

## STATISTICAL RELEASE

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# Quarterly financial statistics of municipalities

December 2017

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## Key findings

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

Item	Quarter ended:					
	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
	<b>Year-on-year % change, unadjusted</b>					
Purchases of water	9,4	-9,6	-10,3	7,2	-0,1	15,9
Sales of water	15,8	6,2	2,5	18,4	3,4	13,4
Purchases of electricity	0,1	-0,6	5,6	-7,6	0,6	2,3
Sales of electricity	12,2	6,9	-1,1	5,5	-3,1	1,6

\* 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 December quarter of 2016 to the December quarter of 2017, purchases of water increased by 15,9% and sales of water increased by 13,4%, while purchases of electricity increased by 2,3% and sales of electricity increased by 1,6%.

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

	Quarter ended:					
	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
	<b>Quarter-on-quarter % change, seasonally adjusted</b>					
Purchases of water	5,3	-12,9	1,5	15,3	-1,9	0,7
Sales of water	7,9	-4,4	0,2	15,0	-6,1	5,0
Purchases of electricity	-4,4	1,0	-1,2	-1,7	1,3	1,9
Sales of electricity	8,6	-4,5	2,6	-0,5	-0,6	1,3

\* Some figures have been revised.

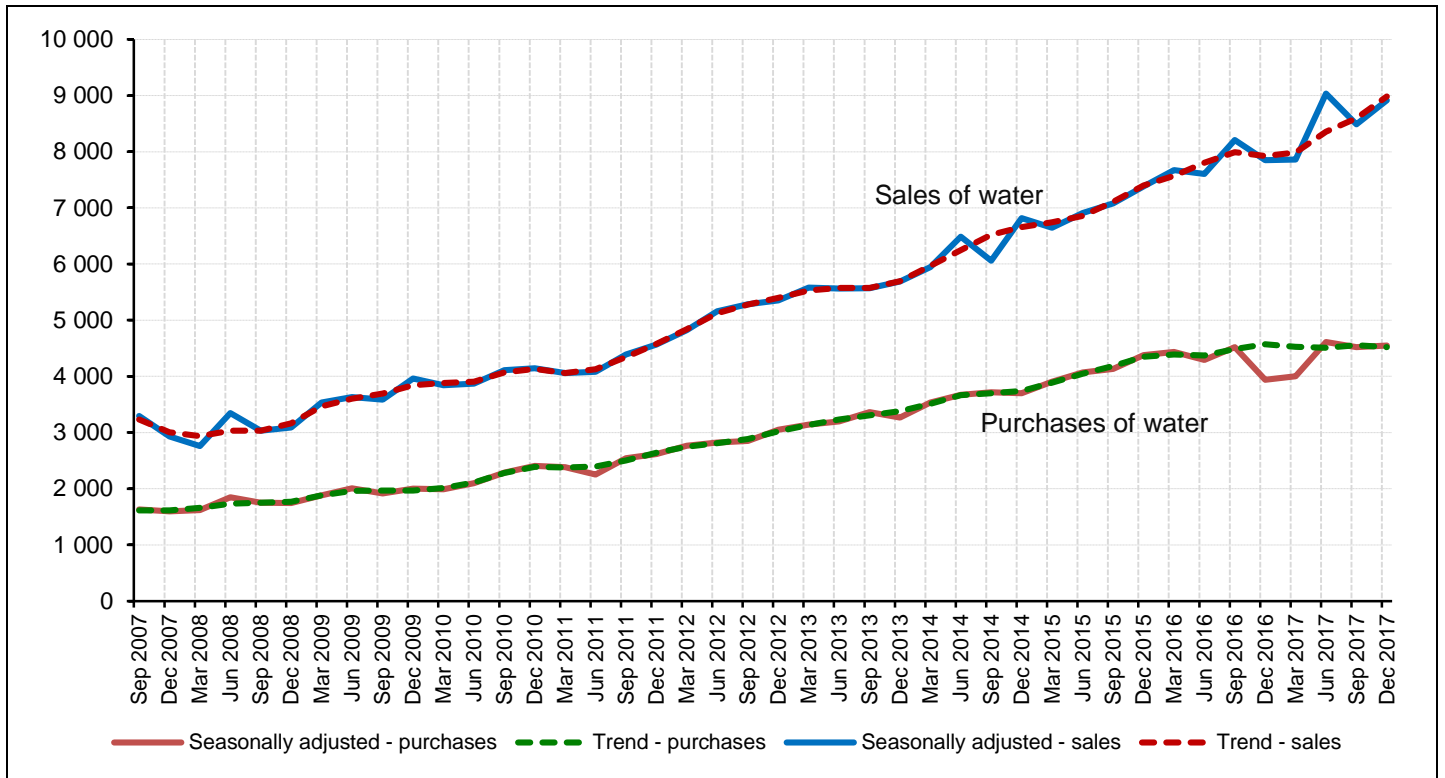
Table B shows quarterly growth rates in the purchases and sales of water and electricity, seasonally adjusted. From the September quarter of 2017 to the December 2017 quarter, purchases of water increased by 0,7% and sales of water increased by 5,0% while purchases of electricity increased by 1,9% and sales of electricity increased by 1,3%.

