

STATISTICAL RELEASE

P9110

Quarterly financial statistics of municipalities

June 2018

Embargoed until:
27 September 2018
10:00

ENQUIRIES:
User Information Services
+27 (012) 310 8600

FORTHCOMING ISSUE:
September 2018

EXPECTED RELEASE DATE
December 2018

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Contents

Key findings	2
Table 1 – Consolidated statement of financial performance of municipalities for the quarters ended September 2017 , December 2017, March 2018 and June 2018: Expenditure – South Africa.....	4
Table 2 – Consolidated statement of financial performance of municipalities for the quarters ended September 2017 , December 2017, March 2018 and June 2018: Income – South Africa	5
Table 3 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2017 , December 2017, March 2018 and June 2018: Expenditure – South Africa	6
Table 4 – Consolidated statement of financial performance of municipalities for rates and general services for the quarters ended September 2017 , December 2017, March 2018 and June 2018: Income – South Africa	7
Table 5 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2017 , December 2017, March 2018 and June 2018: Expenditure – South Africa	8
Table 6 – Consolidated statement of financial performance of municipalities for housing and trading services for the quarters ended September 2017 , December 2017, March 2018 and June 2018: Income – South Africa	9
Annexure A – Purchases and sales of water	10
Annexure B – Purchases and sales of electricity	10
Notes	12
Explanatory notes	13
Glossary of selected variables used in this publication	15
General information	17

Key findings

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

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

* 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 June 2017 quarter to the June 2018 quarter, purchases of water increased by 3,1% and sales of water increased by 6,1%, while purchases of electricity decreased by 3,6% and sales of electricity increased by 1,1%.

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

	Quarter ended:					
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
	Quarter-on-quarter % change, seasonally adjusted					
Purchases of water	-0,2	11,4	-5,1	2,5	1,6	2,6
Sales of water	0,3	12,9	-2,2	3,4	3,8	1,5
Purchases of electricity	-1,7	-3,4	-3,2	0,8	-0,1	-1,3
Sales of electricity	2,0	-0,2	-1,5	2,1	0,5	0,1

