

**STATISTICAL RELEASE**  
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**Quarterly financial statistics of municipalities**

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## Contents

Key findings.....	1
Table 1 – Consolidated statement of financial performance of municipalities for the quarters ended December 2017, March 2018, June 2018 and September 2018: Expenditure – South Africa.....	3
Table 2 – Consolidated statement of financial performance of municipalities for the quarters ended December 2017, March 2018, June 2018 and September 2018: Income – South Africa .....	4
Table 3 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Expenditure – South Africa .....	5
Table 4 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Income – South Africa.....	6
Table 5 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Expenditure – South Africa .....	7
Table 6 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Income – South Africa .....	8
Annexure A – Purchases and sales of water .....	9
Annexure B – Purchases and sales of electricity.....	10
Notes .....	11
Explanatory notes .....	12
Glossary of selected variables used in this publication .....	14
General information.....	16

## Key findings

**Table A – Purchases and sales of water and electricity, unadjusted\***

Item	Quarter ended:					
	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
	Year-on-year % change, unadjusted					
Purchases of water	13,6	-5,9	8,3	9,4	4,8	9,8
Sales of water	14,9	6,6	14,4	18,6	7,8	16,2
Purchases of electricity	1,2	-7,0	-6,7	-6,2	-3,4	6,8
Sales of electricity	6,9	-4,5	1,0	1,9	1,1	1,8

\* Some figures have been revised.

Table A shows annual growth rates in the purchases and sales of water and electricity, based on rand values. From the September 2017 quarter to the September 2018 quarter, purchases of water increased by 9,8% and sales of water increased by 16,2%, while purchases of electricity increased by 6,8% and sales of electricity increased by 1,8%.

**Table B – Purchases and sales of water and electricity, seasonally adjusted\***

Item	Quarter ended:					
	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
	Quarter-on-quarter % change, seasonally adjusted					
Purchases of water	10,4	-5,3	4,0	1,2	4,8	-0,6
Sales of water	13,4	-3,7	4,2	4,2	2,8	4,0
Purchases of electricity	-2,6	-5,1	1,0	1,2	0,2	3,3
Sales of electricity	0,0	-1,7	1,8	0,8	-0,1	0,0

\* Some figures have been revised.

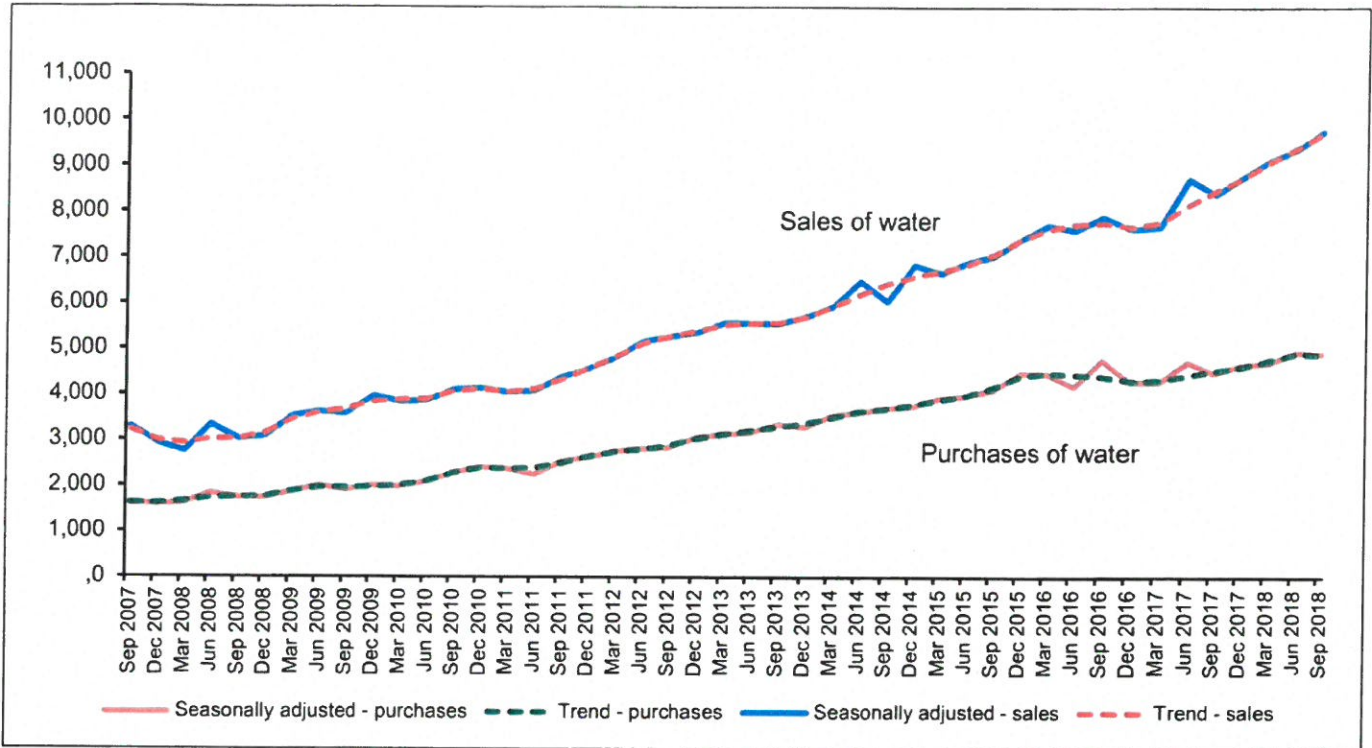
Table B shows quarterly growth rates in the purchases and sales of water and electricity, seasonally adjusted. From the June 2018 quarter to the September 2018 quarter, purchases of water decreased by 0,6% and sales of water increased by 4,0%, while purchases of electricity increased by 3,3% and sales of electricity were flat (0,0%).