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

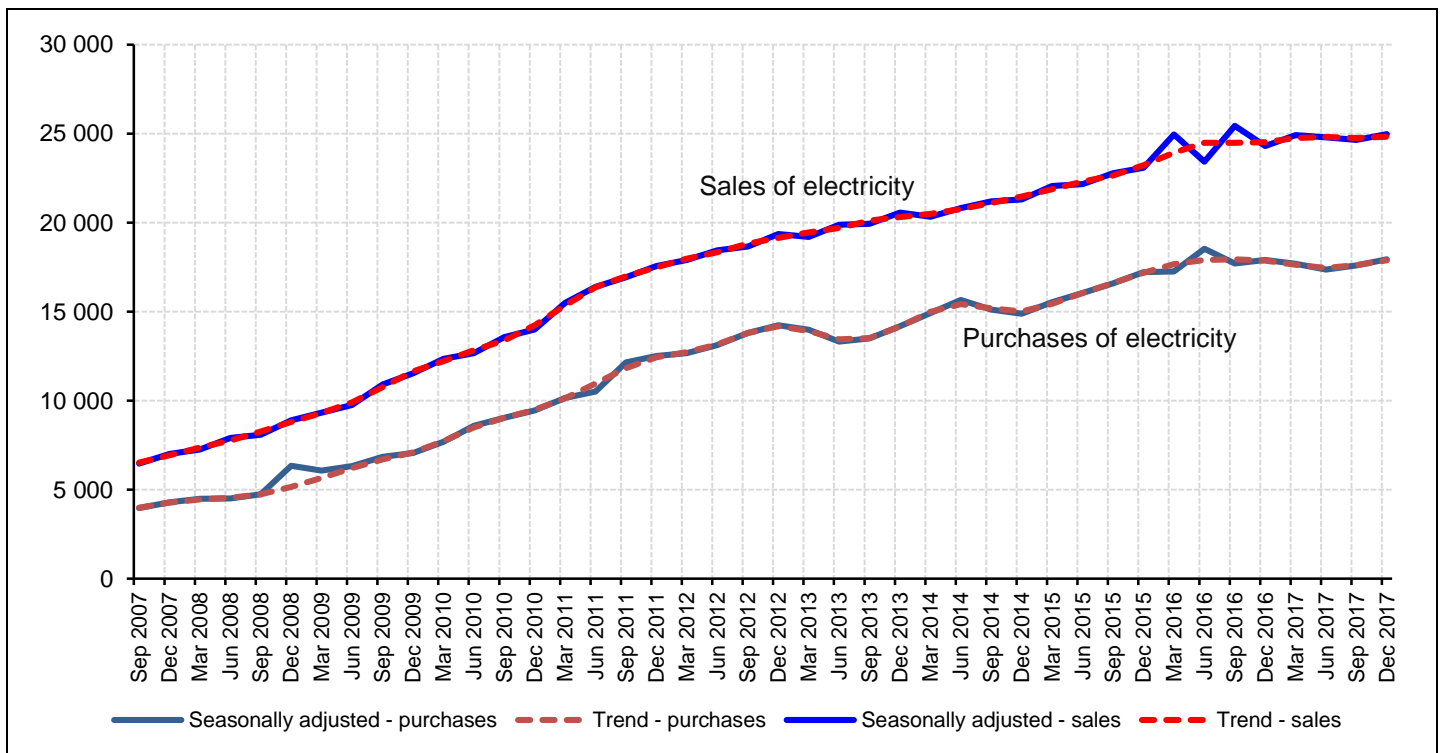
Annexures A and B provide more detail and longer time series for water and electricity purchases and sales.

