

# Statistical release

**P9114**

## **Financial census of municipalities**

**for the year ended 30 June 2017**

**Embargoed until:  
26 June 2018  
10:00**

**ENQUIRIES:**  
User Information Services  
+27 12 310 8600

**FORTHCOMING ISSUE:**  
P9114 (June 2018)

**EXPECTED RELEASE DATE:**  
June 2019

## Contents

Technical notes.....	2
Key findings .....	3
Part 1: Consolidated statement of financial position of municipalities as at 30 June 2016 and 30 June 2017 .....	8
Part 2: The consolidated analysis statement of property, plant and equipment, and other assets as at 30 June 2017 .....	12
Part 3: Consolidated statement of financial performance of municipalities for the years ended 30 June 2016 and 30 June 2017: Expenditure .....	14
Part 3: Consolidated statement of financial performance of municipalities for the years ended 30 June 2016 and 30 June 2017: Income.....	16
Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017: Expenditure .....	18
Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017: Income .....	22
Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017: Expenditure .....	26
Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017: Income .....	30
Explanatory notes .....	32
Glossary of selected variables .....	34
General information .....	40
Technical enquiries .....	40

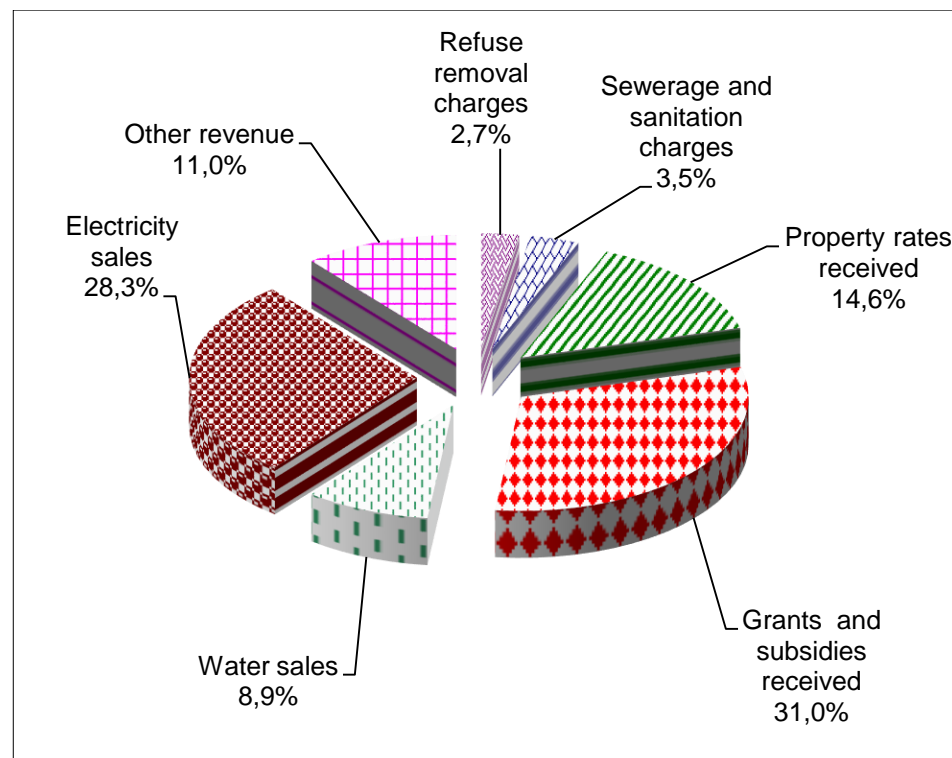
**Technical notes**

Response rates for the 2017 financial year per province

Province	Municipalities				
	Metropolitan municipalities (MMs)	District municipalities (DMs)	Local municipalities (LMs)	Total	Response rate
Western Cape	1	5	24	30	100%
Eastern Cape	2	6	31	39	100%
Northern Cape	0	5	26	31	100%
Free State	1	4	18	23	100%
KwaZulu-Natal	1	10	43	54	100%
North West	0	4	18	22	100%
Gauteng	3	2	6	11	100%
Mpumalanga	0	3	17	20	100%
Limpopo	0	5	22	27	100%
<b>Total</b>	<b>8</b>	<b>44</b>	<b>205</b>	<b>257</b>	<b>100%</b>

## Key findings

**Figure A: Municipal revenue stream as a percentage of total revenue for the year ended 30 June 2016\***



\*Some figures have been revised.

Figure A above shows that the largest contributor to total municipal revenue of R332 750 million (total revenue less surplus and rebates) for the year ended 30 June 2016 was 'grants and subsidies received' (31,0%), followed by 'electricity sales' (28,3%), 'property rates received' (14,6%), 'other revenue' (11,0%) (which consists of fines, licences and permits, public contributions and donations, etc.), 'water sales' (8,9%), 'sewerage and sanitation charges' (3,5%), and 'refuse removal charges' (2,7%).

**Figure B: Municipal revenue stream as a percentage of total revenue for the year ended 30 June 2017**

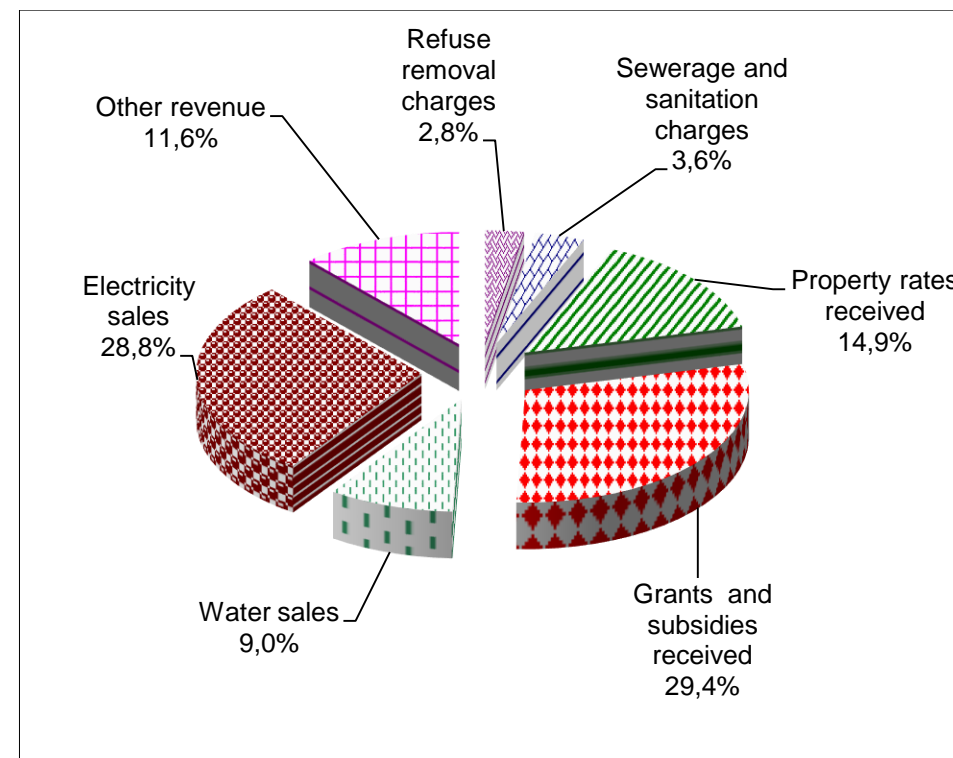


Figure B above shows that the largest contributor to total municipal revenue of R351 403 million (total revenue less surplus and rebates) for the year ended 30 June 2017 was 'grants and subsidies received' (29,4%), followed by 'electricity sales' (28,8%), 'property rates received' (14,9%), 'other revenue' (11,6%) (which consists of fines, licences and permits, public contributions and donations, etc.), 'water sales' (9,0%), 'sewerage and sanitation charges' (3,6%), and 'refuse removal charges' (2,8%).

**Table 1: Acid test ratio**

Year	Acid test ratio of municipalities for the financial years ended 30 June 2016 and 30 June 2017		
	Current assets minus inventory	Current liabilities	Acid test ratio
	R million	R million	
2016*	112 132	108 295	1,0:1
2017	115 923	119 448	1,0:1

\*Some figures have been revised.

Table 1 above reflects the acid test ratio (*current assets minus inventory divided by current liabilities*). For the financial years ended 30 June 2016 and 30 June 2017, municipalities had an acid test ratio of 1,0:1.

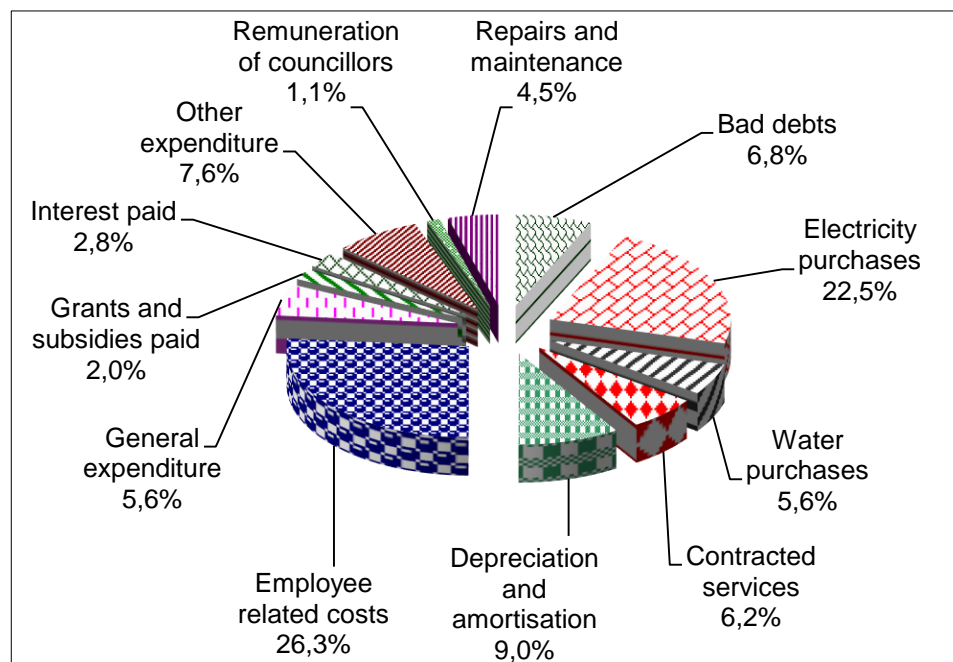
**Table 2: Current ratio**

Year	Current ratio of municipalities for the financial years ended 30 June 2016 and 30 June 2017		
	Current assets	Current liabilities	Current ratio
	R million	R million	
2016*	118 292	108 295	1,1:1
2017	122 945	119 448	1,0:1

\*Some figures have been revised.

Table 2 above reflects the current ratio (*also called the working capital ratio*). The ratio measures the extent to which current assets provide cover to meet current liabilities. For the financial year ended 30 June 2016, municipalities had a current ratio of 1,1:1; and for the financial year ended 30 June 2017, municipalities had a current ratio of 1,0:1.

