411	226	-185
Entertainment costs	18	19	26	17	-9
Fuel and oil	199	235	245	168	-77
Hiring of plant and equipment	224	194	82	138	56
Insurance costs	154	104	109	436	327
Pharmaceutical	32	27	28	19	-9
Postal and courier services	80	68	62	51	-11
Printing and stationery	109	117	178	130	-48
Rebates for property rates	682	2 067	739	1 116	377
Rental of land, buildings and other structures	144	110	154	113	-41
Rental of office equipment	47	41	53	50	-3
Security services	432	445	472	312	-160
Subscriptions and membership fees	85	38	89	204	115
Telecommunication services	173	183	289	157	-132
Training and education	131	130	170	112	-58
Transport costs	46	46	63	39	-24
Other expenditure	4 580	4 125	6 348	3 669	-2 679
Surplus	12 301	11 462	5 202	19 453	14 251
<b>Total expenditure</b>	<b>38 569</b>	<b>37 060</b>	<b>35 528</b>	<b>43 749</b>	<b>8 221</b>

\* Some figures have been revised.



**Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2013, March 2014, June 2014 and September 2014: Income**

Income	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
<b>Taxes on property</b>					
<b>Property rates from:</b>					
Residential	6 703	6 867	6 735	8 640	1 905
Commercial or business	2 581	2 665	3 007	2 403	-604
State	199	263	163	389	226
Other (includes agricultural, municipal, etc.)	1 021	1 075	1 416	2 139	723
Property rates – penalties imposed and collection charges	77	77	76	112	36
<b>Interest earned from:</b>					
External investments	735	987	856	866	10
Outstanding debtors	623	686	953	658	-295
Dividends received	0	0	0	0	0
Fines	249	257	492	259	-233
Licences and permits	109	129	136	112	-24
Income for agency services	210	186	247	214	-33
Rental of facilities and equipment	216	228	201	201	0
Bad debts recovered	1	1	7	1	-6
Public contributions and donations (including property, plant and equipment)	0	24	31	15	-16
Gains on the disposal of property, plant and equipment	36	40	67	17	-50
<b>Grants and subsidies from:</b>					
National government	14 852	11 572	7 253	15 761	8 508
Provincial government	156	138	79	227	148
Local government	17	14	11	4	-7
Other	125	113	129	30	-99
Spent conditional grants	50	50	73	38	-35
Other income	2 344	3 261	4 370	3 495	-875
Deficit	8 265	8 427	9 226	8 168	-1 058
<b>Total income</b>	<b>38 569</b>	<b>37 060</b>	<b>35 528</b>	<b>43 749</b>	<b>8 221</b>

\* Some figures have been revised.

**Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2013, March 2014, June 2014 and September 2014: Expenditure**

Expenditure	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
Employee-related costs	6 647	6 063	6 325	6 438	113
Interest paid	659	1 196	894	430	-464
Loss on disposal of property, plant and equipment	4	2	47	0	-47
Bad debts	969	1 310	1 689	1 173	-516
Contracted services	1 462	1 338	1 786	952	-834
Collection costs	33	26	29	21	-8
Depreciation and amortisation	2 270	2 982	2 761	2 327	-434
Impairment loss (PPE)	2	16	24	116	92
Repairs and maintenance	2 335	2 192	2 981	2 033	-948
<b>Bulk purchases:</b>					
Purchases of water	3 266	3 479	3 536	3 356	-180
Purchases of electricity	12 629	11 937	15 311	18 446	3 135
Other bulk purchases	133	132	136	142	6
<b>Grants and subsidies paid to:</b>					
Other local government institutions	49	66	70	17	-53
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	167	208	358	146	-212
Non-profit institutions serving households	0	0	0	0	0
Other	499	442	547	336	-211
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	24	24	32	23	-9
Advertising, promotions and marketing	41	23	45	32	-13
Audit fees	22	14	10	8	-2
Bank charges	3	29	12	4	-8
Cleaning services	22	22	19	10	-9
Consultancy and professional fees	99	107	244	150	-94
Entertainment costs	0	1	3	1	-2
Fuel and oil	217	210	267	184	-83
Hiring of plant and equipment	84	82	237	71	-166
Insurance costs	33	42	47	48	1
Pharmaceutical	3	6	4	3	-1
Postal and courier services	2	3	2	2	0
Printing and stationery	59	77	77	79	2
Rebates for service charges	207	229	266	205	-61
Rental of land, buildings and other structures	134	157	155	178	23
Rental of office equipment	6	13	18	9	-9
Security services	102	119	136	131	-5
Subscriptions and membership fees	2	2	4	2	-2
Telecommunication services	32	37	38	34	-4
Training and education	37	19	33	23	-10
Transport costs	61	73	74	80	6
Other expenditure	4 233	4 695	6 783	4 069	-2 714
Surplus	6 993	6 587	3 110	8 329	5 219
<b>Total expenditure</b>	<b>43 540</b>	<b>43 960</b>	<b>48 110</b>	<b>49 608</b>	<b>1 498</b>