Seasonally adjusted purchases and sales of water are shown in Figure 1. Seasonally adjusted purchases and sales of electricity are shown in Figure 2.

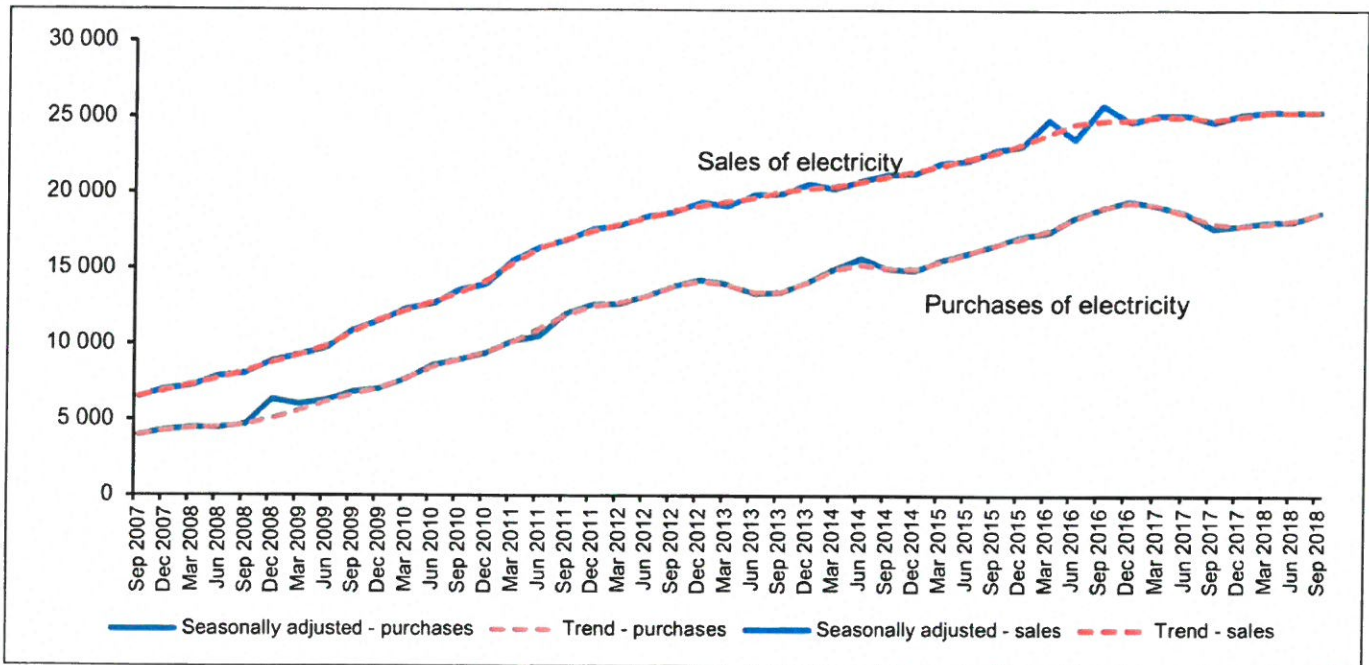
Annexures A and B provide more detail and longer time series for water and electricity purchases and sales.

See page 14 for a short explanatory note on seasonal adjustment.