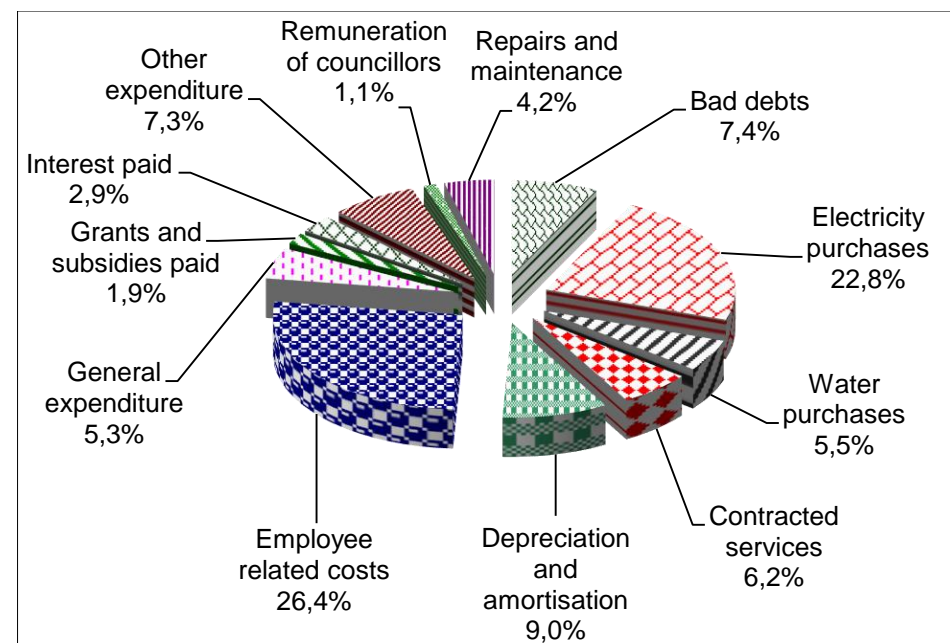
**Figure C: Municipal operating expenditure patterns as a percentage of the total expenditure for the year ended 30 June 2016\***



\*Some figures have been revised.

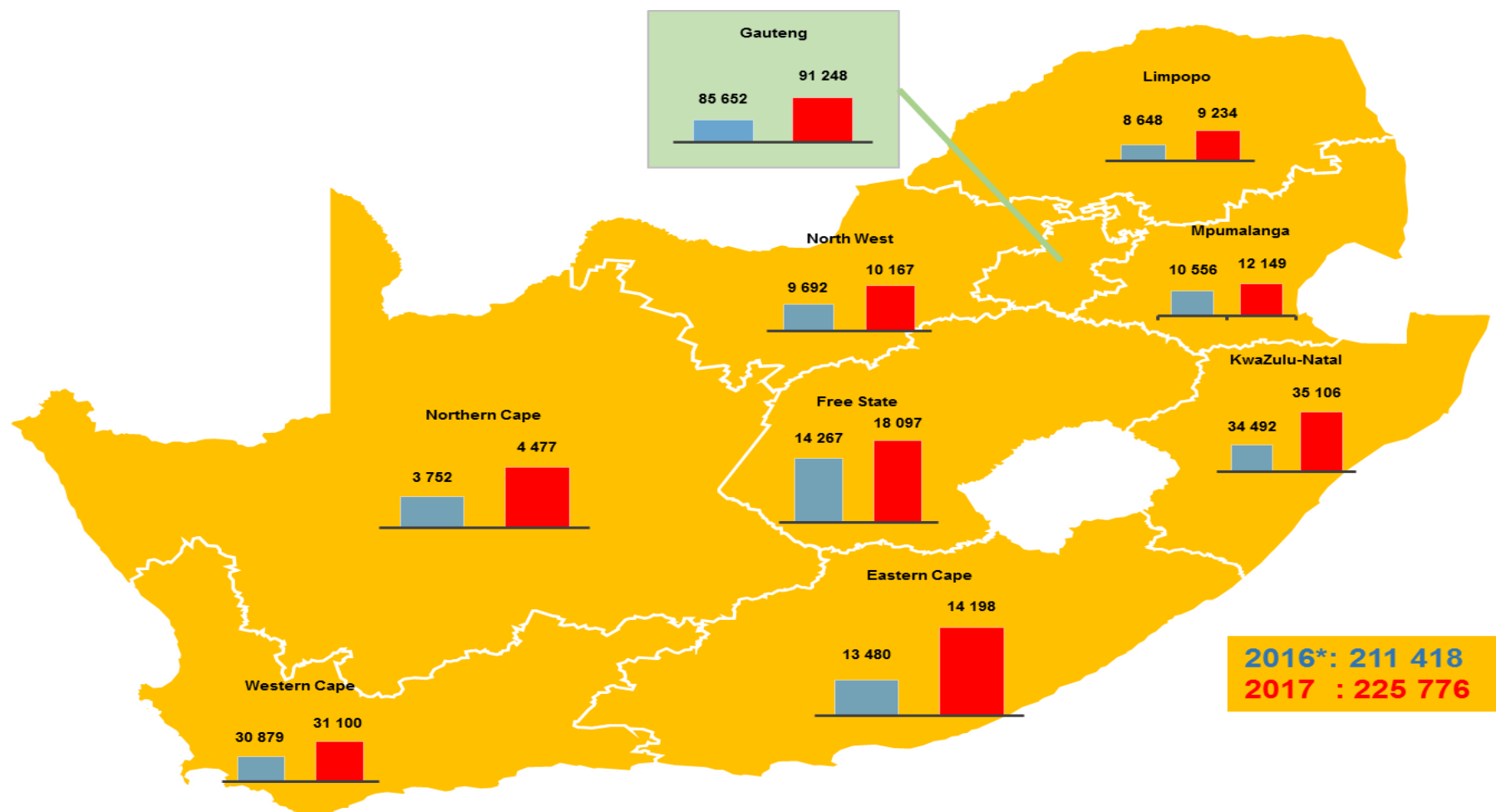
As depicted in Figure C above, in 2016 the largest contributor to municipal total operating expenditure of R311 267 million (total expenditure less deficit and rebates) was 'employee-related costs' (26,3%), followed by 'electricity purchases' (22,5%), 'depreciation and amortisation' (9,0%), 'other expenditure' (7,6%) (which consists of collection costs, loss on disposal of property, plant and equipment, impairment loss, etc.), 'bad debts' (6,8%), 'contracted services' (6,2%), 'general expenditure' (which consists of accommodation, travel and subsistence costs, audit fees, bank charges, consultancy and professional fees, fuel and oil, hiring of equipment, insurance costs, subscriptions and membership fees, telecommunication costs, etc.) and 'water purchases' (both 5,6%), 'repairs and maintenance' (4,5%), 'interest paid' (2,8%), 'grants and subsidies paid' (2,0%), and 'remuneration of councillors' (1,1%).

**Figure D: Municipal operating expenditure patterns as a percentage of the total expenditure for the year ended 30 June 2017**



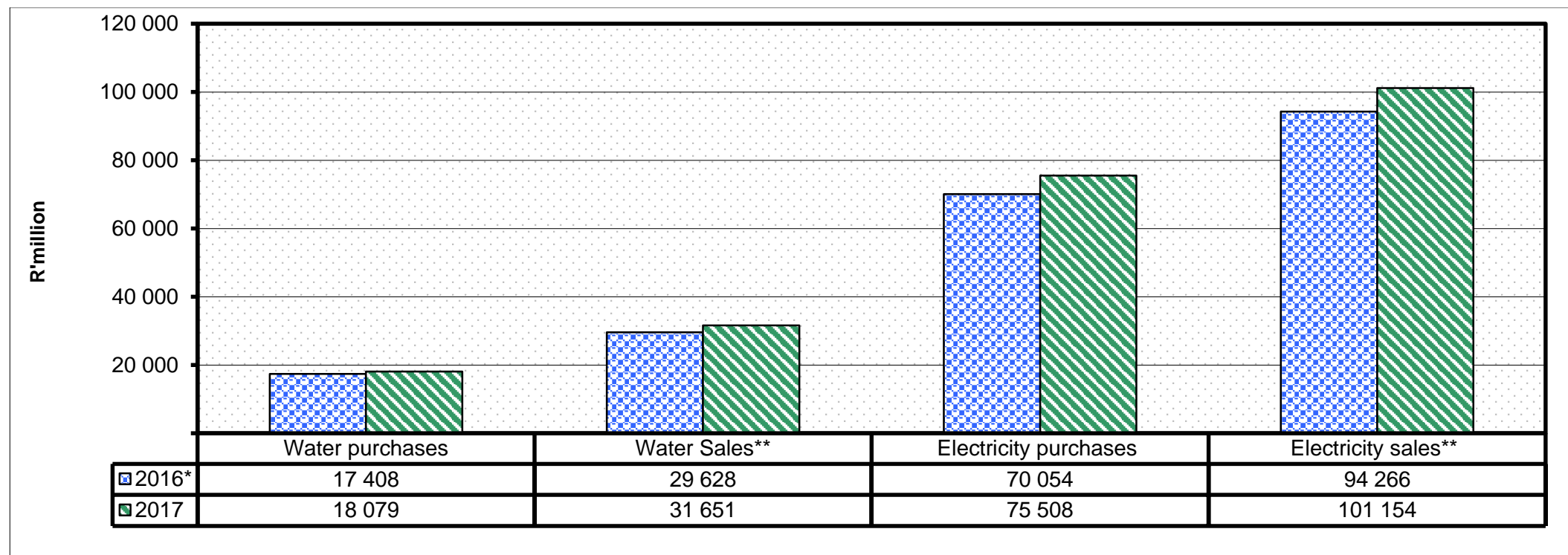
As depicted in Figure D above, in 2017 the largest contributor to municipal total operating expenditure of R331 287 million (total expenditure less deficit and rebates) was 'employee-related costs' (26,4%), followed by 'electricity purchases' (22,8%), 'depreciation and amortisation' (9,0%), 'bad debts' (7,4%), 'other expenditure' (7,3%) (which consists of collection costs, loss on disposal of property, plant and equipment, impairment loss, etc.), 'contracted services' (6,2%), 'water purchases' (5,5%), 'general expenditure' (5,3%) (which consists of accommodation, travel and subsistence costs, audit fees, bank charges, consultancy and professional fees, fuel and oil, hiring of equipment, insurance costs, subscriptions and membership fees, telecommunication costs, etc.), 'repairs and maintenance' (4,2%), 'interest paid' (2,9%), 'grants and subsidies paid' (1,9%), and 'remuneration of councillors' (1,1%).

