



The South Africa I know, the home I understand

Statistical release

P9110

Quarterly financial statistics of municipalities

September 2015

Note for users:

As part of its ongoing efforts to improve the relevance and quality of its statistics, Statistics South Africa (Stats SA) is reviewing Part 1 (Consolidated statement of financial position of municipalities) of this statistical release. If you are a regular user of the information in this table and would like to be contacted in relation to any changes in the future, please contact:

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Key findings

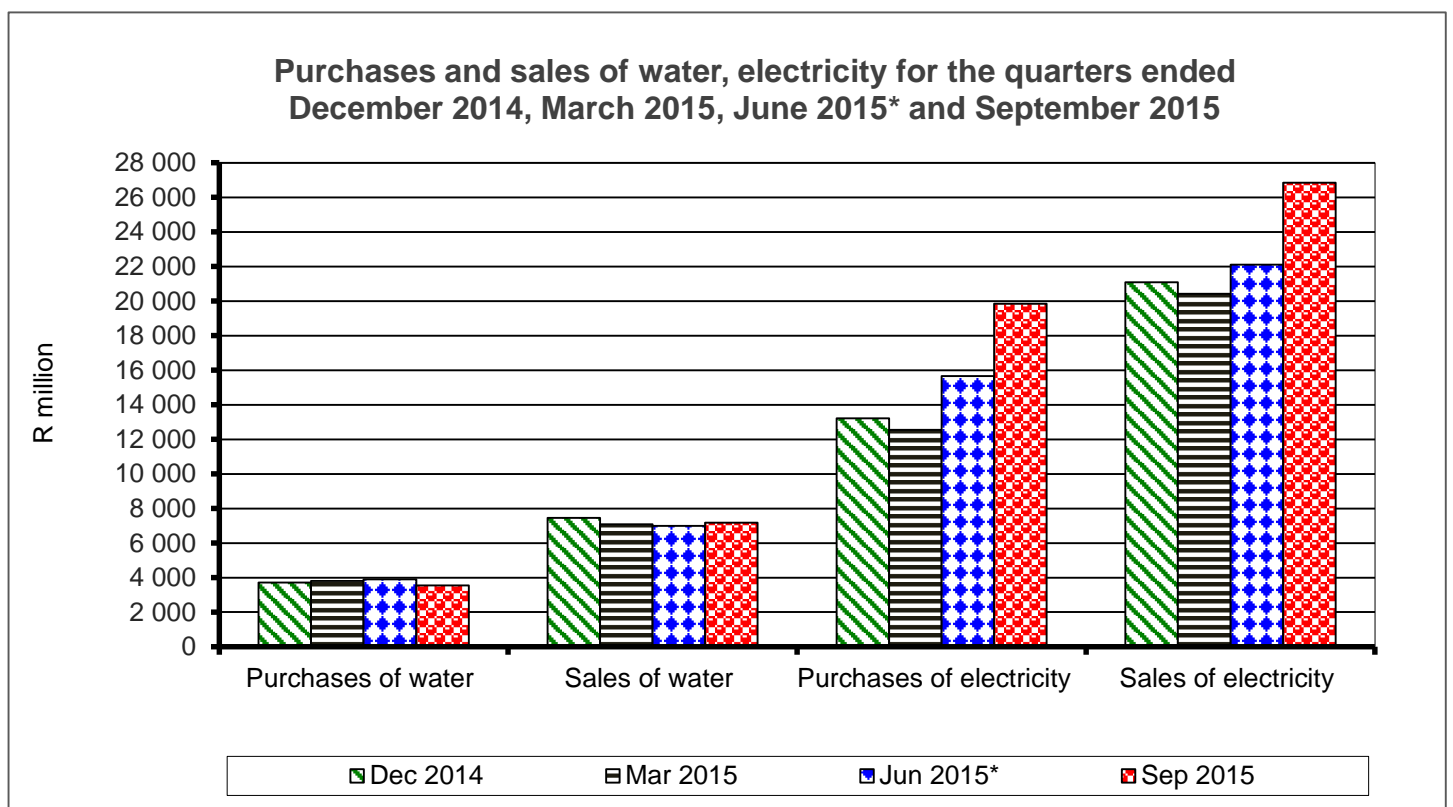
Item	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015	% change between quarters ended Jun. 2015 and Sep. 2015
	R million					
Purchases of water	3 718	3 814	3 899	3 545	-354	-9,1
Sales of water	7 461	7 092	6 996	7 175	179	2,6
Purchases of electricity	13 210	12 543	15 656	19 842	4 186	26,7
Sales of electricity	21 097	20 423	22 098	26 841	4 743	21,5
Employee-related costs	19 266	17 682	17 412	18 493	1 081	6,2

* Some figures have been revised.