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**



**R Maluleke  
Statistician-General**

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

Expenditure	March 2017	June 2017	September 2017*	December 2017	Difference between quarters ended Sep. 2017 and Dec. 2017
	R million				
Employee-related costs	20 563	22 712	22 601	25 120	2 519
Remuneration of board of directors/councillors	981	946	873	904	31
Interest paid	2 509	2 938	1 562	3 079	1 517
Loss on the disposal of property, plant and equipment	9	81	17	9	-8
Bad debts	2 934	4 846	3 408	3 109	-299
Contracted services	3 168	5 116	3 541	5 921	2 380
Collection costs	114	283	71	128	57
Depreciation and amortisation	5 166	5 402	3 569	5 364	1 795
Impairment loss (PPE)	2	160	31	250	219
Repairs and maintenance	3 708	3 857	1 296	2 410	1 114
<b>Bulk purchases:</b>					
Purchases of water	4 035	4 615	4 229	4 812	583
Purchases of electricity	15 638	17 461	20 674	16 477	-4 197
Other bulk purchases	7	33	19	14	-5
<b>Grants and subsidies paid to:</b>					
Other local government institutions	22	56	8	7	-1
Tertiary institutions of higher learning	3	76	0	2	2
Households or individuals	454	773	116	137	21
Non-profit institutions serving households	3	18	2	0	-2
Other	1 614	2 350	1 608	1 659	51
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	194	231	179	251	72
Advertising, promotions and marketing	97	193	73	121	48
Audit fees	268	127	122	421	299
Bank charges	99	127	99	95	-4
Cleaning services	87	118	73	90	17
Consultancy and professional fees	849	819	496	732	236
Entertainment costs	22	54	13	19	6
Fuel and oil	440	463	274	363	89
Hiring of plant and equipment	273	335	193	334	141
Insurance costs	173	162	376	325	-51
Pharmaceutical	44	43	41	49	8
Postal and courier services	68	75	54	68	14
Printing and stationery	164	152	83	146	63
Rebates for property rates	1 803	1 601	1 283	1 346	63
Rebates for service charges	114	176	132	73	-59
Rental of land, buildings and other structures	100	187	149	191	42
Rental of office equipment	472	375	75	137	62
Security services	615	926	450	781	331
Subscriptions and membership fees	55	115	139	109	-30
Telecommunication services	215	263	191	221	30
Training and education	120	233	127	170	43
Transport costs	241	259	152	258	106
Other expenditure	7 317	11 224	6 673	8 162	1 489
Surplus	24 359	6 835	41 794	26 044	-15 750
<b>Total expenditure</b>	<b>99 119</b>	<b>96 816</b>	<b>116 866</b>	<b>109 908</b>	<b>-6 958</b>

\* Some figures have been revised.

Quarterly financial statistics of municipalities December 2017

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

Income	March 2017	June 2017	September 2017*	December 2017	Difference between quarters ended Sep. 2017 and Dec. 2017
	R million				
<b>Property rates from:</b>					
Residential	8 620	9 058	10 038	9 203	-835
Commercial or business	3 152	2 792	4 103	3 533	-570
State	712	658	1 553	819	-734
Other (includes agricultural, municipal, etc.)	1 623	1 140	2 515	1 736	-779
Property rates - penalties imposed and collection charges	53	64	33	45	12
<b>Service charges</b>					
Sales of water	7 919	8 666	8 455	9 237	782
Sales of electricity	22 570	24 288	28 569	24 189	-4 380
Refuse removal charges	2 468	2 567	2 694	2 649	-45
Sewerage and sanitation charges	3 120	3 307	3 632	3 383	-249
Other service charges (e.g. fresh produce market etc.)	48	44	11	80	69
<b>Interest earned from:</b>					
External investments	1 669	1 394	1 397	1 214	-183
Outstanding debtors	1 609	1 697	1 458	1 782	324
Dividends received	0	0	1	1	0
Fines	823	1 003	662	996	334
Licences and permits	337	276	278	287	9
Income for agency services	211	262	239	291	52
Rental of facilities and equipment	528	601	449	547	98
Bad debts recovered	1	26	18	35	17
Public contributions and donations (including PPE)	146	467	90	115	25
Gains on the disposal of property, plant and equipment	59	93	24	31	7
<b>Grants and subsidies from:</b>					
National government	16 913	7 101	24 853	21 940	-2 913
Provincial government	644	575	445	758	313
Local government	1	4	7	14	7
Other	206	195	160	1 001	841
Spent conditional grant	6 511	6 720	3 147	4 636	1 489
Other income	4 006	3 886	5 224	3 967	-1 257
Deficit	15 170	19 932	16 811	17 419	608
<b>Total income</b>	<b>99 119</b>	<b>96 816</b>	<b>116 866</b>	<b>109 908</b>	<b>-6 958</b>

\* Some figures have been revised.