Figure E: Municipal total liabilities per province as at 30 June 2016 and 30 June 2017



As at 30 June 2017, municipalities owed their lenders, suppliers and other creditors a combined amount of R225 776 million, 6,8% more than what they owed as at 30 June 2016. The provinces which showed the highest increases between 2016 and 2017 were Free State (26,8%), Northern Cape (19,3%), Mpumalanga (15,1%) and Limpopo (6,8%).

The provinces which had the lowest percentage increases between 2016 and 2017 were Western Cape (0,7%), KwaZulu-Natal (1,8%), North West (4,9%) and Eastern Cape (5,3%). The above municipal total liabilities exclude the net assets and outside shareholders' interest as outlined in part 1 of the statistical release.

**Figure F: Purchases and sales of water and electricity for the financial years ended 30 June 2016 and 30 June 2017**

\*Some figures have been revised.

\*\*Sales of water and electricity are net of rebates (income forgone) for these services.

Purchases of water increased from R17 408 million in 2016 to R18 079 million in 2017 (3,9%), while sales of water reflected an increase from R29 628 million to R31 651 million (6,8%) over the same period. Purchases of electricity increased

from R70 054 million in 2016 to R75 508 million in 2017 (7,8%), while sales of electricity reflected an increase from R94 266 million in 2016 to R101 154 million in 2017 (7,3%).

**Risenga Maluleke**  
Statistician-General



**Part 1: Consolidated statement of financial position of municipalities as at 30 June 2016 and 30 June 2017**

	2016*(a)	2017(b)	Difference <sup>1</sup>
	R'000	R'000	R'000
<b>Net assets and liabilities</b>			
<b>Net assets</b>			
Housing development fund	1 038 957	1 032 469	-6 488
Capital replacement reserve	2 910 341	3 858 806	948 465
Capitalisation reserve	102 951	38 657	-64 294
Government grant reserve	9 428 541	8 427 478	-1 001 063
Donations and public contributions reserve	357 773	394 000	36 227
Self-insurance reserve	738 392	724 123	-14 269
Revaluation reserve	13 431 937	19 641 344	6 209 407
COID <sup>2</sup> reserve	124 045	132 352	8 307
Other reserves	768 889	773 291	4 402
Retained surplus/(accumulated deficit)	508 002 565	529 440 093	21 437 528
Outside shareholders' interest	399 798	452 765	52 967
<b>Non-current liabilities</b>			
<b>Marketable loan stock and bonds</b>			
<b>Domestic loan stock held by:</b>			
Other local government institutions	0	0	0
Public financial corporations	0	0	0
Public non-financial corporations	0	0	0
Other (includes public/private companies, individuals, etc.)	135 525	134 110	-1 415
<b>Bonds held by:</b>			
Other local government institutions	0	0	0
Public financial corporations	1 965 963	1 883 171	-82 792
Public non-financial corporations	0	0	0
Other (includes public/private companies, individuals, etc.)	16 866 703	16 435 496	-431 207
<b>Long-term loans from:</b>			
National government	0	0	0
Provincial government	0	0	0
Local government institutions	0	0	0
Development Bank of Southern Africa (DBSA)	20 846 817	22 683 823	1 837 006
Local authorities loans fund	0	0	0
Public financial corporations	873 283	986 723	113 440
Public non-financial corporations	0	0	0
Banks	11 103 655	11 646 714	543 059
Insurers	0	0	0
Pension funds	0	0	0
Other domestic sources (including INCA <sup>3</sup> )	8 341 392	7 366 622	-974 770
Long-term leases	748 886	901 545	152 659
Non-current provisions	17 316 741	18 291 627	974 886
Retirement benefit obligations	20 540 555	20 649 844	109 289
Other long-term payables (excluding loans)	0	2 493 344	2 493 344

<sup>1</sup>Difference (b-a).<sup>2</sup>COID – Compensation Commissioner for Occupational Injuries and Diseases.<sup>3</sup>INCA – Infrastructure Finance Corporation Ltd.

\*Some figures have been revised.

**Part 1: Consolidated statement of financial position of municipalities as at 30 June 2016\* and 30 June 2017  
(continued)**

	2016*(a)	2017(b)	Difference <sup>1</sup>
	R'000	R'000	R'000
<b>Net assets and liabilities</b>			
<b>Current liabilities</b>			
<b>Short-term loans from:</b>			
National government	0	0	0
Provincial government	0	0	0
Local government institutions	5 719	3 000	-2 719
Development Bank of Southern Africa (DBSA)	2 140 353	1 876 320	-264 033
Local authorities loans fund	0	0	0
Public financial corporations	0	0	0
Public non-financial corporations	0	0	0
Banks	1 549 500	1 557 944	8 444
Insurers	0	0	0
Pension funds	0	0	0
Other domestic sources (including INCA <sup>3</sup> )	1 125 675	2 093 927	968 252
Short-term leases	608 970	577 873	-31 097
Current provisions	4 564 180	4 650 201	86 021
Retirement benefit obligations	1 384 058	1 379 194	-4 864
Unspent conditional grants	6 900 901	6 549 043	-351 858
VAT <sup>4</sup> payable	1 708 667	2 937 382	1 228 715
Bank overdraft	1 061 578	799 923	-261 655
<b>Creditors:</b>			
Trade creditors	48 543 352	55 312 563	6 769 211
Consumer deposits	6 211 639	6 690 044	478 405
Income received in advance	5 349 174	5 607 982	258 808
Other creditors	27 141 312	29 413 009	2 271 697
Liabilities not reflected elsewhere <sup>5</sup>	4 382 505	2 854 948	-1 527 557
<b>Total net assets and liabilities</b>	<b>748 721 292</b>	<b>790 691 750</b>	<b>41 970 458</b>

<sup>1</sup>Difference (b-a).

<sup>3</sup>INCA – Infrastructure Finance Corporation Ltd.

<sup>4</sup>VAT – Value added tax.

<sup>5</sup>Includes suspense accounts and liabilities not separately listed on the questionnaire.

\*Some figures have been revised.

**Part 1: Consolidated statement of financial position of municipalities as at 30 June 2016\* and 30 June 2017  
(continued)**

	2016*(a)	2017(b)	Difference <sup>1</sup>
	R'000	R'000	R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment (PPE) (net carrying value)	589 713 603	625 441 885	35 728 282
Investment property	24 525 035	26 116 832	1 591 797
Intangible assets	3 865 633	4 003 710	138 077
Biological (cultivated) assets	249 398	244 090	-5 308
<b>Investments in marketable securities:</b>			
Municipal stock/shares	2 598	2 590	-8
<b>Other marketable stock/shares:</b>			
Government stock	75 385	84 241	8 856
Treasury bills	0	0	0
Other local government institutions' stock	0	0	0
Public financial corporations' stock	0	0	0
Public non-financial corporations' stock	0	0	0
Companies' shares	20 018	20 002	-16
Investments in non-marketable instruments of spheres of government, government institutions and elsewhere	1 196 076	1 102 436	-93 640
<b>Long-term receivables, loans, deposits, and investments</b>			
<b>Long-term receivables:</b>			
Car loans	177	244	67
Housing selling scheme loans	80 506	122 786	42 280
Sewerage connection loans	0	0	0
Electricity appliance purchase scheme	598	145	-453
Other (including local government institutions)	445 230	436 773	-8 457
<b>Long-term loans to:</b>			
Other local government institutions	0	0	0
Public financial corporations	0	0	0
Public non-financial corporations	0	0	0
Other companies/institutions	0	0	0
<b>Long-term deposits and investments with:</b>			
Banks	4 139 516	2 631 631	-1 507 885
Public financial corporations	0	0	0
Public non-financial corporations	57 083	53 077	-4 006
Other	4 688 171	5 660 308	972 137
<b>Current assets</b>			
Inventory	6 160 366	7 022 047	861 681

<sup>1</sup>Difference (b-a).

\*Some figures have been revised.

**Part 1: Consolidated statement of financial position of municipalities as at 30 June 2016\* and 30 June 2017 (concluded)**

	2016*(a)	2017(b)	Difference <sup>1</sup>
<b>Assets</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Short-term loans, deposits and investments</b>			
<b>Short-term loans to:</b>			
Other local government institutions	0	0	0
Public financial corporations	0	0	0
Public non-financial corporations	0	0	0
Other companies/institutions	47	25	-22
<b>Short-term deposits and investments with:</b>			
Banks	31 721 665	30 966 211	-755 454
Public financial corporations	0	0	0
Public non-financial corporations	17 385	16 115	-1 270
Other	2 532 535	2 065 378	-467 157
<b>Debtors:</b>			
Consumer debtors	36 520 397	42 196 751	5 676 354
Other debtors (including short-term portion of long-term receivables)	18 653 232	18 907 421	254 189
VAT <sup>4</sup> receivable	4 041 603	5 448 424	1 406 821
Pre-paid expenses	280 446	724 175	443 729
Petty cash and bank	18 364 283	15 598 741	-2 765 542
Assets not reflected elsewhere <sup>6</sup>	1 370 306	1 825 712	455 406
<b>Total assets</b>	<b>748 721 292</b>	<b>790 691 750</b>	<b>41 970 458</b>

<sup>1</sup>Difference (b-a).

<sup>4</sup> VAT – Value added tax.

<sup>6</sup>Includes suspense accounts and assets not separately listed on the questionnaire.

\*Some figures have been revised.