Purchases of water decreased by 9,1% between the quarters ended June 2015 and September 2015. Sales of water increased by 2,6% over the same period.

Purchases of electricity increased by 26,7% between the quarters ended June 2015 and September 2015. Sales of electricity increased by 21,5% over the same period.

Employee-related costs increased by 6,2% between the quarters ended June 2015 and September 2015.



* Some figures have been revised.

PJ Lehohla
Statistician-General

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2014, March 2015, June 2015 and September 2015 quarters

Net assets and liabilities	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Net assets					
Housing development fund	960	938	843	843	0
Capital replacement reserve	19 768	19 765	2 876	2 923	47
Capitalisation reserve	1 756	1 728	292	292	0
Government grant reserve	6 676	6 675	930	944	14
Donations and public contributions reserve	372	369	124	124	0
Self-insurance reserve	293	293	633	633	0
Revaluation reserve	9 566	9 566	9 067	12 434	3 367
COID ¹ reserve	174	174	183	185	2
Other reserves (including Pre-GAMAP reserves and funds)	3 070	3 070	250	251	1
Retained surplus/Accumulated deficit	410 745	418 094	468 713	470 797	2 084
Outside shareholders' interest	0	0	299	299	0
Non-current liabilities					
Domestic loan stock held by:					
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 (includes: public/private companies, individuals etc.)	6 657	6 595	17	17	0
Bonds held by:					
Other local government institutions	0	0	0	0	0
Public financial corporations	7 876	7 709	0	0	0
Public non-financial corporations	0	0	0	0	0
Other (includes: public/private companies, individuals etc.)	6 126	6 126	17 521	17 521	0
Long-term loans from:		0	0	0	0
National government	0	0	0	0	0
Provincial government	0	0	0	0	0
Local government institutions	2	2	104	104	0
Development Bank of Southern Africa (DBSA)	15 454	15 345	17 859	18 282	423
Local authorities loans fund	0	0	0	0	0
Public financial corporations	50	47	0	0	0
Public non-financial corporations	0	0	0	0	0
Banks	10 639	10 607	19 689	19 768	79
Insurers	0	0	0	0	0
Pension funds	23	19	0	0	0
Other domestic sources (including INCA ²)	6 683	6 910	6 742	6 361	-381
Long-term leases	939	943	697	648	-49
Non-current provisions	16 493	16 905	15 250	15 757	507
Retirement benefit obligations	15 662	15 686	17 079	17 054	-25

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2014, March 2015, June 2015 and September 2015 quarters (continued)

Net assets and liabilities	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Current liabilities					
Short-term loans from:					
National government	0	0	17	17	0
Provincial government	0	0	0	0	0
Local government institutions	2	2	39	39	0
Development Bank of Southern Africa (DBSA)	1 671	1 666	2 530	2 389	-141
Local authorities loans fund	0	0	43	43	0
Public financial corporations	0	0	88	88	0
Public non-financial corporations	0	0	0	0	0
Banks	1 886	672	2 414	2 292	-122
Insurers	0	0	0	0	0
Pension funds	1	1	0	0	0
Other domestic sources (including INCA ²)	1 508	1 324	707	639	-68
Short-term leases	402	397	446	437	-9
Current provisions	8 957	9 270	4 022	4 411	389
Retirement benefit obligations	2 699	2 684	1 284	1 279	-5
Unspent conditional grants	13 144	16 841	9 367	10 278	911
VAT ³ payable	1 798	2 295	1 434	1 971	537
Bank overdraft	1 668	1 705	1 045	1 040	-5
Creditors:		0	0	0	
Trade creditors	36 736	37 755	43 440	41 653	-1 787
Consumer deposits	5 032	5 080	5 482	5 508	26
Income received in advance	950	1 014	3 498	3 489	-9
Other creditors	9 294	9 720	18 301	16 542	-1 759
Liabilities not reflected elsewhere ⁴	204	213	1 993	1 890	-103
Total net assets and liabilities	625 936	638 205	675 318	679 242	3 924

¹ COID - Compensation Commissioner for Occupational Injuries and Diseases.