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

Expenditure	March 2017	June 2017	September 2017*	December 2017	Difference between quarters ended Sep. 2017 and Dec. 2017
	R million				
Employee-related costs	13 352	14 788	14 539	15 963	1 424
Remuneration of board of directors/councillors	981	946	873	904	31
Interest paid	1 130	1 366	1 118	2 158	1 040
Loss on the disposal of property, plant and equipment	8	74	1	-4	-5
Bad debts	438	2 292	1 171	1 287	116
Contracted services	1 600	2 160	1 401	2 489	1 088
Collection costs	113	276	67	122	55
Depreciation and amortisation	1 434	1 564	923	1 509	586
Impairment loss (PPE)	0	141	23	246	223
Repairs and maintenance	678	1 087	263	1 071	808
<b>Grants and subsidies paid to:</b>					
Other local government institutions	10	39	2	5	3
Tertiary institutions of higher learning	3	76	0	2	2
Households or individuals	250	202	54	40	-14
Non-profit institutions serving households	3	9	2	0	-2
Other	1 252	2 202	1 324	1 195	-129
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	167	198	157	220	63
Advertising, promotions and marketing	86	170	60	107	47
Audit fees	245	120	122	380	258
Bank charges	96	124	88	90	2
Cleaning services	51	46	31	48	17
Consultancy and professional fees	556	579	383	501	118
Entertainment costs	21	48	12	18	6
Fuel and oil	270	214	145	206	61
Hiring of plant and equipment	148	208	107	181	74
Insurance costs	125	121	309	267	-42
Pharmaceutical	42	39	38	44	6
Postal and courier services	63	72	52	66	14
Printing and stationery	139	133	63	127	64
Rebates for property rates	1 803	1 601	1 283	1 346	63
Rental of land, buildings and other structures	89	155	121	156	35
Rental of office equipment	103	82	49	91	42
Security services	482	695	281	534	253
Subscriptions and membership fees	54	103	135	104	-31
Telecommunication services	170	199	155	188	33
Training and education	107	195	104	143	39
Transport costs	81	30	35	80	45
Other expenditure	3 003	6 175	3 060	4 118	1 058
Surplus	16 495	-632	28 479	16 110	-12 369
<b>Total expenditure</b>	<b>45 648</b>	<b>37 897</b>	<b>57 030</b>	<b>52 112</b>	<b>-4 918</b>

\* Some figures have been revised.

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

Income	March 2017	June 2017	September 2017*	December 2017	Difference between quarters ended Sep. 2017 and Dec. 2017
	R million				
<b>Taxes on property</b>					
<b>Property rates from:</b>					
Residential	8 620	9 058	10 038	9 203	-835
Commercial or business	3 152	2 792	4 103	3 533	-570
State	712	658	1 553	819	-734
Other (includes agricultural, municipal, etc.)	1 623	1 140	2 515	1 736	-779
Property rates – penalties imposed and collection charges	53	64	33	45	12
<b>Interest earned from:</b>					
External investments	1 309	1 336	1 340	1 109	-231
Outstanding debtors	1 222	1 229	941	1 194	253
Dividends received	0	0	1	1	0
Fines	577	762	620	875	255
Licences and permits	90	89	99	121	22
Income for agency services	87	93	137	165	28
Rental of facilities and equipment	218	346	257	294	37
Bad debts recovered	1	26	16	35	19
Public contributions and donations (including property, plant and equipment)	24	203	7	29	22
Gains on the disposal of property, plant and equipment	42	75	17	27	10
<b>Grants and subsidies from:</b>					
National government	12 110	3 786	20 131	15 723	-4 408
Provincial government	349	260	330	451	121
Local government	1	3	2	5	3
Other	39	121	88	691	603
Spent conditional grants	2 923	2 818	1 802	2 154	352
Other income	3 023	1 832	3 765	2 797	-968
Deficit	9 473	11 206	9 235	11 105	1 870
<b>Total income</b>	<b>45 648</b>	<b>37 897</b>	<b>57 030</b>	<b>52 112</b>	<b>-4 918</b>

\* Some figures have been revised.