**Part 2: The consolidated analysis statement of property, plant and equipment, and other assets as at 30 June 2017**

	Carrying value (at the beginning of the year)	Additions (during the year)	Under construction (during the year)	Revaluations (during the year)	Less: Depreciation and amortisation (during the year)	Less: Impairment loss (during the year)	Less: Disposals (during the year)	Add: Accumulated depreciation (disposed assets during the year)	Carrying value (at the end of the year)
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Land and buildings</b>	<b>80 393 553</b>	<b>2 208 641</b>	<b>413 768</b>	<b>-40 642</b>	<b>1 718 748</b>	<b>162 255</b>	<b>195 080</b>	<b>21 092</b>	<b>80 920 329</b>
Land	37 538 353	467 114	0	-267 107	0	123 062	128 580	0	37 486 718
Buildings	42 855 200	1 741 527	413 768	226 465	1 718 748	39 193	66 500	21 092	43 433 611
<b>Infrastructure assets</b>	<b>408 750 227</b>	<b>21 129 888</b>	<b>26 644 304</b>	<b>8 856 684</b>	<b>19 338 155</b>	<b>254 582</b>	<b>930 641</b>	<b>340 863</b>	<b>445 198 588</b>
Drains	1 994 793	87 636	16 707	27 725	102 100	173	410	410	2 024 588
Roads	51 603 526	2 651 310	809 611	5 206 167	3 685 525	35 668	110 981	45 666	56 484 106
Beach empowerments	71 196	7 492	0	0	2 495	0	0	0	76 193
Sewerage mains and purifications	21 182 554	1 377 890	231 073	-207 856	948 294	5 782	7 334	8 738	21 630 989
Electricity generation	1 536 452	51 744	5 115	0	62 517	2 189	236	254 782	1 783 151
Electricity mains	18 129 628	832 869	325 955	2 474 883	861 785	7 819	44 074	13 116	20 862 773
Electricity peak loads equipment	6 854 286	762 085	0	0	224 769	4 390	1 145	0	7 386 067
Water purification	4 563 853	400 832	134 676	0	240 650	937	400	123	4 857 497
Reservoirs-water	1 562 736	123 546	5 397	0	63 310	6	29	407	1 628 741
Water meters	517 284	32 231	57 485	0	44 428	146	1 572	175	561 029
Water mains	26 127 281	913 437	213 610	331 612	1 220 101	8 507	16 172	11 710	26 352 870
Other	274 606 638	13 888 816	24 844 675	1 024 153	11 882 181	188 965	748 288	5 736	301 550 584
<b>Community assets</b>	<b>42 095 945</b>	<b>1 246 446</b>	<b>901 090</b>	<b>1 245 357</b>	<b>2 089 343</b>	<b>59 717</b>	<b>60 612</b>	<b>1 052</b>	<b>43 280 218</b>
Parks and gardens	871 057	81 379	7 401	131 400	39 449	199	64	53	1 051 578
Libraries	432 142	42 242	1 752	1 457	24 388	18	33	1	453 155
Recreation facilities	8 619 811	134 163	45 495	603 672	437 353	6 193	7 641	407	8 952 361
Civic buildings	3 536 159	306 435	48 744	465 548	233 339	743	1 861	290	4 121 233
Other	28 636 776	682 227	797 698	43 280	1 354 814	52 564	51 013	301	28 701 891
<b>Heritage assets</b>	<b>5 792 893</b>	<b>24 538</b>	<b>0</b>	<b>-49 980</b>	<b>1 509</b>	<b>7 016</b>	<b>79</b>	<b>0</b>	<b>5 758 847</b>
Historical buildings	3 513 902	717	0	0	157	0	14	0	3 514 448
Paintings and art galleries	1 055 309	9 349	0	0	0	0	33	0	1 064 625
Other	1 223 682	14 472	0	-49 980	1 352	7 016	32	0	1 179 774

**Part 2: The consolidated analysis statement of property, plant and equipment, and other assets as at 30 June 2017 (concluded)**

	Carrying value (beginning of the year)	Additions (during the year)	Under construction (during the year)	Revaluations (during the year)	Less: Depreciation and amortisation (during the year)	Less: Impairment loss (during the year)	Less: Disposals (during the year)	Add: Accumulated depreciation (disposed assets during the year)	Carrying value (end of the year)
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Housing assets</b>	<b>3 689 793</b>	<b>130 165</b>	<b>30 970</b>	<b>70 877</b>	<b>119 643</b>	<b>0</b>	<b>40 404</b>	<b>7 010</b>	<b>3 768 768</b>
Housing rental stock	2 196 102	62 796	0	0	71 949	0	24 153	0	2 162 796
Other	1 493 691	67 369	30 970	70 877	47 694	0	16 251	7 010	1 605 972
<b>Leased assets</b>	<b>906 398</b>	<b>655 986</b>	<b>0</b>	<b>0</b>	<b>289 401</b>	<b>307</b>	<b>20 995</b>	<b>5 708</b>	<b>1 257 389</b>
<b>Other assets</b>	<b>43 228 003</b>	<b>6 596 414</b>	<b>1 181 411</b>	<b>266 640</b>	<b>5 335 511</b>	<b>249 671</b>	<b>578 544</b>	<b>149 004</b>	<b>45 257 746</b>
Landfill sites	1 970 613	39 915	2 753	8 996	212 093	7 369	55 117	149	1 747 847
Office equipment	638 451	204 005	0	1 142	237 751	419	12 557	3 414	596 285
Furniture and fittings	1 094 184	237 645	513	5 121	295 534	2 495	28 032	19 242	1 030 644
Bins and containers	118 401	36 819	0	0	14 865	0	20 645	95	119 805
Emergency equipment	81 364	25 761	1 539	0	16 088	23	1 308	1 392	92 637
Motor vehicles	4 486 816	776 990	10 819	32	787 744	6 199	107 280	42 481	4 415 915
Fire engines	67 164	5 467	0	0	5 826	466	381	156	66 114
Refuse tankers	33 241	18 956	0	0	3 945	335	0	0	47 917
Computer equipment	1 397 275	390 212	0	1 236	464 102	3 216	47 699	37 982	1 311 688
Councillors' regalia	0	0	0	0	0	0	0	0	0
Conservancy tankers	0	0	0	0	0	0	0	0	0
Water crafts	297	0	0	0	43	0	0	0	254
Plant and other equipment	18 501 289	1 721 333	42 021	2 142	1 150 905	7 868	174 957	13 688	18 946 743
Other	14 838 908	3 139 311	1 123 766	247 971	2 146 615	221 281	130 568	30 405	16 881 897
<b>TOTAL PPE</b>	<b>584 856 812</b>	<b>31 992 078</b>	<b>29 171 543</b>	<b>10 348 936</b>	<b>28 892 310</b>	<b>733 548</b>	<b>1 826 355</b>	<b>524 729</b>	<b>625 441 885</b>
<b>Investment property</b>	<b>25 106 359</b>	<b>1 099 499</b>	<b>0</b>	<b>404 399</b>	<b>79 515</b>	<b>8 781</b>	<b>405 503</b>	<b>374</b>	<b>26 116 832</b>
<b>Intangible assets</b>	<b>3 524 211</b>	<b>1 303 899</b>	<b>43 260</b>	<b>93</b>	<b>864 713</b>	<b>1 056</b>	<b>2 335</b>	<b>351</b>	<b>4 003 710</b>
<b>Biological (cultivated) assets</b>	<b>246 124</b>	<b>1 436</b>	<b>0</b>	<b>795</b>	<b>1 378</b>	<b>0</b>	<b>2 887</b>	<b>0</b>	<b>244 090</b>
<b>TOTAL</b>	<b>613 733 506</b>	<b>34 396 912</b>	<b>29 214 803</b>	<b>10 754 223</b>	<b>29 837 916</b>	<b>743 385</b>	<b>2 237 080</b>	<b>525 454</b>	<b>655 806 517</b>

**Part 3: Consolidated statement of financial performance of municipalities for the years ended 30 June 2016 and 30 June 2017: Expenditure**

Expenditure	Total rates and general services		Total housing and trading services		Grand total		Difference <sup>1</sup>
	2016*	2017	2016*	2017	2016*(a)	2017(b)	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee-related costs	52 702 215	56 383 069	29 299 790	31 151 103	82 002 005	87 534 172	5 532 167
Remuneration of board of directors/councillors	3 504 765	3 593 555	0	0	3 504 765	3 593 555	88 790
Interest paid	5 407 856	5 516 004	3 162 564	4 151 694	8 570 420	9 667 698	1 097 278
Loss on disposal of property, plant and equipment	703 444	896 996	50 731	410 859	754 175	1 307 855	553 680
Bad debts	13 492 001	11 300 358	7 556 227	13 060 720	21 048 228	24 361 078	3 312 850
Contracted services	9 376 182	9 591 705	9 794 623	10 926 372	19 170 805	20 518 077	1 347 272
Collection costs	726 392	629 905	140 005	31 604	866 397	661 509	-204 888
Depreciation and amortisation	12 859 882	13 122 470	15 205 072	16 715 446	28 064 954	29 837 916	1 772 962
Impairment loss (PPE)	900 779	553 209	94 182	190 176	994 961	743 385	-251 576
Repairs and maintenance	4 007 818	3 487 814	9 900 524	10 571 167	13 908 342	14 058 981	150 639
<b>Bulk purchases:</b>							
Purchases of water	0	0	17 408 042	18 079 039	17 408 042	18 079 039	670 997
Purchases of electricity	0	0	70 054 108	75 507 581	70 054 108	75 507 581	5 453 473
Other (e.g. sewer purification etc.)	0	0	300 780	57 225	300 780	57 225	-243 555
<b>Grants and subsidies paid to:</b>							
Other local government institutions	429 246	370 355	51 191	20 869	480 437	391 224	-89 213
Tertiary institutions of higher learning	37 810	106 640	0	0	37 810	106 640	68 830
Households or individuals	963 656	990 594	1 729 102	2 073 058	2 692 758	3 063 652	370 894
Non-profit institutions serving households	5 592	4 321	0	447	5 592	4 768	-824
Other	2 058 347	1 772 822	967 132	848 223	3 025 479	2 621 045	-404 434
<b>General expenditure:</b>							
Accommodation, travelling and subsistence	757 271	734 836	108 581	96 981	865 852	831 817	-34 035
Advertising, promotions and marketing	983 114	630 341	133 566	202 282	1 116 680	832 623	-284 057
Audit fees	1 114 691	1 114 252	24 232	37 407	1 138 923	1 151 659	12 736
Bank charges	306 001	407 171	18 332	8 038	324 333	415 209	90 876
Cleaning services	119 115	135 389	131 845	127 762	250 960	263 151	12 191
Consultancy and professional fees	1 890 527	2 411 832	511 535	209 367	2 402 062	2 621 199	219 137
Entertainment costs	106 169	97 676	7 564	6 545	113 733	104 221	-9 512
Fuel and oil	735 106	991 141	780 573	632 388	1 515 679	1 623 529	107 850

<sup>1</sup>Difference (b-a).

\*Some figures have been revised.

**Part 3: Consolidated statement of financial performance of municipalities for the years ended 30 June 2016 and 30 June 2017: Expenditure (concluded)**

Expenditure	Total rates and general services		Total housing and trading services		Grand total		Difference <sup>1</sup>
	2016*	2017	2016*	2017	2016*(a)	2017(b)	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Hiring of plant and equipment	627 020	558 164	214 889	362 103	841 909	920 267	78 358
Insurance costs	793 200	880 494	125 910	122 415	919 110	1 002 909	83 799
Pharmaceutical	120 677	165 132	4 227	2 644	124 904	167 776	42 872
Postal and courier services	248 488	274 500	7 385	9 596	255 873	284 096	28 223
Printing and stationery	605 391	576 204	89 513	80 129	694 904	656 333	-38 571
Rebates for property rates	3 574 292	3 681 518	0	0	3 574 292	3 681 518	107 226
Rebates for service charges	0	0	1 244 537	951 570	1 244 537	951 570	-292 967
Rental of land, buildings and other structures	1 500 518	1 352 898	105 854	104 056	1 606 372	1 456 954	-149 418
Rental of office equipment	380 733	364 419	25 563	52 802	406 296	417 221	10 925
Security services	1 216 256	1 532 494	531 076	301 243	1 747 332	1 833 737	86 405
Subscriptions and membership fees	516 272	433 970	10 542	5 409	526 814	439 379	-87 435
Telecommunication services	1 305 169	1 333 849	163 207	75 306	1 468 376	1 409 155	-59 221
Training and education	737 658	773 475	118 361	68 678	856 019	842 153	-13 866
Transport costs	191 404	240 959	140 616	97 720	332 020	338 679	6 659
Other expenditure	11 597 201	13 322 449	8 993 565	8 143 532	20 590 766	21 465 981	875 215
Taxation	5 279	76 651	272 475	17 394	277 754	94 045	-183 709
Surplus	51 058 587	55 236 985	32 034 711	33 527 413	83 093 298	88 764 398	5 671 100
<b>Total expenditure</b>	<b>187 666 124</b>	<b>195 646 616</b>	<b>211 512 732</b>	<b>229 038 363</b>	<b>399 178 856</b>	<b>424 684 979</b>	<b>25 506 123</b>

<sup>1</sup>Difference (b-a).