**Figure 1 – Purchases and sales of water, seasonally adjusted, R million**



**Figure 2 – Purchases and sales of electricity, seasonally adjusted, R million**



  
**Risenga Maluleke**  
 Statistician-General

**Table 1 – Consolidated statement of financial performance of municipalities for the quarters ended December 2017, March 2018, June 2018 and September 2018: Expenditure – South Africa**

Expenditure	December 2017	March 2018	June 2018*	September 2018	Difference between quarters ended Jun. 2018 and Sep. 2018
	R million				
Employee-related costs	24 802	23 197	24 303	24 180	-123
Remuneration of board of directors/councillors	899	1 051	1 159	991	-168
Interest paid	3 033	1 925	1 534	1 408	-126
Loss on the disposal of property, plant and equipment	-17	16	481	58	-423
Bad debts	2 954	2 318	4 319	3 704	-615
Contracted services	5 876	5 764	7 520	4 690	-2 830
Collection costs	128	178	240	86	-154
Depreciation and amortisation	5 618	4 333	6 859	4 248	-2 611
Impairment loss (PPE)	69	33	71	81	10
Repairs and maintenance	2 350	2 226	2 435	1 305	-1 130
<b>Bulk purchases:</b>					
Purchases of water	4 772	4 684	5 134	4 645	-489
Purchases of electricity	16 270	15 888	18 267	22 088	3 821
Other bulk purchases	14	61	84	19	-65
<b>Grants and subsidies paid to:</b>					
Other local government institutions	81	59	45	3	-42
Tertiary institutions of higher learning	2	1	1	7	6
Households or individuals	131	170	145	143	-2
Non-profit institutions serving households	0	0	4	3	-1
Other	1 665	1 461	977	499	-478
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	259	254	252	215	-37
Advertising, promotions and marketing	121	149	167	101	-66
Audit fees	416	216	152	133	-19
Bank charges	93	140	143	151	8
Cleaning services	92	81	119	71	-48
Consultancy and professional fees	703	664	975	422	-553
Entertainment costs	19	19	49	25	-24
Fuel and oil	362	467	614	368	-246
Hiring of plant and equipment	335	320	334	133	-201
Insurance costs	325	150	248	376	128
Pharmaceutical	49	51	39	30	-9
Postal and courier services	65	53	72	58	-14
Printing and stationery	143	104	160	89	-71
Rebates for property rates	1 173	617	569	850	281
Rebates for service charges	62	562	248	149	-99
Rental of land, buildings and other structures	201	157	176	225	49
Rental of office equipment	133	781	443	131	-312
Security services	778	705	769	540	-229
Subscriptions and membership fees	102	43	134	184	50
Telecommunication services	222	201	236	185	-51
Training and education	168	150	307	112	-195
Transport costs	248	-125	108	78	-30
Other expenditure	8 222	5 994	8 513	7 388	-1 125
Surplus	26 400	26 367	16 505	43 592	27 087
<b>Total expenditure</b>	<b>109 338</b>	<b>101 485</b>	<b>104 910</b>	<b>123 764</b>	<b>18 854</b>

\* Some figures have been revised.



**Table 2 – Consolidated statement of financial performance of municipalities for the quarters ended December 2017, March 2018, June 2018 and September 2018: Income – South Africa**

Income	December 2017	March 2018	June 2018*	September 2018	Difference between quarters ended Jun. 2018 and Sep. 2018
	R million				
<b>Property rates from:</b>					
Residential	9 254	8 888	8 838	10 608	1 770
Commercial or business	3 609	4 535	4 002	5 121	1 119
State	818	1 067	999	1 693	694
Other (includes agricultural, municipal, etc.)	1 606	1 171	1 419	2 563	1 144
Property rates - penalties imposed and collection charges	43	15	20	35	15
<b>Service charges</b>					
Sales of water	9 032	9 105	9 065	9 828	763
Sales of electricity	24 219	23 311	24 911	29 074	4 163
Refuse removal charges	2 722	2 681	2 553	3 119	566
Sewerage and sanitation charges	3 412	3 455	3 434	4 005	571
Other service charges (e.g. fresh produce market etc.)	80	55	62	95	33
<b>Interest earned from:</b>					
External investments	1 575	1 439	889	941	52
Outstanding debtors	1 475	1 320	1 606	1 439	-167
Dividends received	0	1	0	0	0
Fines	987	834	1 011	589	-422
Licences and permits	275	392	149	320	171
Income for agency services	278	278	242	295	53
Rental of facilities and equipment	544	547	592	487	-105
Bad debts recovered	35	-6	8	17	9
Public contributions and donations (including PPE)	115	207	256	74	-182
Gains on the disposal of property, plant and equipment	30	55	113	18	-95
<b>Grants and subsidies from:</b>					
National government	22 951	20 527	11 771	25 946	14 175
Provincial government	647	557	338	354	16
Local government	14	6	22	2	-20
Other	208	136	1 225	135	-1 090
Spent conditional grant	4 701	3 801	6 207	3 390	-2 817
Other income	4 003	3 177	2 709	4 404	1 695
Deficit	16 705	13 931	22 469	19 212	-3 257
<b>Total income</b>	<b>109 338</b>	<b>101 485</b>	<b>104 910</b>	<b>123 764</b>	<b>18 854</b>

\* Some figures have been revised.