² INCA - Infrastructure Finance Corporation Ltd.

³ VAT - 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 2014, March 2015, June 2015 and September 2015 quarters (continued)

Assets	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Non-current assets					
Property, plant and equipment (net carrying value)	476 877	478 767	524 040	524 800	760
Investment property	24 346	24 308	19 905	19 641	-264
Intangible assets	2 653	2 705	3 363	3 453	90
Biological (cultivated) assets	228	228	221	275	54
Investments in marketable securities:					
Municipal stock/shares	4 371	4 410	1	1	0
Other marketable stock/shares:					
Government stock	0	0	0	0	0
Treasury bills	0	0	0	0	0
Other local government institutions' stock	406	406	457	457	0
Public financial corporations' stock	1	1	0	0	0
Public non-financial corporations' stock	996	996	1	1	0
Companies' shares	73	81	95	97	2
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	0	0	72	97	25
Long-term receivables:					
Car loans	0	0	0	0	0
Housing selling scheme loans	130	124	117	117	0
Sewerage connection loans	0	0	0	0	0
Electricity appliance purchase scheme	4	4	0	0	0
Other (including local government institutions)	554	527	1 090	1 175	85
Long-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	24	24	0	0	0
Public non-financial corporations	0	0	0	0	0
Other companies/institutions	5	5	0	0	0
Long-term deposits and other investments with:					
Banks	5 321	7 356	6 275	6 426	151
Public financial corporations	24	24	9	9	0
Public non-financial corporations	0	0	0	0	0
Other	1 414	1 402	3 736	3 830	94

* Some figures have been revised.

Part 1 – Consolidated statement of financial position of municipalities as at the end of December 2014, March 2015, June 2015 and September 2015 quarters (concluded)

Assets	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Current assets:					
Inventory	6 475	6 604	5 476	5 556	80
Short-term loans, deposits and investments					
Short-term loans to:					
Other local government institutions	0	0	0	0	0
Public financial corporations	0	0	0	0	0
Public non-financial corporations	0	0	1	1	0
Other companies/institutions	34	31	0	0	0
Short-term deposits and other investments with:					
Banks	15 341	16 362	36 206	36 783	577
Public financial corporations	2	2	2	2	0
Public non-financial corporations	0	0	0	0	0
Other	3 795	5 962	544	523	-21
Debtors:					
Consumer debtors	37 648	40 831	36 566	38 086	1 520
Other debtors (including short-term portion of long-term receivables)	16 158	15 132	17 486	18 718	1 232
VAT ¹ receivable	2 923	2 059	2 356	2 491	135
Prepaid expenses	202	202	89	94	5
Petty cash and bank	25 808	29 522	16 718	16 309	-409
Assets not reflected elsewhere ²	123	130	492	300	-192
Total assets	625 936	638 205	675 318	679 242	3 924

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 2014, March 2015, June 2015 and September 2015: Expenditure

Expenditure	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Employee-related costs	12 334	11 228	10 877	11 708	831
Remuneration of board of directors/councillors	763	773	926	813	-113
Interest paid	1 128	915	1 302	972	-330
Loss on the disposal of property, plant and equipment	3	3	853	1	-852
Bad debts	890	1 371	1 964	948	-1 016
Contracted services	1 405	1 355	1 801	817	-984
Collection costs	174	185	317	117	-200
Depreciation and amortisation	1 343	1 725	1 879	1 078	-801
Impairment loss (PPE)	6	23	156	51	-105
Repairs and maintenance	682	653	889	580	-309
Grants and subsidies paid to:					
Other local government institutions	31	29	51	76	25
Tertiary institutions of higher learning	0	1	3		-3
Households or individuals	242	195	224	302	78
Non-profit institutions serving households	1	0	0	3	3
Other	1 254	1 036	1 236	567	-669
General expenditure:					
Accommodation, travelling and subsistence	214	149	195	172	-23
Advertising, promotions and marketing	104	91	125	60	-65
Audit fees	346	223	168	133	-35
Bank charges	76	68	71	88	17
Cleaning services	42	52	48	30	-18
Consultancy and professional fees	302	308	422	289	-133
Entertainment costs	20	19	24	18	-6
Fuel and oil	208	194	223	130	-93
Hiring of plant and equipment	220	47	160	87	-73
Insurance costs	119	146	109	350	241
Pharmaceutical	29	33	27	1	-26
Postal and courier services	53	62	62	48	-14
Printing and stationery	125	138	163	117	-46
Rebates for property rates	805	937	863	1 750	887
Rental of land, buildings and other structures	112	95	105	99	-6
Rental of office equipment	102	120	199	64	-135
Security services	544	449	510	355	-155
Subscriptions and membership fees	54	43	100	160	60
Telecommunication services	217	205	209	140	-69
Training and education	123	135	185	110	-75
Transport costs	48	40	50	42	-8
Other expenditure	4 229	3 761	5 906	4 222	-1 684
Surplus	14 243	14 295	1 238	25 114	23 876
Total expenditure	42 591	41 102	33 640	51 612	17 972