\*Some figures have been revised.



**Part 3: Consolidated statement of financial performance of municipalities for the years ended 30 June 2016 and 30 June 2017: Income**

	Total rates and general services		Total housing and trading services		Grand total		Difference <sup>1</sup>
	2016*	2017	2016*	2017	2016*(a)	2017(b)	
Income	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Property rates from:</b>							
Residential	26 443 025	28 452 034	0	0	26 443 025	28 452 034	2 009 009
Commercial or business	15 424 344	15 704 003	0	0	15 424 344	15 704 003	279 659
State	2 093 769	2 381 984	0	0	2 093 769	2 381 984	288 215
Other (includes agricultural, municipal, etc.)	7 963 301	9 201 810	0	0	7 963 301	9 201 810	1 238 509
Property rates – penalties imposed and collection charges	367 079	393 125	0	0	367 079	393 125	26 046
<b>Service charges:</b>							
Sales of water	0	0	29 906 268	31 908 596	29 906 268	31 908 596	2 002 328
Sales of electricity	0	0	94 919 580	101 458 074	94 919 580	101 458 074	6 538 494
Refuse removal charges	0	0	9 054 696	9 921 883	9 054 696	9 921 883	867 187
Sewerage and sanitation charges	0	0	11 784 416	12 691 126	11 784 416	12 691 126	906 710
Other service charges (e.g. fresh produce market etc.)	0	0	1 878 313	1 870 870	1 878 313	1 870 870	-7 443
<b>Interest earned from:</b>							
External investments	4 220 137	4 582 036	423 836	106 859	4 643 973	4 688 895	44 922
Outstanding debtors	3 181 450	3 967 639	1 517 903	1 470 493	4 699 353	5 438 132	738 779
Dividends received	711	1 906	150	2 312	861	4 218	3 357
Fines	5 039 777	4 609 996	35 291	96 173	5 075 068	4 706 169	-368 899
Licences and permits	464 979	357 907	242 527	386 553	707 506	744 460	36 954
Income for agency services	622 438	661 769	771 390	783 207	1 393 828	1 444 976	51 148
Rental of facilities and equipment	1 030 854	1 043 893	937 447	1 065 199	1 968 301	2 109 092	140 791
Bad debts recovered	64 948	11 800	0	0	64 948	11 800	-53 148
Public contributions and donations (including PPE)	1 349 588	1 268 181	613 807	759 604	1 963 395	2 027 785	64 390
Gains on the disposal of property, plant and equipment	339 209	127 450	15 118	163 176	354 327	290 626	-63 701
<b>Grants and subsidies from:</b>							
National government	43 634 465	44 511 476	8 338 050	8 880 293	51 972 515	53 391 769	1 419 254
Provincial government	342 439	292 813	90 710	129 778	433 149	422 591	-10 558
Local government	1 728	3 162	0	11 341	1 728	14 503	12 775
Other	44 000	59 380	138 389	241 334	182 389	300 714	118 325
Spent conditional grants	25 664 711	23 491 482	24 874 356	25 615 257	50 539 067	49 106 739	-1 432 328

<sup>1</sup>Difference (b-a).

\*Some figures have been revised.

**Part 3: Consolidated statement of financial performance of municipalities for the years ended 30 June 2016 and 30 June 2017: Income (concluded)**

Income	Total rates and general services		Total housing and trading services		Grand total		Difference <sup>1</sup>
	2016*	2017	2016*	2017	2016*(a)	2017(b)	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other income	10 378 956	12 099 955	3 354 465	5 249 687	13 733 421	17 349 642	3 616 221
Deficit	38 994 216	42 422 815	22 616 020	26 226 548	61 610 236	68 649 363	7 039 127
<b>Total income</b>	<b>187 666 124</b>	<b>195 646 616</b>	<b>211 512 732</b>	<b>229 038 363</b>	<b>399 178 856</b>	<b>424 684 979</b>	<b>25 506 123</b>

<sup>1</sup>Difference (b-a).

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:**  
**Expenditure**

Expenditure	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee-related costs	25 007 407	26 668 669	3 241 102	3 379 756	3 715 025	4 345 231	4 252 126	4 623 868	3 774 817	4 028 778
Remuneration of board of directors/councillors	3 504 765	3 593 555	0	0	0	0	0	0	0	0
Interest paid	5 106 722	5 288 932	67 430	64 774	70 300	68 722	15 360	17 734	48 109	32 591
Loss on disposal of property, plant and equipment	692 528	885 739	273	253	915	1 780	432	6 421	5 226	1 246
Bad debts	11 143 987	8 963 480	2 826	3 443	8 272	15 855	10 870	74 414	55 359	13 575
Contracted services	6 558 472	5 662 496	55 970	112 732	425 135	716 736	411 834	502 987	417 809	897 296
Collection costs	672 712	570 232	0	0	0	0	72	1 616	30	283
Depreciation and amortisation	10 427 593	10 201 808	97 481	186 976	1 007 377	1 062 591	378 184	814 625	369 345	329 966
Impairment loss (PPE)	886 173	550 735	36	0	3 235	855	138	607	5 853	6
Repairs and maintenance	2 777 814	2 294 909	35 029	34 985	355 626	339 983	266 995	207 284	160 515	90 487
<b>Grants and subsidies paid to:</b>										
Other local government institutions	246 254	192 728	31	355	0	0	4 913	11 634	156 232	159 666
Tertiary institutions of higher learning	37 321	41 138	0	0	0	0	489	0	0	65 502
Households or individuals	945 173	970 285	0	4 430	0	1 072	17 825	12 710	0	545
Non-profit institutions serving households	5 592	4 283	0	0	0	0	0	38	0	0
Other	1 227 377	1 268 299	34 844	24 741	75 090	135 366	233 817	56 600	277 425	236 276
<b>General expenditure:</b>										
Accommodation, travelling and subsistence	611 035	577 818	8 399	8 022	8 519	18 985	40 733	38 897	51 920	51 442
Advertising, promotions and marketing	890 293	529 654	1 375	890	8 555	3 710	20 381	22 948	56 478	68 114
Audit fees	1 112 798	1 108 464	0	0	163	172	33	36	1 006	2 487
Bank charges	295 509	405 526	0	0	230	371	272	9	846	540
Cleaning services	85 553	105 458	1 014	2 775	22 631	18 582	6 794	5 335	794	425
Consultancy and professional fees	1 758 610	2 240 555	1 341	57 131	11 131	4 229	35 153	14 819	69 881	64 682

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:  
Expenditure (continued)**

Expenditure	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Entertainment costs	94 097	89 953	794	120	506	108	4 276	3 865	2 934	1 919
Fuel and oil	447 185	689 441	8 881	8 967	54 797	75 512	32 865	22 415	10 640	7 267
Hiring of plant and equipment	576 575	497 185	2 211	972	5 754	9 226	14 493	20 924	3 592	12 158
Insurance costs	715 314	852 163	30 071	3 290	8 265	7 317	7 835	4 107	6 437	2 787
Pharmaceutical	249	939	120 010	162 332	329	508	14	470	0	50
Postal and courier services	234 195	254 079	2 232	1 663	51	805	1 139	3 455	861	2 547
Printing and stationery	457 469	455 000	15 164	19 346	11 319	7 514	25 056	28 438	25 503	28 480
Rebates for property rates	3 574 292	3 681 518	0	0	0	0	0	0	0	0
Rental of land, buildings and other structures	1 438 625	1 304 880	16 836	1 605	342	493	21 449	18 848	4 171	18 590
Rental of office equipment	347 534	297 634	1 061	6 044	3 858	2 933	3 184	26 152	19 266	21 112
Security services	376 957	1 170 155	45 316	29 331	159 726	106 209	94 725	94 872	9 478	32 035
Subscriptions and membership fees	508 385	402 225	1 079	2 904	1 818	6 722	1 355	8 473	1 786	4 750
Telecommunication services	1 200 747	1 262 287	12 237	8 541	14 354	9 016	29 154	15 066	16 461	11 563
Training and education	663 577	705 479	10 716	6 819	8 726	6 492	17 472	12 167	11 781	16 313
Transport costs	166 848	204 993	102	495	7 930	5 705	4 740	3 828	2 099	17 946
Other expenditure	7 201 253	8 747 311	361 451	338 599	751 132	926 522	842 710	689 235	979 696	1 063 821
Taxation	3 048	76 651	0	0	0	0	0	0	2 231	0
Surplus	48 560 456	52 782 039	24 512	13 966	61 666	9 208	204 786	204 551	696 141	878 782
<b>Total expenditure</b>	<b>140 560 494</b>	<b>145 598 695</b>	<b>4 199 824</b>	<b>4 486 257</b>	<b>6 802 777</b>	<b>7 908 530</b>	<b>7 001 674</b>	<b>7 569 448</b>	<b>7 244 722</b>	<b>8 164 027</b>

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:  
Expenditure (continued)**

Expenditure	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee-related costs	6 499 920	6 625 904	3 119 135	4 045 311	2 223 219	2 048 227	869 464	617 325
Remuneration of board of directors/councillors	0	0	0	0	0	0	0	0
Interest paid	13 375	17 706	11 607	11 270	4 500	4 620	70 453	9 655
Loss on disposal of property, plant and equipment	496	497	499	128	57	800	3 018	132
Bad debts	2 042 099	2 157 593	10 258	10 785	79 060	46 922	139 270	14 291
Contracted services	677 936	1 105 788	166 042	128 992	394 133	396 914	268 851	67 764
Collection costs	53 578	57 774	0	0	0	0	0	0
Depreciation and amortisation	138 060	139 454	124 168	80 724	98 683	95 809	218 991	210 517
Impairment loss (PPE)	3 895	250	346	488	1 103	268	0	0
Repairs and maintenance	91 812	115 642	65 461	135 985	64 748	144 671	189 818	123 868
<b>Grants and subsidies paid to:</b>								
Other local government institutions	0	0	8 601	504	1 552	1 935	11 663	3 533
Tertiary institutions of higher learning	0	0	0	0	0	0	0	0
Households or individuals	0	0	0	133	0	1 419	658	0
Non-profit institutions serving households	0	0	0	0	0	0	0	0
Other	3 009	13 658	27 073	28 734	7 277	4 485	172 435	4 663
<b>General expenditure:</b>								
Accommodation, travelling and subsistence	17 284	18 436	5 052	6 392	5 863	4 437	8 466	10 407
Advertising, promotions and marketing	1 710	2 041	1 571	509	1 484	1 611	1 267	864
Audit fees	394	1 453	64	267	0	0	233	1 373
Bank charges	8 881	66	0	37	79	73	184	549
Cleaning services	733	438	622	1 503	825	722	149	151
Consultancy and professional fees	4 120	4 229	1 507	2 267	6 111	7 697	2 673	16 223