\* Some figures have been revised.

**Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2013, March 2014, June 2014 and September 2014: Income**

Income	December 2013	March 2014	June 2014*	September 2014	Difference between quarters ended Jun. 2014 and Sep. 2014
	R million				
<b>Interest earned from:</b>					
External investments	123	146	120	119	-1
Outstanding debtors	249	319	293	262	-31
Dividends received	0	0	0	0	0
Fines	15	15	24	12	-12
Licences and permits	121	107	115	116	1
Income for agency services	120	119	167	131	-36
Rental of facilities and equipment	300	258	315	233	-82
Bad debts recovered	0	0	5	0	-5
Public contributions and donations (including property, plant and equipment)	49	52	99	33	-66
Gains on the disposal of property, plant and equipment	8	10	17	4	-13
<b>Service charges:</b>					
Sales of water	6 404	6 474	6 673	6 424	-249
Sales of electricity	19 571	18 914	20 210	24 206	3 996
Refuse removal charges	2 310	1 720	1 915	2 278	363
Sewerage and sanitation charges	2 610	2 581	2 751	2 797	46
Other service charges (e.g. fresh produce market)	21	20	30	34	4
<b>Grants and subsidies from:</b>					
National government	5 651	5 842	6 869	5 270	-1 599
Provincial government	282	275	158	196	38
Local government	1	2	2	0	-2
Other	245	143	145	16	-129
Spent conditional grants	151	148	142	98	-44
Other income	1 547	1 583	2 164	1 527	-637
Deficit	3 762	5 232	5 896	5 852	-44
<b>Total income</b>	<b>43 540</b>	<b>43 960</b>	<b>48 110</b>	<b>49 608</b>	<b>1 498</b>

\* Some figures have been revised.

## Notes

<b>Forthcoming issue</b>	<b>Issue</b>	<b>Expected release date</b>
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	December 2014	March 2015
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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 gross domestic product (GDP) and its components as well as to assist the public sector with policy formulation and the financial analysis of municipalities.

<b>Response rates</b>	December quarter 2013:	87%
	March quarter 2014:	87%
	June quarter 2014:	89%
	September quarter 2014:	88%