* Some figures have been revised.

Part 2 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2014, March 2015, June 2015 and September 2015: Income

Income	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Taxes on property					
Property rates from:					
Residential	7 983	8 377	6 678	10 036	3 358
Commercial or business	2 518	3 018	2 429	2 590	161
State	206	128	260	1 016	756
Other (includes agricultural, municipal, etc.)	1 708	1 544	1 500	2 320	820
Property rates – penalties imposed and collection charges	74	78	61	71	10
Interest earned from:					
External investments	769	962	1 301	885	-416
Outstanding debtors	650	770	724	708	-16
Dividends received	0	0	0	0	0
Fines	826	1 566	1 118	777	-341
Licences and permits	121	126	136	105	-31
Income for agency services	204	221	241	214	-27
Rental of facilities and equipment	296	189	224	197	-27
Bad debts recovered	1	2	2	1	-1
Public contributions and donations (including property, plant and equipment)	13	14	33	3	-30
Gains on the disposal of property, plant and equipment	79	51	67	22	-45
Grants and subsidies from:					
National government	14 824	12 973	6 547	19 971	13 424
Provincial government	265	168	161	340	179
Local government	14	2	8	3	-5
Other	43	72	44	353	309
Spent conditional grants	185	162	368	1 036	668
Other income	3 754	3 913	3 076	3 053	-23
Deficit	8 058	6 766	8 662	7 911	-751
Total income	42 591	41 102	33 640	51 612	17 972

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2014, March 2015, June 2015 and September 2015: Expenditure

Expenditure	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Employee-related costs	6 932	6 454	6 535	6 785	250
Interest paid	1 159	692	1 177	679	-498
Loss on disposal of property, plant and equipment	2	0	4	7	3
Bad debts	1 547	1 294	1 541	1 516	-25
Contracted services	1 440	1 279	1 990	1 084	-906
Collection costs	24	20	25	15	-10
Depreciation and amortisation	2 962	2 647	3 203	2 440	-763
Impairment loss (PPE)	6	26	19	99	80
Repairs and maintenance	2 773	2 426	3 047	2 090	-957
Bulk purchases:					
Purchases of water	3 718	3 814	3 899	3 545	-354
Purchases of electricity	13 210	12 543	15 656	19 842	4 186
Other bulk purchases	136	136	206	41	-165
Grants and subsidies paid to:					
Other local government institutions	12	5	28	3	-25
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	182	169	164	445	281
Non-profit institutions serving households	0	0	0	0	0
Other	612	454	470	481	11
General expenditure:					
Accommodation, travelling and subsistence	28	20	34	43	9
Advertising, promotions and marketing	20	17	24	13	-11
Audit fees	24	13	8	8	0
Bank charges	3	4	5	5	0
Cleaning services	17	14	21	20	-1
Consultancy and professional fees	150	129	194	81	-113
Entertainment costs	1	1	1	10	9
Fuel and oil	192	247	257	171	-86
Hiring of plant and equipment	37	78	96	55	-41
Insurance costs	45	29	26	62	36
Pharmaceutical	4	2	4	1	-3
Postal and courier services	2	2	2	2	0
Printing and stationery	75	74	78	30	-48
Rebates for service charges	345	245	219	138	-81
Rental of land, buildings and other structures	15	16	28	18	-10
Rental of office equipment	205	166	195	288	93
Security services	126	140	219	127	-92
Subscriptions and membership fees	0	1	5	4	-1
Telecommunication services	41	34	43	32	-11
Training and education	18	20	20	26	6
Transport costs	37	47	59	48	-11
Other expenditure	4 562	4 266	6 004	3 958	-2 046
Surplus	6 797	7 974	6 291	10 958	4 667
Total expenditure	47 459	45 498	51 797	55 170	3 373

* Some figures have been revised.