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:  
Expenditure (concluded)**

Expenditure	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Entertainment costs	360	174	628	48	1 113	1 073	1 461	416
Fuel and oil	89 347	90 196	27 104	39 258	51 171	39 500	13 116	18 585
Hiring of plant and equipment	5 547	3 350	1 954	167	16 883	14 159	11	23
Insurance costs	8 279	2 526	4 925	4 022	5 238	586	6 836	3 696
Pharmaceutical	0	632	9	34	66	167	0	0
Postal and courier services	9 752	11 504	178	201	36	206	44	40
Printing and stationery	57 165	23 648	4 479	5 139	6 060	6 650	3 176	1 989
Rebates for property rates	0	0	0	0	0	0	0	0
Rental of land, buildings and other structures	12 046	1 377	2 964	3 630	4 085	3 420	0	55
Rental of office equipment	1 037	4 061	806	1 698	1 714	1 812	2 273	2 973
Security services	411 398	50 931	12 223	11 419	91 129	37 090	15 304	452
Subscriptions and membership fees	344	2 616	920	1 439	461	4 065	124	776
Telecommunication services	13 724	9 497	10 031	8 285	5 420	4 844	3 041	4 750
Training and education	10 521	7 288	4 641	7 657	9 284	8 463	940	2 797
Transport costs	4 942	3 116	3 567	3 329	214	124	962	1 423
Other expenditure	558 050	440 576	196 914	306 128	330 464	439 905	375 531	370 352
Taxation	0	0	0	0	0	0	0	0
Surplus	269 083	466 605	30 406	32 005	6 102	45 482	1 205 435	804 347
<b>Total expenditure</b>	<b>11 008 897</b>	<b>11 379 026</b>	<b>3 843 755</b>	<b>4 878 488</b>	<b>3 418 134</b>	<b>3 368 156</b>	<b>3 585 847</b>	<b>2 293 989</b>

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:**  
**Income**

Income	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Property rates from:</b>										
Residential	26 422 531	28 452 034	0	0	0	0	0	0	20 494	0
Commercial or business	15 412 099	15 704 003	0	0	0	0	0	0	12 245	0
State	2 079 630	2 381 984	0	0	0	0	0	0	14 139	0
Other (includes agricultural, municipal, etc.)	7 963 295	9 201 810	0	0	0	0	0	0	6	0
Property rates – penalties imposed and collection charges	367 079	393 125	0	0	0	0	0	0	0	0
<b>Interest earned from:</b>										
External investments	4 198 816	4 576 080	0	0	3 567	52	0	186	4 039	5 670
Outstanding debtors	3 179 620	3 964 291	52	25	1	0	448	123	73	1 175
Dividends received	711	1 906	0	0	0	0	0	0	0	0
Fines	617 955	337 911	371	440	2 141	613	26 437	36 844	2 953	2 621
Licences and permits	116 876	103 814	2 197	1 997	2 631	750	31 143	28 681	9 920	10 507
Income for agency services	274 696	547 620	27 206	0	0	0	5 188	14 817	15 932	15 927
Rental of facilities and equipment	734 664	712 351	1 505	1 725	169 425	182 984	74 665	82 475	38 131	39 125
Bad debts recovered	64 948	11 800	0	0	0	0	0	0	0	0
Public contributions and donations (including PPE)	1 176 334	936 898	839	964	4 033	8 339	18 293	29 555	103 993	282 340
Gains on the disposal of property, plant and equipment	328 718	109 236	116	171	1 003	1 569	2 127	7 665	6 311	6 143

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:  
Income (continued)**

Income	Finance, administration, executive and council		Health services		Sport and recreation		Community and social services		Planning and development	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Grants and subsidies from:</b>										
National government	41 246 482	43 203 417	151 324	25 989	93 585	154 394	659 236	412 354	745 115	377 419
Provincial government	112 216	101 759	139 196	116 877	1 444	1 000	89 234	70 063	0	3 114
Local government	1 728	2 001	0	0	0	0	0	1 161	0	0
Other	360	27 445	11 717	0	49	203	18 007	2 771	12 700	28 961
Spent conditional grants	21 225 209	19 231 959	914 632	859 773	126 576	154 929	439 349	531 709	830 714	1 265 298
Other income	8 979 605	10 221 210	17 648	51 509	190 622	230 705	147 143	189 299	654 635	986 658
Deficit	6 056 922	5 376 041	2 933 021	3 426 787	6 207 700	7 172 992	5 490 404	6 161 745	4 773 322	5 139 069
<b>Total income</b>	<b>140 560 494</b>	<b>145 598 695</b>	<b>4 199 824</b>	<b>4 486 257</b>	<b>6 802 777</b>	<b>7 908 530</b>	<b>7 001 674</b>	<b>7 569 448</b>	<b>7 244 722</b>	<b>8 164 027</b>

\*Some figures have been revised.



**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:  
Income (continued)**

Income	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Property rates from:</b>								
Residential	0	0	0	0	0	0	0	0
Commercial or business	0	0	0	0	0	0	0	0
State	0	0	0	0	0	0	0	0
Other (includes agricultural, municipal, etc.)	0	0	0	0	0	0	0	0
Property rates – penalties imposed and collection charges	0	0	0	0	0	0	0	0
<b>Interest earned from:</b>								
External investments	12	7	0	0	0	0	13 703	41
Outstanding debtors	21	0	1 149	1 324	86	459	0	242
Dividends received	0	0	0	0	0	0	0	0
Fines	4 225 737	4 077 691	4 013	100	160 170	153 776	0	0
Licences and permits	289 199	189 807	443	435	9 032	21 888	3 538	28
Income for agency services	292 453	75 284	2 608	0	4 355	8 121	0	0
Rental of facilities and equipment	1 443	686	522	574	1 528	14 724	8 971	9 249
Bad debts recovered	0	0	0	0	0	0	0	0
Public contributions and donations (including PPE)	1 721	4 396	0	910	3 280	4 779	41 095	0
Gains on the disposal of property, plant and equipment	93	49	161	588	28	580	652	1 449

\*Some figures have been revised.

**Part 4: Consolidated statement of financial performance of municipalities for rates and general services for the years ended 30 June 2016 and 30 June 2017:  
Income (concluded)**

Income	Traffic control		Fire protection		Other public order and safety		Other rates and general services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Grants and subsidies from:</b>								
National government	45 418	65 304	111 957	98 744	80 330	46 167	501 018	127 688
Provincial government	0	0	0	0	0	0	349	0
Local government	0	0	0	0	0	0	0	0
Other	0	0	0	0	1 167	0	0	0
Spent conditional grants	33 582	21 096	136 744	137 638	273 005	189 853	1 684 900	1 099 227
Other income	175 113	138 951	153 673	110 377	38 226	36 135	22 291	135 111
Deficit	5 944 105	6 805 755	3 432 485	4 527 798	2 846 927	2 891 674	1 309 330	920 954
<b>Total income</b>	<b>11 008 897</b>	<b>11 379 026</b>	<b>3 843 755</b>	<b>4 878 488</b>	<b>3 418 134</b>	<b>3 368 156</b>	<b>3 585 847</b>	<b>2 293 989</b>

\*Some figures have been revised.

**Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017:**  
**Expenditure**

Expenditure	Housing		Environmental protection		Waste management (solid waste)		Waste water management (sewerage and sanitation)	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee-related costs	1 330 670	1 413 166	1 259 585	878 631	5 665 545	5 843 437	2 327 407	2 938 740
Interest paid	357 026	197 244	2 778	2 746	326 698	324 494	301 824	485 030
Loss on disposal of property, plant and equipment	11 703	21 731	275	3 106	9 767	3 504	370	661
Bad debts	538 429	538 316	47 890	31 044	490 558	858 179	752 183	686 676
Contracted services	676 713	858 180	222 281	104 149	2 489 520	2 364 508	651 551	1 097 652
Collection costs	9 144	9 026	17	0	8	147	8	298
Depreciation and amortisation	624 105	769 115	87 408	26 170	660 322	566 888	1 505 652	1 759 628
Impairment loss (PPE)	8 066	143 728	0	8	862	936	5 895	15 770
Repairs and maintenance	337 839	156 219	33 535	22 548	444 284	463 223	972 956	917 285
<b>Bulk purchases:</b>								
Purchases of water	0	0	0	0	0	0	0	0
Purchases of electricity	0	0	0	0	0	0	0	0
Other bulk purchases	0	0	0	0	4 995	1 830	286 510	55 395
<b>Grants and subsidies paid to:</b>								
Other local government institutions	0	0	1 197	0	0	0	0	0
Tertiary institutions of higher learning	0	0	0	0	0	0	0	0
Households or individuals	158 153	221 424	0	0	300 949	201 675	234 835	211 437
Non-profit institutions serving households	0	0	0	332	0	0	0	0
Other	392 926	450 952	3 427	569	2 129	10 489	74	56 216
<b>General expenditure:</b>								
Accommodation, travelling and subsistence	7 269	5 964	6 549	4 441	4 814	5 698	3 910	6 386
Advertising, promotions and marketing	4 091	3 389	787	277	4 518	2 702	481	796
Audit fees	55	6 873	0	0	2 002	2 948	1 198	1 083
Bank charges	136	119	0	3	50	29	214	46
Cleaning services	12 256	16 469	256	170	46 644	41 804	16 438	23 643
Consultancy and professional fees	24 414	50 198	6 847	2 912	39 677	30 682	13 213	11 098

\*Some figures have been revised.

**Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017:  
Expenditure (continued)**

Expenditure	Housing		Environmental protection		Waste management (solid waste)		Waste water management (sewerage and sanitation)	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Entertainment costs	365	194	275	5	327	401	380	627
Fuel and oil	8 014	8 201	19 929	6 717	247 768	130 800	44 656	40 046
Hiring of plant and equipment	2 915	4 161	1 180	1 326	33 323	43 563	35 881	29 271
Insurance costs	11 410	10 555	3 089	254	7 862	18 398	6 145	8 584
Pharmaceutical	5	10	0	17	5	162	1 518	884
Postal and courier services	600	3 854	45	49	199	219	295	681
Printing and stationery	7 914	9 934	2 053	2 557	6 176	5 107	2 460	4 108
Rebates for service charges	0	0	0	0	152 731	170 910	159 090	211 679
Rental of land, buildings and other structures	45 720	54 685	2 207	356	15 177	5 440	121	2 203
Rental of office equipment	510	928	50	93	9 077	10 986	1 215	2 346
Security services	56 730	69 799	19 685	10 543	125 906	26 200	30 720	33 926
Subscriptions and membership fees	687	746	386	268	420	717	296	467
Telecommunication services	9 365	9 705	3 895	3 536	7 962	4 899	3 448	7 055
Training and education	4 031	3 848	2 368	4 806	9 717	5 647	6 137	7 626
Transport costs	558	435	1 216	1 022	23 480	19 393	2 118	2 615
Other expenditure	1 258 007	709 222	196 504	95 661	933 555	1 255 030	602 317	761 356
Taxation	935	0	0	0	0	0	0	0
Surplus	2 878 607	1 371 525	14 664	4 197	1 893 266	2 532 850	7 554 477	8 441 467
<b>Total expenditure</b>	<b>8 779 368</b>	<b>7 119 915</b>	<b>1 940 378</b>	<b>1 208 513</b>	<b>13 960 293</b>	<b>14 953 895</b>	<b>15 525 993</b>	<b>17 822 781</b>

\*Some figures have been revised.

**Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017:  
Expenditure (continued)**

Expenditure	Road transport		Water		Electricity		Other trading services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Employee-related costs	5 266 926	5 733 231	6 554 845	6 913 668	6 185 239	6 602 733	709 573	827 497
Interest paid	380 581	406 157	714 938	648 703	963 856	1 993 237	114 863	94 083
Loss on disposal of property, plant and equipment	16 635	5 561	5 269	328 766	6 666	27 325	46	20 205
Bad debts	7 299	164 096	4 112 928	6 454 178	1 571 052	4 296 616	35 888	31 615
Contracted services	2 222 419	3 091 552	1 345 685	1 590 651	2 084 085	1 455 780	102 369	363 900
Collection costs	1 506	852	9	565	129 313	20 716	0	0
Depreciation and amortisation	6 256 283	7 390 591	2 797 899	2 825 022	2 892 616	3 007 488	380 787	370 544
Impairment loss (PPE)	5 120	8 662	63 395	3 607	10 481	14 738	363	2 727
Repairs and maintenance	2 561 713	3 383 251	2 087 968	2 237 323	3 375 889	3 274 143	86 340	117 175
<b>Bulk purchases:</b>								
Purchases of water	0	0	17 408 042	18 079 039	0	0	0	0
Purchases of electricity	0	0	0	0	70 054 108	75 507 581	0	0
Other bulk purchases	0	0	0	0	0	0	9 275	0
<b>Grants and subsidies paid to:</b>								
Other local government institutions	1 981	0	48 013	20 869	0	0	0	0
Tertiary institutions of higher learning	0	0	0	0	0	0	0	0
Households or individuals	390	22 688	592 336	947 362	442 330	468 472	109	0
Non-profit institutions serving households	0	0	0	0	0	0	0	115
Other	36 012	102 353	231 184	36 154	165 563	104 661	135 817	86 829
<b>General expenditure:</b>								
Accommodation, travelling and subsistence	25 403	19 347	34 435	33 077	21 824	10 791	4 377	11 277
Advertising, promotions and marketing	47 963	10 188	22 037	26 016	24 391	9 234	29 298	149 680
Audit fees	1 065	2 411	5 130	5 928	14 782	15 102	0	3 062
Bank charges	4 568	2 712	285	284	4 736	1 295	8 343	3 550
Cleaning services	28 266	26 524	6 651	5 319	5 117	4 785	16 217	9 048
Consultancy and professional fees	114 150	49 245	51 503	29 784	196 548	29 375	65 183	6 073

\*Some figures have been revised.

**Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017:  
Expenditure (concluded)**

Expenditure	Road transport		Water		Electricity		Other trading services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Entertainment costs	1 514	4 449	1 798	106	2 847	296	58	467
Fuel and oil	197 156	195 356	181 275	180 926	78 999	58 097	2 776	12 245
Hiring of plant and equipment	15 033	30 901	56 424	180 743	3 004	1 305	67 129	70 833
Insurance costs	34 585	29 395	11 260	5 005	47 348	46 310	4 211	3 914
Pharmaceutical	12	36	2 656	1 305	30	229	1	1
Postal and courier services	395	56	3 885	3 073	1 916	1 617	50	47
Printing and stationery	30 144	29 057	22 679	11 361	13 054	13 414	5 033	4 591
Rebates for service charges	0	0	278 346	257 293	654 006	304 275	364	7 413
Rental of land, buildings and other structures	7 051	10 063	24 688	13 129	1 693	11 416	9 197	6 764
Rental of office equipment	3 448	28 780	7 816	4 370	2 926	4 672	521	627
Security services	72 422	72 054	83 264	49 679	103 652	28 197	38 697	10 845
Subscriptions and membership fees	2 514	920	1 125	464	4 207	1 250	907	577
Telecommunication services	36 287	10 376	32 452	9 969	66 541	25 480	3 257	4 286
Training and education	20 482	8 394	32 512	28 906	37 043	6 833	6 071	2 618
Transport costs	18 783	32 992	35 088	28 844	51 659	10 499	7 714	1 920
Other expenditure	1 330 261	1 184 612	2 583 197	2 462 142	1 637 663	1 353 025	452 061	322 484
Taxation	0	0	0	0	218 831	0	52 709	17 394
Surplus	2 124 132	1 266 992	6 651 791	7 298 876	10 750 296	11 437 414	167 478	1 174 092
<b>Total expenditure</b>	<b>20 872 499</b>	<b>23 323 854</b>	<b>46 092 808</b>	<b>50 722 506</b>	<b>101 824 311</b>	<b>110 148 401</b>	<b>2 517 082</b>	<b>3 738 498</b>

\*Some figures have been revised.

**Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017:**  
**Income**

Income	Housing		Environmental protection		Waste management (solid waste)		Waste water management (sewerage and sanitation)	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Service charges:</b>								
Sales of water		0	0	0	0	0	0	0
Sales of electricity	0	0	0	0	0	0	0	0
Refuse removal charges	0	0	0	0	9 054 696	9 921 883	0	0
Sewerage and sanitation charges	0	0	0	0	0	0	11 784 416	12 691 126
Other service charges (e.g. fresh produce market etc.)	0	0	0	0	0	0	0	0
<b>Interest earned from:</b>								
External investments	18 408	19 187	29 395	31 315	0	0	0	0
Outstanding debtors	46 921	54 787	78	61	169 384	153 053	104 541	139 773
Dividends received	0	0	0	0	0	2 312	0	0
Fines	5	139	23	25	137	4 961	339	5 137
Licences and permits	486	523	1 444	6 927	216	3 584	0	0
Income for agency services	1 030	0	2 036	1 507	0	2 969	0	0
Rental of facilities and equipment	619 194	663 053	2 715	1 465	7 909	7 840	3 180	2 387
Bad debts recovered	0	0	0	0	0	0	0	0
Public contributions and donations (including PPE)	22 551	24 110	117	507	5 500	27 001	14 965	43 975
Gains on the disposal of property, plant and equipment	4 566	156 000	51	10	3 160	69	64	484
<b>Grants and subsidies from:</b>								
National government	372 826	818 973	59 824	52 883	985 850	841 071	1 398 860	1 783 993
Provincial government	77 239	118 617	123	0	0	0	0	6 100
Local government	0	0	0	0	0	4 147	0	362
Other	108 052	0	2 816	178	0	17 014	2 782	1 924
Spent conditional grants	6 210 028	4 346 541	42 775	62 307	1 145 156	1 230 836	1 528 867	1 847 970
Other income	91 463	123 150	90 053	59 779	439 228	398 655	222 559	619 190
Deficit	1 206 599	794 835	1 708 928	991 549	2 149 057	2 338 500	465 420	680 360
<b>Total income</b>	<b>8 779 368</b>	<b>7 119 915</b>	<b>1 940 378</b>	<b>1 208 513</b>	<b>13 960 293</b>	<b>14 953 895</b>	<b>15 525 993</b>	<b>17 822 781</b>

\*Some figures have been revised.

**Part 5: Consolidated statement of financial performance of municipalities for housing and trading services for the years ended 30 June 2016 and 30 June 2017: Income (concluded)**

Income	Road transport		Water		Electricity		Other trading services	
	2016*	2017	2016*	2017	2016*	2017	2016*	2017
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Service charges:</b>								
Sales of water	0	0	29 906 268	31 908 596	0	0	0	0
Sales of electricity	0	0	0	0	94 919 580	101 458 074	0	0
Refuse removal charges	0	0	0	0	0	0	0	0
Sewerage and sanitation charges	0	0	0	0	0	0	0	0
Other service charges (e.g. fresh produce market, etc.)	0	0	0	0	0	0	1 878 313	1 870 870
<b>Interest earned from:</b>								
External investments	2 373	2 784	0	0	371 552	0	2 108	53 573
Outstanding debtors	11 109	15 080	831 641	755 859	347 136	343 215	7 093	8 665
Dividends received	0	0	0	0	150	0	0	0
Fines	16 243	11 306	184	1 078	18 214	73 469	146	58
Licences and permits	238 805	373 829	1 390	1 421	0	0	186	269
Income for agency services	761 263	776 916	2 272	1 814	4 788	0	1	1
Rental of facilities and equipment	172 296	166 333	11 041	10 815	5 996	9 381	115 116	203 925
Bad debts recovered	0	0	0	0	0	0	0	0
Public contributions and donations (including PPE)	47 339	160 269	236 346	204 838	286 767	291 620	222	7 284
Gains on the disposal of property, plant and equipment	953	1 005	2 883	1 242	3 436	4 283	5	83
<b>Grants and subsidies from:</b>								
National government	919 317	911 433	3 404 186	3 139 265	1 191 223	1 327 739	5 964	4 936
Provincial government	1 000	1 908	6 812	0	5 536	3 153	0	0
Local government	0	0	0	4 588	0	2 244	0	0
Other	0	2 301	24 739	219 917	0	0	0	0
Spent conditional grants	9 535 955	8 728 805	4 609 055	6 238 860	1 783 750	3 130 771	18 770	29 167
Other income	1 168 533	758 053	570 433	1 063 439	690 661	1 220 493	81 535	1 006 928
Deficit	7 997 313	11 413 832	6 485 558	7 170 774	2 195 522	2 283 959	407 623	552 739
<b>Total income</b>	<b>20 872 499</b>	<b>23 323 854</b>	<b>46 092 808</b>	<b>50 722 506</b>	<b>101 824 311</b>	<b>110 148 401</b>	<b>2 517 082</b>	<b>3 738 498</b>

\*Some figures have been revised.



## Explanatory notes

### Introduction

The purpose of this census is to provide both stakeholders and users with information that allows analysis and assessment of the state of municipal finances.