**Table 3 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Expenditure – South Africa**

Expenditure	December 2017	March 2018	June 2018*	September 2018	Difference between quarters ended Jun. 2018 and Sep. 2018
	R million				
Employee-related costs	15 986	14 745	15 635	15 304	-331
Remuneration of board of directors/councillors	899	1 051	1 159	991	-168
Interest paid	2 142	1 298	863	1 106	243
Loss on the disposal of property, plant and equipment	-3	13	253	58	-195
Bad debts	1 106	832	1 478	1 282	-196
Contracted services	2 375	2 514	2 962	1 821	-1 141
Collection costs	122	174	235	84	-151
Depreciation and amortisation	1 588	1 338	2 479	1 268	-1 211
Impairment loss (PPE)	65	22	34	81	47
Repairs and maintenance	1 070	103	628	213	-415
<b>Grants and subsidies paid to:</b>					
Other local government institutions	5	27	27	3	-24
Tertiary institutions of higher learning	2	1	1	5	4
Households or individuals	34	50	50	52	2
Non-profit institutions serving households	0	0	2	3	1
Other	1 195	1 119	807	305	-502
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	219	177	226	185	-41
Advertising, promotions and marketing	107	131	140	79	-61
Audit fees	375	196	136	122	-14
Bank charges	87	135	129	141	12
Cleaning services	48	40	54	38	-16
Consultancy and professional fees	473	516	590	312	-278
Entertainment costs	19	18	48	18	-30
Fuel and oil	206	292	279	210	-69
Hiring of plant and equipment	179	185	169	80	-89
Insurance costs	270	102	211	314	103
Pharmaceutical	44	49	38	29	-9
Postal and courier services	63	52	69	56	-13
Printing and stationery	125	85	136	72	-64
Rebates for property rates	1 173	617	569	850	281
Rental of land, buildings and other structures	166	130	142	193	51
Rental of office equipment	89	149	159	71	-88
Security services	530	436	519	342	-177
Subscriptions and membership fees	97	43	127	175	48
Telecommunication services	190	164	195	154	-41
Training and education	140	122	263	96	-167
Transport costs	80	53	100	45	-55
Other expenditure	4 213	3 359	4 739	3 204	-1 535
Surplus	16 655	14 652	8 896	28 961	20 065
<b>Total expenditure</b>	<b>52 134</b>	<b>44 990</b>	<b>44 547</b>	<b>58 323</b>	<b>13 776</b>

\* Some figures have been revised.

**Table 4 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Income – South Africa**

Income	December 2017	March 2018	June 2018*	September 2018	Difference between quarters ended Jun. 2018 and Sep. 2018
	R million				
<b>Taxes on property</b>					
<b>Property rates from:</b>					
Residential	9 254	8 888	8 838	10 608	1 770
Commercial or business	3 609	4 535	4 002	5 121	1 119
State	818	1 067	999	1 693	694
Other (includes agricultural, municipal, etc.)	1 606	1 171	1 419	2 563	1 144
Property rates – penalties imposed and collection charges	43	15	20	35	15
<b>Interest earned from:</b>					
External investments	1 504	1 410	882	917	35
Outstanding debtors	811	652	1 020	746	-274
Dividends received	0	1	0	0	0
Fines	865	763	982	553	-429
Licences and permits	119	203	33	136	103
Income for agency services	166	128	218	94	-124
Rental of facilities and equipment	291	296	295	250	-45
Bad debts recovered	35	-8	7	17	10
Public contributions and donations (including property, plant and equipment)	29	30	13	19	6
Gains on the disposal of property, plant and equipment	26	48	56	15	-41
<b>Grants and subsidies from:</b>					
National government	16 756	13 041	7 896	20 316	12 420
Provincial government	342	344	183	162	-21
Local government	5	1	5	1	-4
Other	37	84	892	82	-810
Spent conditional grants	2 243	1 908	3 115	2 244	-871
Other income	2 790	1 478	1 340	2 617	1 277
Deficit	10 785	8 935	12 332	10 134	-2 198
<b>Total income</b>	<b>52 134</b>	<b>44 990</b>	<b>44 547</b>	<b>58 323</b>	<b>13 776</b>

\* Some figures have been revised.