Part 3 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2014, March 2015, June 2015 and September 2015: Income

Income	December 2014	March 2015	June 2015*	September 2015	Difference between quarters ended Jun. 2015 and Sep. 2015
	R million				
Interest earned from:					
External investments	71	115	130	116	-14
Outstanding debtors	270	299	309	380	71
Dividends received	0	0	0	0	0
Fines	11	16	12	210	198
Licences and permits	105	122	101	187	86
Income for agency services	137	172	183	68	-115
Rental of facilities and equipment	207	224	245	212	-33
Bad debts recovered	3	2	1	1	0
Public contributions and donations (including property, plant and equipment)	41	40	140	39	-101
Gains on the disposal of property, plant and equipment	4	5	4	3	-1
Service charges:					
Sales of water	7 461	7 092	6 996	7 175	179
Sales of electricity	21 097	20 423	22 098	26 841	4 743
Refuse removal charges	2 219	2 215	1 915	2 601	686
Sewerage and sanitation charges	3 110	2 989	2 686	3 271	585
Other service charges (e.g. fresh produce market)	88	89	86	77	-9
Grants and subsidies from:					
National government	6 572	6 254	8 787	5 483	-3 304
Provincial government	400	277	125	260	135
Local government	1	0	1	0	-1
Other	34	14	36	173	137
Spent conditional grants	187	153	789	685	-104
Other income	1 126	1 354	2 083	1 061	-1 022
Deficit	4 315	3 643	5 070	6 327	1 257
Total income	47 459	45 498	51 797	55 170	3 373

* Some figures have been revised.

Notes

Forthcoming issue	Issue	Expected release date
	December 2015	March 2016
Purpose of survey	The <i>Quarterly financial statistics of municipalities</i> is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used as inputs into the gross domestic product (GDP) calculation as well as to assist the public sector with policy formulation and the financial analysis of municipalities.	
Response rates	December quarter 2014:	94%
	March quarter 2015:	100%
	June quarter 2015	100%
	September quarter 2015:	97%

Reasons for fluctuations:

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

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 2014, March 2015, June 2015 and September 2015. 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, and Report No.09-90-02 of January 1993 (SIC). Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Recognised Accounting Practice (GRAP).
- The Standard Chart of Accounts for Municipalities and Municipal entities (MSCOA) is currently being pilot-tested in some municipalities including all eight metropolitan municipalities by National Treasury. This is a multi-dimensional classification framework providing the method and format for recording and classifying financial transaction information in the general ledger forming part of the books of account containing a standard list of all available accounts. This revised accounting practice accounts in part for fluctuations when comparing variables over different quarters.
- 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 were received late by Stats SA (after the cut-off date for submitting their questionnaires).
- Rounding off figures** 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.
- 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

9	GRAP	Generally Recognised Accounting Practice
	QES	Quarterly Employment Statistics
	SIC	Standard Industrial Classification of All Economic Activities
	Stats SA	Statistics South Africa
	0	nil or not applicable

Glossary of selected variables used in this publication

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	On the implementation of 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.
COVID 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 (previously referred to as income statement) reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.
Consolidated statement of financial position	The aggregate or consolidated statement of financial position (previously referred to as balance sheet) 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 those that can be converted into cash within one year. 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 refer to debts or obligations that are due within one year. 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, 1998 (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). • Also refer to the Quarterly Employment Statistics (QES, P0277) which measure employment and gross earnings of all employees on a given municipal payroll.
General expenditure	The following are included in general expenditure: accommodation, travelling and subsistence; advertising; audit fees; bank charges; cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance costs; membership fees; pharmaceutical expenses; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport costs.
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 municipal provision of housing. Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting) and other trading services which include environmental protection (such as pollution control, biodiversity & landscape and coastal protection etc.), air transport, abattoirs, tourism, forestry, markets and licensing & regulation (such as licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business).

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, 1997 (Act No. 107 of 1997).
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
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, 1998 (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). Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
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>
Value Added Tax	<p>This is taxation imposed in respect of the supply of goods and services. It is collected in stages by enterprises but is ultimately charged in full to the final purchasers.</p>
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