**Reasons for fluctuation:**

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

## Explanatory notes

<b>Introduction</b>	<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 December 2013, March 2014, June 2014 and September 2014. 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 consolidated statement of financial performance of municipalities – rates and general services; and</li> <li>• the consolidated statement of financial performance of municipalities – housing and trading services.</li> </ul>										
<b>Scope of the survey</b>	<p>2 This survey covers quarterly financial information of all 278 municipalities.</p>										
<b>Classification and accounting standards</b>	<p>3 For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the <i>Standard Industrial Classification of All Economic Activities</i>, Fifth Edition, and Report No.09-90-02 of January 1993 (SIC). Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Accepted Municipal Accounting Practice (GAMAP) and also Generally Recognised Accounting Practice (GRAP).</p>										
<b>Survey methodology and design</b>	<p>4 The statistical unit for the collection of information is the municipality.</p>										
<b>Imputation</b>	<p>5 The historical method is used to impute for non-response. According to this method previous information is used to arrive at current figures, after being appraised for its suitability.</p>										
<b>Revised figures</b>	<p>6 Estimates for the current quarter are preliminary. Figures will be revised if respondents report revisions or corrections to their figures and also if the data were received late by Stats SA (after the cut-off date for submitting their questionnaires).</p>										
<b>Rounding off figures</b>	<p>7 The figures in the tables have been rounded off to the nearest digit shown, and as a result there may be slight discrepancies between the sums of the constituent items and the totals shown.</p>										
<b>Related publications</b>	<p>8 Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> <li>• P9101 <i>Capital expenditure of the public sector;</i></li> <li>• P9114 <i>Financial census of municipalities;</i></li> <li>• P9119.4 <i>Financial statistics of consolidated general government;</i></li> <li>• P0441 <i>Gross domestic product; and</i></li> <li>• P0277 <i>Quarterly employment statistics;</i></li> </ul>										
<b>Symbols and abbreviations used</b>	<p>9</p> <table border="0" style="margin-left: 20px;"> <tr> <td>GAMAP</td> <td>Generally Accepted Municipal Accounting Practice</td> </tr> <tr> <td>GRAP</td> <td>Generally Recognised Accounting Practice</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>0</td> <td>nil or not applicable</td> </tr> </table>	GAMAP	Generally Accepted Municipal Accounting Practice	GRAP	Generally Recognised Accounting Practice	SIC	Standard Industrial Classification	Stats SA	Statistics South Africa	0	nil or not applicable
GAMAP	Generally Accepted Municipal Accounting Practice										
GRAP	Generally Recognised Accounting Practice										
SIC	Standard Industrial Classification										
Stats SA	Statistics South Africa										
0	nil or not applicable										

## Glossary of selected variables used in this publication

<b>Capital Replacement Reserve (CRR)</b>	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.
<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>COID Reserve</b>	This is money set aside for injuries, disablements, diseases and deaths caused by work related activities. It is usually transferred from accumulated surplus account.
<b>Consolidated statement of financial performance</b>	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.
<b>Consolidated statement of financial position</b>	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.
<b>Current assets</b>	Current assets are assets that can easily be converted 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.
<b>Current expenditure</b>	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).
<b>Current liabilities</b>	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.
<b>Current provision</b>	Current provision is a liability or an obligation of uncertain timing or amount for an entity, payable within twelve months.

<b>District municipality</b>	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).
<b>Donation and Public Contribution Reserve</b>	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.
<b>Employee-related costs</b>	<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"><li>• basic compensation;</li><li>• allowances;</li><li>• 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</li><li>• uniform and clothing allowances (clothing, boots, overalls, etc. supplied to uniformed employees).</li></ul>
<b>General expenditure</b>	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.
<b>Government Grant Reserve</b>	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.
<b>Housing and trading services</b>	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).

<b>Housing Development Fund</b>	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). <b>Note:</b> 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.
<b>Local municipality</b>	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).
<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 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).
<b>Money market instruments</b>	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.
<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, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.
<b>Other expenditure</b>	The following are included in other expenditure: <ul style="list-style-type: none"><li>• departmental charges/fees;</li><li>• books and magazines;</li><li>• consumables;</li><li>• licences and trade licences;</li><li>• workshops;</li><li>• refreshments; and</li><li>• sundries.</li></ul>
<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 and as income generators or for rental to others that the entities anticipate using during more than one financial year.



<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 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>
<b>Repairs and maintenance</b>	<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>
<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>
<b>Value Added Tax</b>	<p>This is taxation imposed in respect of the supply of goods and services.</p>
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