**Table 5 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Expenditure – South Africa**

Expenditure	December 2017	March 2018	June 2018*	September 2018	Difference between quarters ended Jun. 2018 and Sep. 2018
	R million				
Employee-related costs	8 816	8 452	8 668	8 876	208
Interest paid	891	627	671	302	-369
Loss on disposal of property, plant and equipment	-14	3	228	0	-228
Bad debts	1 848	1 486	2 841	2 422	-419
Contracted services	3 501	3 250	4 558	2 869	-1 689
Collection costs	6	4	5	2	-3
Depreciation and amortisation	4 030	2 995	4 380	2 980	-1 400
Impairment loss (PPE)	4	11	37	0	-37
Repairs and maintenance	1 280	2 123	1 807	1 092	-715
<b>Bulk purchases:</b>					
Purchases of water	4 772	4 684	5 134	4 645	-489
Purchases of electricity	16 270	15 888	18 267	22 088	3 821
Other bulk purchases	14	61	84	19	-65
<b>Grants and subsidies paid to:</b>					
Other local government institutions	76	32	18		-18
Tertiary institutions of higher learning	0	0	0	2	2
Households or individuals	97	120	95	91	-4
Non-profit institutions serving households	0	0	2	0	-2
Other	470	342	170	194	24
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	40	77	26	30	4
Advertising, promotions and marketing	14	18	27	22	-5
Audit fees	41	20	16	11	-5
Bank charges	6	5	14	10	-4
Cleaning services	44	41	65	33	-32
Consultancy and professional fees	230	148	385	110	-275
Entertainment costs	0	1	1	7	6
Fuel and oil	156	175	335	158	-177
Hiring of plant and equipment	156	135	165	53	-112
Insurance costs	55	48	37	62	25
Pharmaceutical	5	2	1	1	0
Postal and courier services	2	1	3	2	-1
Printing and stationery	18	19	24	17	-7
Rebates for service charges	62	562	248	149	-99
Rental of land, buildings and other structures	35	27	34	32	-2
Rental of office equipment	44	632	284	60	-224
Security services	248	269	250	198	-52
Subscriptions and membership fees	5	0	7	9	2
Telecommunication services	32	37	41	31	-10
Training and education	28	28	44	16	-28
Transport costs	168	-178	8	33	25
Other expenditure	4 009	2 635	3 774	4 184	410
Surplus	9 745	11 715	7 609	14 631	7 022
<b>Total expenditure</b>	<b>57 204</b>	<b>56 495</b>	<b>60 363</b>	<b>65 441</b>	<b>5 078</b>

\* Some figures have been revised.

**Table 6 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended December 2017, March 2018, June 2018 and September 2018: Income – South Africa**

Income	December 2017	March 2018	June 2018*	September 2018	Difference between quarters ended Jun. 2018 and Sep. 2018
	R million				
<b>Interest earned from:</b>					
External investments	71	29	7	24	17
Outstanding debtors	664	668	586	693	107
Dividends received	0	0	0	0	0
Fines	122	71	29	36	7
Licences and permits	156	189	116	184	68
Income for agency services	112	150	24	201	177
Rental of facilities and equipment	253	251	297	237	-60
Bad debts recovered	0	2	1	0	-1
Public contributions and donations (including property, plant and equipment)	86	177	243	55	-188
Gains on the disposal of property, plant and equipment	4	7	57	3	-54
<b>Service charges:</b>					
Sales of water	9 032	9 105	9 065	9 828	763
Sales of electricity	24 219	23 311	24 911	29 074	4 163
Refuse removal charges	2 722	2 681	2 553	3 119	566
Sewerage and sanitation charges	3 412	3 455	3 434	4 005	571
Other service charges (e.g. fresh produce market)	80	55	62	95	33
<b>Grants and subsidies from:</b>					
National government	6 195	7 486	3 875	5 630	1 755
Provincial government	305	213	155	192	37
Local government	9	5	17	1	-16
Other	171	52	333	53	-280
Spent conditional grants	2 458	1 893	3 092	1 146	-1 946
Other income	1 213	1 699	1 369	1 787	418
Deficit	5 920	4 996	10 137	9 078	-1 059
<b>Total income</b>	<b>57 204</b>	<b>56 495</b>	<b>60 363</b>	<b>65 441</b>	<b>5 078</b>

\* Some figures have been revised.