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

Expenditure	March 2017	June 2017	September 2017*	December 2017	Difference between quarters ended Sep. 2017 and Dec. 2017
Employee-related costs	7 211	7 924	8 062	9 157	1 095
Interest paid	1 379	1 572	444	921	477
Loss on disposal of property, plant and equipment	1	7	16	13	-3
Bad debts	2 496	2 554	2 237	1 822	-415
Contracted services	1 568	2 956	2 140	3 432	1 292
Collection costs	1	7	4	6	2
Depreciation and amortisation	3 732	3 838	2 646	3 855	1 209
Impairment loss (PPE)	2	19	8	4	-4
Repairs and maintenance	3 030	2 770	1 033	1 339	306
<b>Bulk purchases:</b>					
Purchases of water	4 035	4 615	4 229	4 812	583
Purchases of electricity	15 638	17 461	20 674	16 477	-4 197
Other bulk purchases	7	33	19	14	-5
<b>Grants and subsidies paid to:</b>					
Other local government institutions	12	17	6	2	-4
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	204	571	62	97	35
Non-profit institutions serving households	0	9	0	0	0
Other	362	148	284	464	180
<b>General expenditure:</b>					
Accommodation, travelling and subsistence	27	33	22	31	9
Advertising, promotions and marketing	11	23	13	14	1
Audit fees	23	7	0	41	41
Bank charges	3	3	11	5	-6
Cleaning services	36	72	42	42	0
Consultancy and professional fees	293	240	113	231	118
Entertainment costs	1	6	1	1	0
Fuel and oil	170	249	129	157	28
Hiring of plant and equipment	125	127	86	153	67
Insurance costs	48	41	67	58	-9
Pharmaceutical	2	4	3	5	2
Postal and courier services	5	3	2	2	0
Printing and stationery	25	19	20	19	-1
Rebates for service charges	114	176	132	73	-59
Rental of land, buildings and other structures	11	32	28	35	7
Rental of office equipment	369	293	26	46	20
Security services	133	231	169	247	78
Subscriptions and membership fees	1	12	4	5	1
Telecommunication services	45	64	36	33	-3
Training and education	13	38	23	27	4
Transport costs	160	229	117	178	61
Other expenditure	4 314	5 049	3 613	4 044	431
Surplus	7 864	7 467	13 315	9 934	-3 381
<b>Total expenditure</b>	<b>53 471</b>	<b>58 919</b>	<b>59 836</b>	<b>57 796</b>	<b>-2 040</b>

\* Some figures have been revised.