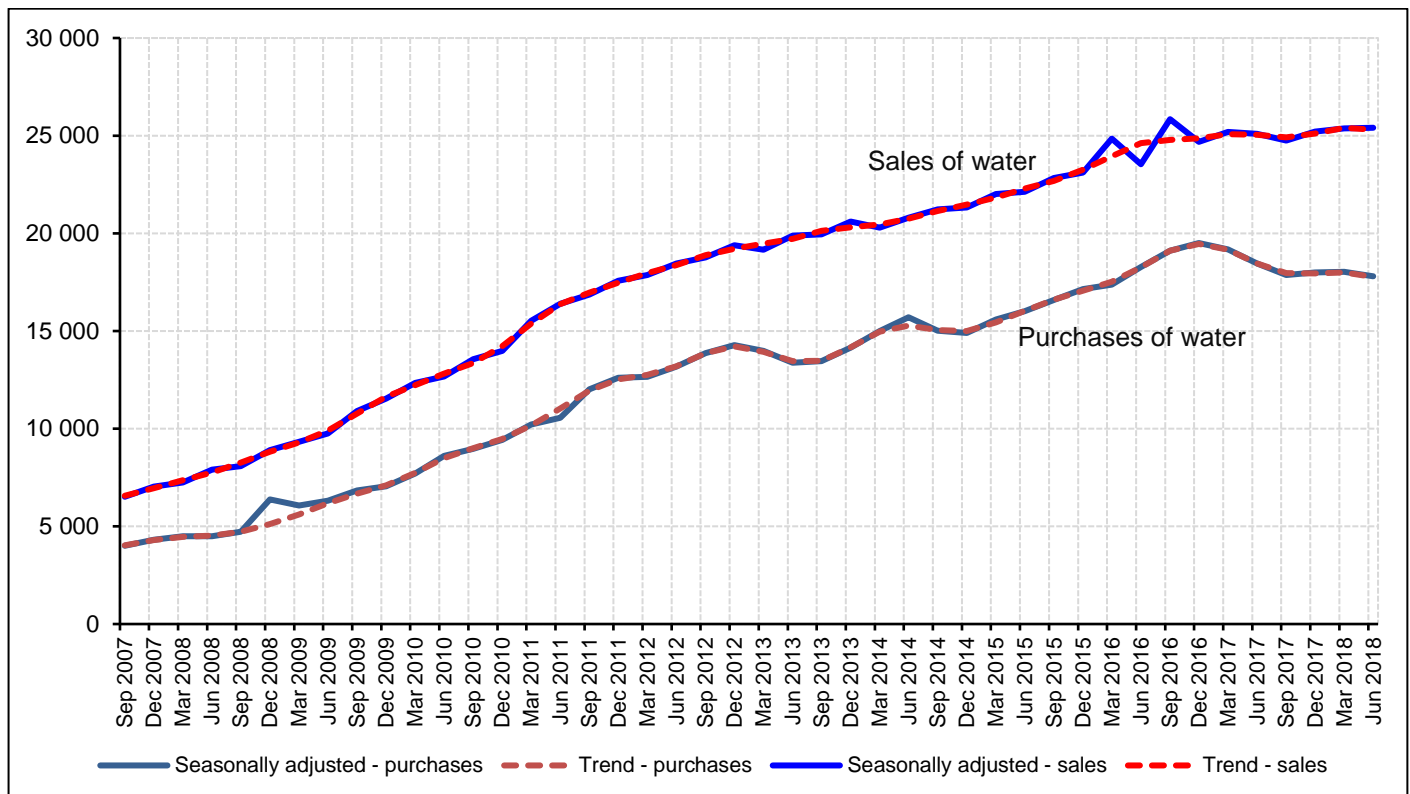
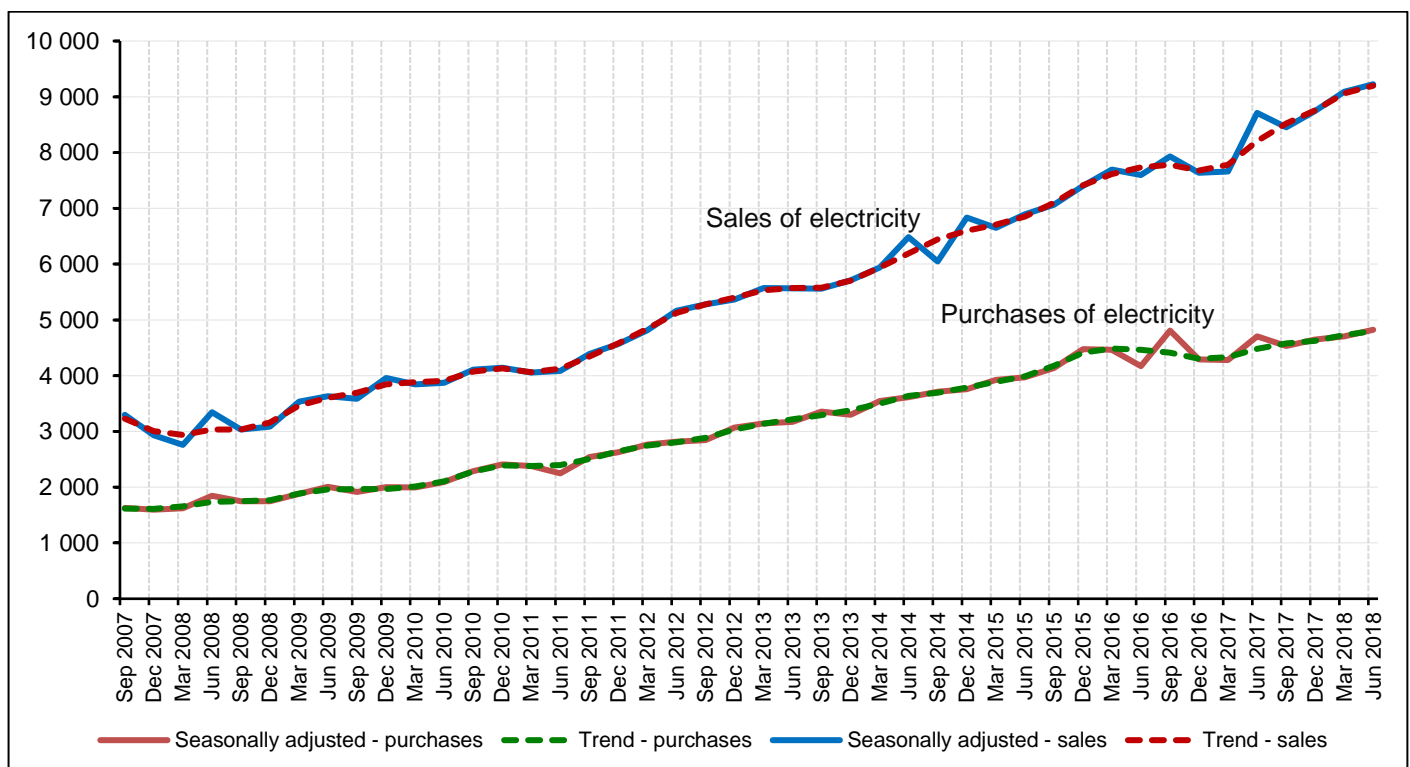
* Some figures have been revised.