## Annexure A – Purchases and sales of water

Quarter ended	Purchases of water				Sales of water			
	Actual (unadjusted)		Seasonally adjusted		Actual (unadjusted)		Seasonally adjusted	
	R million	Year-on-year % change	R million	Quarter-on-quarter % change	R million	Year-on-year % change	R million	Quarter-on-quarter % change
Sep 07	1 489		1 630		3 246		3 297	
Dec 07	1 661		1 597	-2,0	3 031		2 933	-11,0
Mar 08	1 615		1 623	1,6	2 865		2 759	-5,9
Jun 08	1 938		1 846	13,7	3 153		3 345	21,2
Sep 08	1 601	7,5	1 750	-5,2	2 989	-7,9	3 032	-9,4
Dec 08	1 816	9,3	1 746	-0,2	3 195	5,4	3 088	1,8
Mar 09	1 877	16,2	1 881	7,7	3 663	27,9	3 534	14,4
Jun 09	2 098	8,3	2 006	6,6	3 419	8,4	3 629	2,7
Sep 09	1 756	9,7	1 918	-4,4	3 537	18,3	3 586	-1,2
Dec 09	2 084	14,8	2 003	4,4	4 110	28,6	3 961	10,5
Mar 10	2 001	6,6	1 995	-0,4	3 972	8,4	3 844	-3,0
Jun 10	2 174	3,6	2 096	5,1	3 646	6,6	3 872	0,7
Sep 10	2 100	19,6	2 287	9,1	4 056	14,7	4 109	6,1
Dec 10	2 505	20,2	2 409	5,3	4 315	5,0	4 142	0,8
Mar 11	2 406	20,2	2 382	-1,1	4 169	5,0	4 057	-2,1
Jun 11	2 312	6,3	2 251	-5,5	3 848	5,5	4 085	0,7
Sep 11	2 345	11,7	2 540	12,8	4 342	7,1	4 387	7,4
Dec 11	2 723	8,7	2 625	3,3	4 769	10,5	4 569	4,1
Mar 12	2 813	16,9	2 765	5,3	4 919	18,0	4 817	5,4
Jun 12	2 865	23,9	2 815	1,8	4 876	26,7	5 163	7,2
Sep 12	2 646	12,8	2 846	1,1	5 239	20,7	5 275	2,2
Dec 12	3 172	16,5	3 069	7,8	5 597	17,4	5 364	1,7
Mar 13	3 211	14,1	3 145	2,5	5 658	15,0	5 575	3,9
Jun 13	3 221	12,4	3 178	1,0	5 279	8,3	5 567	-0,1
Sep 13	3 134	18,4	3 353	5,5	5 542	5,8	5 556	-0,2
Dec 13	3 396	7,1	3 297	-1,7	5 935	6,0	5 707	2,7
Mar 14	3 617	12,6	3 547	7,6	6 000	6,0	5 940	4,1
Jun 14	3 676	14,1	3 620	2,1	6 186	17,2	6 488	9,2
Sep 14	3 474	10,8	3 705	2,3	6 037	8,9	6 042	-6,9
Dec 14	3 861	13,7	3 756	1,4	7 092	19,5	6 833	13,1
Mar 15	3 982	10,1	3 927	4,6	6 697	11,6	6 659	-2,5
Jun 15	4 071	10,7	3 985	1,5	6 607	6,8	6 900	3,6
Sep 15	3 868	11,3	4 115	3,3	7 057	16,9	7 043	2,1
Dec 15	4 593	19,0	4 476	8,8	7 670	8,2	7 406	5,2
Mar 16	4 497	12,9	4 469	-0,2	7 723	15,3	7 713	4,1
Jun 16	4 310	5,9	4 190	-6,2	7 316	10,7	7 608	-1,4
Sep 16	4 493	16,2	4 771	13,9	7 928	12,3	7 898	3,8
Dec 16	4 406	-4,1	4 297	-9,9	7 896	2,9	7 641	-3,3
Mar 17	4 283	-4,8	4 288	-0,2	7 680	-0,6	7 688	0,6
Jun 17	4 897	13,6	4 732	10,4	8 405	14,9	8 722	13,4
Sep 17	4 229	-5,9	4 481	-5,3	8 455	6,6	8 403	-3,7
Dec 17	4 772	8,3	4 660	4,0	9 032	14,4	8 758	4,2
Mar 18	4 684	9,4	4 714	1,2	9 105	18,6	9 130	4,2
Jun 18	5 134	4,8	4 942	4,8	9 064	7,8	9 383	2,8
Sep 18	4 645	9,8	4 914	-0,6	9 827	16,2	9 763	4,0