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

Income	March 2017	June 2017	September 2017*	December 2017	Difference between quarters ended Sep. 2017 and Dec. 2017
	R million				
<b>Interest earned from:</b>					
External investments	360	58	57	105	48
Outstanding debtors	387	468	517	588	71
Dividends received	0	0	0	0	0
Fines	246	241	42	121	79
Licences and permits	247	187	179	166	-13
Income for agency services	124	169	102	126	24
Rental of facilities and equipment	310	255	192	253	61
Bad debts recovered	0	0	2	0	-2
Public contributions and donations (including property, plant and equipment)	122	264	83	86	3
Gains on the disposal of property, plant and equipment	17	18	7	4	-3
<b>Service charges:</b>					
Sales of water	7 919	8 666	8 455	9 237	782
Sales of electricity	22 570	24 288	28 569	24 189	-4 380
Refuse removal charges	2 468	2 567	2 694	2 649	-45
Sewerage and sanitation charges	3 120	3 307	3 632	3 383	-249
Other service charges (e.g. fresh produce market)	48	44	11	80	69
<b>Grants and subsidies from:</b>					
National government	4 803	3 315	4 722	6 217	1 495
Provincial government	295	315	115	307	192
Local government	0	1	5	9	4
Other	167	74	72	310	238
Spent conditional grants	3 588	3 902	1 345	2 482	1 137
Other income	983	2 054	1 459	1 170	-289
Deficit	5 697	8 726	7 576	6 314	-1 262
<b>Total income</b>	<b>53 471</b>	<b>58 919</b>	<b>59 836</b>	<b>57 796</b>	<b>-2 040</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		1 596	-2,1	3 031		2 933	-11,0
Mar 08	1 615		1 622	1,6	2 865		2 759	-5,9
Jun 08	1 938		1 848	13,9	3 153		3 345	21,2
Sep 08	1 601	7,5	1 750	-5,3	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	1 880	7,7	3 663	27,9	3 534	14,4
Jun 09	2 098	8,3	2 008	6,8	3 419	8,4	3 629	2,7
Sep 09	1 756	9,7	1 918	-4,5	3 537	18,3	3 586	-1,2
Dec 09	2 084	14,8	2 002	4,4	4 110	28,6	3 962	10,5
Mar 10	2 001	6,6	1 993	-0,4	3 972	8,4	3 844	-3,0
Jun 10	2 174	3,6	2 098	5,3	3 646	6,6	3 873	0,8
Sep 10	2 100	19,6	2 287	9,0	4 056	14,7	4 109	6,1
Dec 10	2 505	20,2	2 405	5,2	4 315	5,0	4 142	0,8
Mar 11	2 406	20,2	2 381	-1,0	4 169	5,0	4 058	-2,0
Jun 11	2 312	6,3	2 255	-5,3	3 848	5,5	4 083	0,6
Sep 11	2 345	11,7	2 542	12,7	4 342	7,1	4 390	7,5
Dec 11	2 723	8,7	2 616	2,9	4 769	10,5	4 565	4,0
Mar 12	2 813	16,9	2 765	5,7	4 919	18,0	4 821	5,6
Jun 12	2 865	23,9	2 824	2,1	4 876	26,7	5 160	7,0
Sep 12	2 646	12,8	2 852	1,0	5 239	20,7	5 283	2,4
Dec 12	3 172	16,5	3 052	7,0	5 597	17,4	5 354	1,3
Mar 13	3 211	14,1	3 140	2,9	5 658	15,0	5 581	4,2
Jun 13	3 221	12,4	3 200	1,9	5 279	8,3	5 565	-0,3
Sep 13	3 134	18,4	3 363	5,1	5 542	5,8	5 569	0,1
Dec 13	3 396	7,1	3 266	-2,9	5 935	6,0	5 691	2,2
Mar 14	3 617	12,6	3 533	8,2	6 000	6,0	5 944	4,4
Jun 14	3 676	14,1	3 670	3,9	6 186	17,2	6 488	9,2
Sep 14	3 474	10,8	3 719	1,3	6 037	8,9	6 060	-6,6
Dec 14	3 861	13,7	3 700	-0,5	7 092	19,5	6 815	12,5
Mar 15	3 961	9,5	3 903	5,5	6 742	12,4	6 647	-2,5
Jun 15	4 048	10,1	4 071	4,3	6 651	7,5	6 908	3,9
Sep 15	3 868	11,3	4 135	1,6	7 057	16,9	7 082	2,5
Dec 15	4 593	19,0	4 380	5,9	7 670	8,2	7 380	4,2
Mar 16	4 497	13,5	4 433	1,2	7 723	14,6	7 675	4,0
Jun 16	4 296	6,1	4 295	-3,1	7 295	9,7	7 606	-0,9
Sep 16	4 233	9,4	4 523	5,3	8 175	15,8	8 209	7,9
Dec 16	4 151	-9,6	3 940	-12,9	8 142	6,2	7 847	-4,4
Mar 17	4 035	-10,3	4 000	1,5	7 919	2,5	7 859	0,2
Jun 17	4 605	7,2	4 610	15,3	8 637	18,4	9 036	15,0
Sep 17	4 229	-0,1	4 521	-1,9	8 455	3,4	8 488	-6,1
Dec 17	4 812	15,9	4 552	0,7	9 237	13,4	8 912	5,0