The publication consists of aggregated preliminary data for 2017 and revised data for 2016 in respect of:

- the consolidated statement of financial position of municipalities;
- the consolidated analysis statement of property, plant and equipment, and other assets as at 30 June 2017;
- 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.

Unit data (for each municipality) for 2016 and 2017 are available on Stats SA's website.

### Scope of census of municipalities

All 257 institutions defined as local government institutions in terms of the Municipal Act, 1998 (Act No. 117 of 1998), Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), Local Government Transition Act, 1993 (Act No. 209 of 1993) and Local Government Transitional Act, Second Amendment Act, 1996 (Act No. 97 of 1996) were included in this survey. The questionnaire for this survey was designed to address primarily the national accounts requirements of Statistics South Africa and the South African Reserve Bank.

### Classification and accounting standards

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, January 1993. Activities of the local government institutions also adhere to the General Accepted Municipal Accounting Practice (GAMAP), Generally Recognised Accounting Practice (GRAP). Questionnaires have been designed to take into account these new accounting standards adopted by municipalities.

### Imputation

For the 2017 financial year there was no imputation for both unit and item as all municipalities supplied their annual financial statements.

### Statistical unit

The statistical unit for the collection of information was the municipality.

### Reliability of estimates

Estimates are based on information furnished by respondents. These estimates are verified (using internal and external sources) and edited before being published. Estimates for the current year in this publication are preliminary, while estimates for the previous year are now regarded as final.

### Related publications

Users may wish to refer to the following Stats SA publications:

- P9110 *Quarterly financial statistics of municipalities*;
- P9101 *Capital expenditure by the public sector*;
- P9114 *Financial census of municipalities (previous publications)*;
- P9115 *Non-Financial census of municipalities*;
- P0277 *Quarterly employment statistics*;
- P9119.4 *Financial statistics of consolidated general government*; and
- P0441 *Gross domestic product*.

### Comparability with previous census

This financial census of municipalities for the year ended 30 June 2017 is generally comparable with the publication for the year ended 30 June 2016.

**Symbols and abbreviations used**

*	Some figures have been revised
INCA	Infrastructure Finance Corporation Ltd
0	Nil or not applicable
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
Stats SA	Statistics South Africa
COID	Compensation for Occupational Injuries and Diseases

**Revision of data**

Information for 2017 should be regarded as preliminary, and may be revised. The revised figures are due to late submission of the data to Stats SA or respondents reporting revisions. The latter are normally the result of post-balance sheet events (events that occur between the balance sheet date and date on which the financial statements are approved by the municipal council) as well as through auditing of the financial statements.

**Fluctuations between 2016\* and 2017**

The fluctuations in the data between 2016 and 2017 can be due to:

- Revisions due to late responses or revisions from respondents;
- Municipalities acquiring or disestablishing entities; and/or
- Splits, disestablishments, mergers and takeover of some municipalities effective from 03 August 2016.

**Rounding-off of figures**

Slight discrepancies may occur between sum of the component items and totals where figures have been rounded off.

**Glossary of selected variables**

<b>Acid test ratio</b>	The acid test ratio is calculated as current assets minus inventory divided by current liabilities. The accepted acid test ratio is considered to be 1:1. In other words, the entity is able to meet its current credit obligations without disposing of its inventory.
<b>Biological (cultivated) assets</b>	Biological or cultivated assets are livestock for breeding (including fish and poultry), dairy, draught, etc., and vineyards, orchards and other plantations of trees yielding repeat products that are under the direct control, responsibility and management of municipalities.
<b>Capital replacement reserve (CRR)</b>	In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/deficit to the CRR in terms of a council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/deficit is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.
<b>Capitalisation reserve</b>	<p>On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a capitalisation reserve instead of the accumulated surplus/deficit in terms of a directive (budget circular) issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.</p> <p>The balance on the capitalisation reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the capitalisation reserve to the accumulated surplus/deficit. When an item of property, plant and equipment is disposed, the balance in the capitalisation reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
<b>COLD Reserve</b>	This is money set aside for injuries, disablements, diseases and deaths caused by work-related activities. It is usually transferred from accumulated surplus account.
<b>Consolidated statement of financial performance</b>	The aggregate or consolidated statement of financial performance reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.
<b>Consolidated statement of financial position</b>	The aggregate or consolidated statement of financial position reports the entity'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 financial year.
<b>Current assets</b>	Current assets consist of inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; petty cash and bank.
<b>Current expenditure</b>	Current expenditure refers to transactions that decrease the net worth of the entity, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the consumption of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), the total expenditure on housing and trading services (excluding the surplus).
<b>Current liabilities</b>	Current liabilities consist of external short-term loans and deposits; unspent conditional grants; current provisions; short-term leases; value added tax; bank overdraft; and creditors.

<b>Current ratio</b>	The current ratio is calculated as current assets divided by current liabilities. This ratio measures the extent to which current or short-term assets can be disposed to liquidate the current or short-term liabilities.
<b>Depreciation and amortisation</b>	Depreciation is the deduction for the reasonable allowance for the wear and tear of long-term tangible assets, and amortisation is the deduction for the reasonable allowance for the wear and tear of intangible assets.
<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 (Act No. 117 of 1998)).
<b>Donation and public contribution reserve</b>	<p>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.</p> <p>The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.</p>
<b>Employee-related costs</b>	<p>Compensation of employees includes 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>Compensation of employees also includes:</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 contributions 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 clothing and allowances (clothing, boots, overalls, etc., supplied to uniformed employees).</li> </ul> <p>Note: Allowances to councillors are treated separately for the purpose of this census.</p>
<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.

**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. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant-funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit. When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

**Housing and trading services**

Housing includes all activities associated with the provision of housing. Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting) and other trading services which include environmental protection like pollution control, biodiversity & landscape and others like coastal protection etc., air transport, abattoirs, tourism, forestry, markets and licensing and regulation like licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and businesses.

**Housing development fund**

The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the housing development fund. Monies outstanding to the credit of the housing development fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

**Investment property**

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Examples of investment property: [IAS 40.8]

- land held for long-term capital appreciation;
- land held for undetermined future use;
- building leased out under an operating lease;
- vacant building held to be leased out under an operating lease; and
- property that is being constructed or developed for future use as investment property.

**Intangible assets**

Intangible assets refer to assets that cannot be touched, weighed or physically measured and include:

- mineral exploration rights;
- computer software; and
- patent, copyright, brand names and trademarks.

<b>Local municipality</b>	Local municipality refers to a municipality that shares a municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act (Act No.117 of 1998).
<b>Long-term loans</b>	Long-term loans are loans with an outstanding maturity of more than one year.
<b>Marketable loan stock</b>	Marketable loan stock refers to stocks, debentures and similar debt instruments that are freely negotiable, i.e. securities for which transfer registers are kept and which are usually listed on the stock exchange. Discounts originating with the issue of stocks below par are included in the stock liability.
<b>Metropolitan municipality</b>	Metropolitan municipality means an institution 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 A municipality (refer to the Local Government: Municipal Structures Act (Act No. 117 of 1998)).
<b>Money market instruments</b>	Money market instruments include bankers' acceptance, trade bills, and promissory notes, capital project bills, bridging debentures, negotiable certificates of deposits, Land Bank bills, Land Bank and the South African Reserve Bank's debentures.
<b>Municipality</b>	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and including district, local and metropolitan municipalities. Municipalities as an institution consist of a municipal council (elected political representatives) and the municipal administration (appointed officials).
<b>Net carrying value</b>	Net carrying value (also known as the book value or carrying value) is the value of an asset according to its balance sheet, which is the original acquisition cost less accumulated depreciation, amortisation or impairment costs made against the asset and disposals if any.
<b>Other expenditure</b>	The following, among other items, are included in 'other expenditure': <ul style="list-style-type: none"> <li>• administration charges/fees;</li> <li>• books and magazines;</li> <li>• conference expenses;</li> <li>• consumables;</li> <li>• industrial council levies;</li> <li>• inter-departmental charges/fees;</li> <li>• legal fees;</li> <li>• licences and trade licences;</li> <li>• materials and stores;</li> <li>• project fees;</li> <li>• protective clothing; and</li> <li>• sundries.</li> </ul>
<b>Other Income</b>	The following, among other items, are included in 'Other income': <ul style="list-style-type: none"> <li>• administration charges;</li> <li>• commission received;</li> <li>• discount received;</li> <li>• fees (events applications, burial, admission, photostats, building plans, etc.);</li> <li>• levies i.e. environmental; and</li> <li>• sundry income.</li> </ul>
<b>Property, plant and equipment</b>	Property, plant and equipment are tangible assets which are not easily convertible into cash, and held by entities for their own use and as income generators or for rental to others that the entities anticipate using during more than one period.



**Provision**

Provision is any amount set aside for the purpose of meeting the following:

- 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.

Provision includes:

- bad debts; and
- leave payouts.

**Public corporations**

Public corporations comprise public non-financial corporations and public financial corporations.

Public non-financial corporations consist of residential non-financial corporations and quasi corporations that are subject to control by government units which sell industrial or commercial goods and services to the public on a large scale. Public financial corporations consist of all corporations, quasi-corporations, and non-profit institutions (NPIs) principally engaged in financial intermediation or in auxiliary financial activities closely related to financial intermediation.

**Rates and general services**

Rates and general services include executive and council (all costs for mayoral, council and committee expenses, municipal manager, town secretary and chief executive), finance and administration (finance, human resources, information technology, property services, other administration like security services, legal services, fleet management, asset management, procurement etc.), planning and development (economic planning and development, town planning, corporate-wide strategic planning [IDPs, LEDs etc.], building regulations and enforcement, city engineer), health (clinics, ambulance, other including health inspection), community and social services (libraries and archive, museums and art galleries etc., community halls and facilities, cemeteries and crematoriums, child care, aged care and other community), public safety (police forces and traffic, fire, civil defence and other like disaster management), sport and recreation (community parks [including nurseries], sports grounds and stadiums, swimming pools, beaches, lakes, dams and jetties for recreation, camping sites etc.). These services are not economically self-supporting and are financed by imposing property rates, the receipt of grants and subsidies and other contributions.

**Repairs and maintenance**

Repairs and maintenance include all expenditure on repairs and maintenance of the various assets of the department. 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.

**Reserve**

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.

**Revaluation reserve**

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.

<b>Self-insurance reserve</b>	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.
<b>Value Added Tax</b>	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.



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<b>Forth coming issues</b>	<b>Issue</b>	<b>Expected release date</b>
	Financial census of municipalities	June 2019

## Technical enquiries

<b>Malibongwe Mhemhe</b>	Telephone number: (012) 310 6928 Email: <a href="mailto:malibongwem@statssa.gov.za">malibongwem@statssa.gov.za</a>
<b>Ntsele Adoro</b>	Telephone number: (012) 310 8907 Email: <a href="mailto:ntselea@statssa.gov.za">ntselea@statssa.gov.za</a>

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