## Annexure B – Purchases and sales of electricity

Quarter ended	Purchases of electricity				Sales of electricity			
	Actual (unadjusted)		Seasonally adjusted		Actual (unadjusted)		Seasonally adjusted	
	R million	Year-on-year % change	R million	Quarter-on-quarter % change	R million	Year-on-year % change	R million	Quarter-on-quarter % change
Sep 07	5 256		3 993		7 546		6 512	
Dec 07	3 857		4 304	7,8	6 837		7 020	7,8
Mar 08	3 667		4 494	4,4	6 639		7 252	3,3
Jun 08	4 317		4 496	0,0	7 440		7 906	9,0
Sep 08	6 491	23,5	4 722	5,0	9 093	20,5	8 091	2,3
Dec 08	5 685	47,4	6 378	35,1	8 874	29,8	8 891	9,9
Mar 09	4 870	32,8	6 063	-4,9	8 476	27,7	9 324	4,9
Jun 09	6 085	41,0	6 318	4,2	9 199	23,6	9 755	4,6
Sep 09	9 318	43,6	6 847	8,4	12 661	39,2	10 923	12,0
Dec 09	6 424	13,0	7 060	3,1	11 442	28,9	11 542	5,7
Mar 10	6 058	24,4	7 706	9,2	11 262	32,9	12 344	6,9
Jun 10	8 336	37,0	8 600	11,6	11 994	30,4	12 675	2,7
Sep 10	12 361	32,7	8 985	4,5	15 662	23,7	13 573	7,1
Dec 10	8 070	25,6	9 428	4,9	13 999	22,3	13 974	3,0
Mar 11	8 605	42,0	10 199	8,2	13 942	23,8	15 515	11,0
Jun 11	10 277	23,3	10 543	3,4	15 608	30,1	16 395	5,7
Sep 11	15 271	23,5	12 038	14,2	19 719	25,9	16 881	3,0
Dec 11	10 934	35,5	12 614	4,8	17 514	25,1	17 580	4,1
Mar 12	10 390	20,7	12 654	0,3	16 269	16,7	17 869	1,6
Jun 12	12 965	26,2	13 173	4,1	17 695	13,4	18 455	3,3
Sep 12	17 492	14,5	13 845	5,1	21 692	10,0	18 738	1,5
Dec 12	13 058	19,4	14 262	3,0	18 626	6,3	19 386	3,5
Mar 13	11 432	10,0	13 984	-1,9	17 763	9,2	19 163	-1,2
Jun 13	13 297	2,6	13 374	-4,4	19 218	8,6	19 889	3,8
Sep 13	17 309	-1,0	13 452	0,6	22 445	3,5	19 953	0,3
Dec 13	13 049	-0,1	14 133	5,1	19 583	5,1	20 583	3,2
Mar 14	12 334	7,9	15 002	6,1	18 925	6,5	20 297	-1,4
Jun 14	15 821	19,0	15 712	4,7	20 222	5,2	20 805	2,5
Sep 14	19 038	10,0	15 009	-4,5	23 726	5,7	21 224	2,0
Dec 14	13 688	4,9	14 885	-0,8	20 779	6,1	21 314	0,4
Mar 15	13 035	5,7	15 589	4,7	19 979	5,6	22 010	3,3
Jun 15	16 271	2,8	16 041	2,9	21 618	6,9	22 154	0,7
Sep 15	20 521	7,8	16 567	3,3	26 281	10,8	22 823	3,0
Dec 15	16 207	18,4	17 141	3,5	22 272	7,2	23 112	1,3
Mar 16	14 812	13,6	17 407	1,6	22 829	14,3	24 848	7,5
Jun 16	18 686	14,8	18 383	5,6	23 062	6,7	23 574	-5,1
Sep 16	22 242	8,4	19 036	3,6	29 927	13,9	25 816	9,5
Dec 16	17 432	7,6	19 493	2,4	23 973	7,6	24 724	-4,2
Mar 17	16 930	14,3	19 174	-1,6	22 907	0,3	25 144	1,7
Jun 17	18 904	1,2	18 672	-2,6	24 651	6,9	25 152	0,0
Sep 17	20 674	-7,0	17 716	-5,1	28 569	-4,5	24 736	-1,7
Dec 17	16 270	-6,7	17 893	1,0	24 219	1,0	25 185	1,8
Mar 18	15 888	-6,2	18 103	1,2	23 311	1,9	25 391	0,8
Jun 18	18 267	-3,4	18 138	0,2	24 911	1,1	25 378	-0,1
Sep 18	22 087	6,8	18 731	3,3	29 073	1,8	25 369	0,0

## Notes

Forthcoming issue	Issue	Expected release date
	December 2018	March 2019

**Purpose of survey** The *Quarterly financial statistics of municipalities* (QFSM) (Statistical release P9110), 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.