## 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		3 967		7 546		6 475	
Dec 07	3 857		4 288	8,1	6 837		7 015	8,3
Mar 08	3 667		4 497	4,9	6 639		7 262	3,5
Jun 08	4 317		4 507	0,2	7 440		7 913	9,0
Sep 08	6 491	23,5	4 743	5,2	9 093	20,5	8 080	2,1
Dec 08	5 685	47,4	6 343	33,7	8 874	29,8	8 888	10,0
Mar 09	4 870	32,8	6 079	-4,2	8 476	27,7	9 335	5,0
Jun 09	6 085	41,0	6 326	4,1	9 199	23,6	9 762	4,6
Sep 09	9 318	43,6	6 844	8,2	12 661	39,2	10 913	11,8
Dec 09	6 424	13,0	7 057	3,1	11 442	28,9	11 543	5,8
Mar 10	6 058	24,4	7 693	9,0	11 262	32,9	12 352	7,0
Jun 10	8 336	37,0	8 596	11,7	11 994	30,4	12 679	2,6
Sep 10	12 361	32,7	9 031	5,1	15 662	23,7	13 573	7,1
Dec 10	8 070	25,6	9 457	4,7	13 999	22,3	14 009	3,2
Mar 11	8 605	42,0	10 149	7,3	13 942	23,8	15 487	10,6
Jun 11	10 277	23,3	10 520	3,7	15 608	30,1	16 395	5,9
Sep 11	15 271	23,5	12 150	15,5	19 719	25,9	16 930	3,3
Dec 11	10 934	35,5	12 511	3,0	17 514	25,1	17 565	3,8
Mar 12	10 390	20,7	12 668	1,3	16 269	16,7	17 897	1,9
Jun 12	12 965	26,2	13 128	3,6	17 695	13,4	18 451	3,1
Sep 12	17 492	14,5	13 798	5,1	21 692	10,0	18 654	1,1
Dec 12	13 058	19,4	14 242	3,2	18 626	6,3	19 363	3,8
Mar 13	11 432	10,0	13 990	-1,8	17 763	9,2	19 197	-0,9
Jun 13	13 297	2,6	13 319	-4,8	19 218	8,6	19 887	3,6
Sep 13	17 309	-1,0	13 503	1,4	22 445	3,5	19 940	0,3
Dec 13	13 049	-0,1	14 190	5,1	19 583	5,1	20 564	3,1
Mar 14	12 334	7,9	14 922	5,2	18 925	6,5	20 331	-1,1
Jun 14	15 821	19,0	15 654	4,9	20 222	5,2	20 812	2,4
Sep 14	19 038	10,0	15 126	-3,4	23 726	5,7	21 198	1,9
Dec 14	13 688	4,9	14 891	-1,6	20 779	6,1	21 297	0,5
Mar 15	12 997	5,4	15 523	4,2	20 115	6,3	22 065	3,6
Jun 15	16 222	2,5	16 046	3,4	21 764	7,6	22 165	0,5
Sep 15	20 521	7,8	16 587	3,4	26 281	10,8	22 783	2,8
Dec 15	16 207	18,4	17 228	3,9	22 272	7,2	23 092	1,4
Mar 16	14 812	14,0	17 259	0,2	22 829	13,5	24 956	8,1
Jun 16	18 751	15,6	18 535	7,4	22 908	5,3	23 433	-6,1
Sep 16	20 545	0,1	17 714	-4,4	29 486	12,2	25 443	8,6
Dec 16	16 102	-0,6	17 899	1,0	23 802	6,9	24 304	-4,5
Mar 17	15 638	5,6	17 681	-1,2	22 570	-1,1	24 927	2,6
Jun 17	17 328	-7,6	17 375	-1,7	24 163	5,5	24 798	-0,5
Sep 17	20 674	0,6	17 606	1,3	28 569	-3,1	24 644	-0,6
Dec 17	16 477	2,3	17 944	1,9	24 189	1,6	24 970	1,3

**Notes****Forthcoming issue**      **Issue**      **Expected release date**

March 2018      June 2018

**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 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**

March quarter 2017:	100% (of 257)
June quarter 2017:	100% (of 257)
September quarter 2017:	84% (of 257)
December quarter 2017	88% (of 257)

**Imputation**      Imputation was performed for 30 municipalities (12%) that did not respond or whose responses were not usable.

## Explanatory notes

<b>Introduction</b>	<b>1</b>	<p>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.</p> <p>This publication contains estimates for the quarters ended March 2017, June 2017, September 2017 and December 2017. 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 performance 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>	<b>2</b>	<p>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).</p>
<b>Classification and accounting standards</b>	<b>3</b>	<p>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).</p> <p>The Municipal Standard Chart of Accounts (MSCOA) was initially rolled out (piloted–tested) in 2016 in some municipalities. MSCOA has since been 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.</p>
<b>Survey methodology and design</b>	<b>4</b>	<p>The statistical unit for the collection of information is the municipality.</p>
<b>Imputation</b>	<b>5</b>	<p>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>	<b>6</b>	<p>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>	<b>7</b>	<p>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>	<b>8</b>	<p>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>

**Symbols and abbreviations used**

<b>9</b>	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**

<b>10</b>	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.	
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## 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. 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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