Table B shows quarterly growth rates in the purchases and sales of water and electricity, seasonally adjusted. From the March 2018 quarter to the June 2018 quarter, purchases of water increased by 2,6% and sales of water increased by 1,5%, while purchases of electricity decreased by 1,3% and sales of electricity increased by 0,1%.

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

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

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

Figure 1 – Purchases and sales of water, seasonally adjusted, R million**Figure 2 – Purchases and sales of electricity, seasonally adjusted, R million**

Risenga Maluleke
Statistician-General

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

Expenditure	September 2017	December 2017	March 2018*	June 2018	Difference between quarters ended Mar. 2018 and Jun. 2018
	R million				
Employee-related costs	22 601	24 802	23 197	24 112	915
Remuneration of board of directors/councillors	873	899	1 051	1 156	105
Interest paid	1 562	3 033	1 925	1 534	-391
Loss on the disposal of property, plant and equipment	17	-17	16	481	465
Bad debts	3 408	2 954	2 318	4 319	2 001
Contracted services	3 541	5 876	5 764	7 519	1 755
Collection costs	71	128	178	240	62
Depreciation and amortisation	3 569	5 618	4 333	6 859	2 526
Impairment loss (PPE)	31	69	33	71	38
Repairs and maintenance	1 296	2 350	2 226	2 439	213
Bulk purchases:					
Purchases of water	4 229	4 772	4 684	5 047	363
Purchases of electricity	20 674	16 270	15 888	18 232	2 344
Other bulk purchases	19	14	61	84	23
Grants and subsidies paid to:					
Other local government institutions	8	81	59	45	-14
Tertiary institutions of higher learning	0	2	1	0	-1
Households or individuals	116	131	170	145	-25
Non-profit institutions serving households	2	0	0	4	4
Other	1 608	1 665	1 461	979	-482
General expenditure:					
Accommodation, travelling and subsistence	179	259	254	255	1
Advertising, promotions and marketing	73	121	149	170	21
Audit fees	122	416	216	155	-61
Bank charges	99	93	140	147	7
Cleaning services	73	92	81	119	38
Consultancy and professional fees	496	703	664	993	329
Entertainment costs	13	19	19	49	30
Fuel and oil	274	362	467	614	147
Hiring of plant and equipment	193	335	320	334	14
Insurance costs	376	325	150	248	98
Pharmaceutical	41	49	51	38	-13
Postal and courier services	54	65	53	72	19
Printing and stationery	83	143	104	160	56
Rebates for property rates	1 283	1 173	617	1 012	395
Rebates for service charges	132	62	562	248	-314
Rental of land, buildings and other structures	149	201	157	176	19
Rental of office equipment	75	133	781	442	-339
Security services	450	778	705	772	67
Subscriptions and membership fees	139	102	43	134	91
Telecommunication services	191	222	201	236	35
Training and education	127	168	150	307	157
Transport costs	152	248	-125	96	221
Other expenditure	6 673	8 222	5 994	8 515	2 521
Surplus	41 794	26 400	26 367	16 624	-9 743
Total expenditure	116 866	109 338	101 485	105 182	3 697

* Some figures have been revised.