<b>Response rates</b>	December 2017 quarter:	88% (of 257)
	March 2018 quarter	83% (of 257)
	June 2018 quarter	85% (of 257)
	September 2018 quarter	80% (of 257)

**Imputation** Imputation was performed for 51 municipalities (20%) that did not respond or whose responses were not usable.

**Cautionary note** The Quarterly financial statistics of municipalities (QFSM) survey, provides quarterly updates based on preliminary figures from municipalities. For a more complete report please refer to the annual Financial census of municipalities (Statistical release P9114) which, in most cases, is based on audited figures.

### Reporting of negative figures by municipalities

Some municipalities pass adjusting journal entries to correct previously recorded figures. In some cases this results in municipalities reporting negative income or expenditure figures.

### Implementation of Municipal Standard Chart of Accounts (MSCOA)

The implementation of MSCOA resulted in some municipalities experiencing difficulties with their newly upgraded or acquired systems. Among these are the following:

- i. Municipalities not being able to integrate the old systems (such as a payroll system) into the newly upgraded MSCOA-compliant system; and
- ii. Municipalities struggling and being behind with the capturing of figures into the new system – this is a problem for municipalities which had to move to a new system altogether.

These difficulties have resulted in the following issues for QFSM:

- i. Some municipalities could not provide employee-related figures. This was also seen in the income and expenditure reports generated by the municipalities and sent to Statistics South Africa (Stats SA);
- ii. Some municipalities recorded very low figures as they had not finished capturing all the three months of the quarter;
- iii. The systems of some of the municipalities were generating reports with erroneous figures that could not be used; and
- iv. There were municipalities who could not provide figures at all. Some of them faced challenges with their new system and could not yet generate reports, while others did not yet have figures captured into their new system.

**Stats SA is working with the affected municipalities and other stakeholders to address the issues described above.**



## Explanatory notes

- Introduction** 1 The purpose of the *Quarterly financial statistics of municipalities* survey is to provide stakeholders with information for analysis and assessment of the state of local government finances.
- This publication contains estimates for the quarters ended December 2017, March 2018, June 2018 and September 2018. The survey is designed to obtain financial information of local government institutions relating to:
- the consolidated statement of financial performance 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 257 municipalities. Unadjusted data for all municipalities are available with effect from September 2007. Only water (sales and purchases) and electricity (sales and purchases) have seasonally adjusted estimates, and these are available at the national level only (not at provincial or municipal level).
- Classification and accounting standards** 3 For the purposes of classification of local government institutions according to activities, Stats SA used the *Standard Industrial Classification of All Economic Activities (SIC)*, Fifth Edition, Report No.09-90-02 of January 1993. Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Recognised Accounting Practice (GRAP).
- The Municipal Standard Chart of Accounts (MSCOA) was initially rolled out (piloted–tested) in 2016 in some municipalities. MSCOA was implemented in all municipalities from the beginning of the 2017 municipal financial year. 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.
- 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  
MSCOA Municipal Standard Chart of Accounts  
QES Quarterly Employment Statistics  
SIC Standard Industrial Classification of All Economic Activities  
Stats SA Statistics South Africa  
0 Nil or not applicable

**Seasonal adjustment**

10

Seasonally adjusted estimates are generated each quarter using the X-12 Seasonal Adjustment Program developed by the US Bureau of the Census. Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation from the series so that the effects of other influences on the series can be recognised more clearly. Seasonal adjustment does not aim to remove irregular or non-seasonal influences which may be present in any particular quarter. Influences that are volatile or unsystematic can still make it difficult to interpret the movement of the series, even after adjustment for seasonal variations. Therefore, the quarter-to-quarter movements of seasonally adjusted estimates may not be reliable indicators of trend behaviour. The X-12-ARIMA procedure for purchases and sales of water and electricity is described in more detail on the Stats SA website.

## Glossary of selected variables used in this publication

<b>Consolidated statement of financial performance</b>	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.
<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>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, 1998 (Act No.117 of 1998).
<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> <li>• also refer to the Quarterly employment statistics (QES) (Statistical release P0277) which measure employment and gross earnings of all employees on a given municipal payroll.</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>Housing and trading services</b>	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).
<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, 1998 (Act No.117 of 1998).

<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, 1998 (Act No.117 of 1998).
<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). Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
<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>Rates and general services</b>	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.).
<b>Repairs and maintenance</b>	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 subdivision 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.

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