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

Income	September 2017	December 2017	March 2018*	June 2018	Difference between quarters ended Mar. 2018 and Jun. 2018
R million					
Property rates from:					
Residential	10 038	9 254	8 888	9 281	393
Commercial or business	4 103	3 609	4 535	4 002	-533
State	1 553	818	1 067	999	-68
Other (includes agricultural, municipal, etc.)	2 515	1 606	1 171	1 419	248
Property rates - penalties imposed and collection charges	33	43	15	20	5
Service charges					
Sales of water	8 455	9 032	9 105	8 914	-191
Sales of electricity	28 569	24 219	23 311	24 911	1 600
Refuse removal charges	2 694	2 722	2 681	2 550	-131
Sewerage and sanitation charges	3 632	3 412	3 455	3 434	-21
Other service charges (e.g. fresh produce market etc.)	11	80	55	62	7
Interest earned from:					
External investments	1 397	1 575	1 439	900	-539
Outstanding debtors	1 458	1 475	1 320	1 606	286
Dividends received	1	0	1	0	-1
Fines	662	987	834	1 011	177
Licences and permits	278	275	392	149	-243
Income for agency services	239	278	278	242	-36
Rental of facilities and equipment	449	544	547	593	46
Bad debts recovered	18	35	-6	-12	-6
Public contributions and donations (including PPE)	90	115	207	256	49
Gains on the disposal of property, plant and equipment	24	30	55	113	58
Grants and subsidies from:					
National government	24 853	22 951	20 527	11 773	-8 754
Provincial government	445	647	557	200	-357
Local government	7	14	6	22	16
Other	160	208	136	1 225	1 089
Spent conditional grant	3 147	4 701	3 801	6 207	2 406
Other income	5 224	4 003	3 177	2 726	-451
Deficit	16 811	16 705	13 931	22 579	8 648
Total income	116 866	109 338	101 485	105 182	3 697

* Some figures have been revised.

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

Expenditure	September 2017	December 2017	March 2018*	June 2018	Difference between quarters ended Mar. 2018 and Jun. 2018
R million					
Employee-related costs	14 539	15 986	14 745	15 489	744
Remuneration of board of directors/councillors	873	899	1 051	1 156	105
Interest paid	1 118	2 142	1 298	863	-435
Loss on the disposal of property, plant and equipment	1	-3	13	253	240
Bad debts	1 171	1 106	832	1 478	646
Contracted services	1 401	2 375	2 514	2 964	450
Collection costs	67	122	174	235	61
Depreciation and amortisation	923	1 588	1 338	2 479	1 141
Impairment loss (PPE)	23	65	22	34	12
Repairs and maintenance	263	1 070	103	629	526
Grants and subsidies paid to:					
Other local government institutions	2	5	27	27	0
Tertiary institutions of higher learning	0	2	1	0	-1
Households or individuals	54	34	50	50	0
Non-profit institutions serving households	2	0		2	2
Other	1 324	1 195	1 119	809	-310
General expenditure:					
Accommodation, travelling and subsistence	157	219	177	229	52
Advertising, promotions and marketing	60	107	131	143	12
Audit fees	122	375	196	139	-57
Bank charges	88	87	135	133	-2
Cleaning services	31	48	40	54	14
Consultancy and professional fees	383	473	516	608	92
Entertainment costs	12	19	18	48	30
Fuel and oil	145	206	292	279	-13
Hiring of plant and equipment	107	179	185	169	-16
Insurance costs	309	270	102	211	109
Pharmaceutical	38	44	49	38	-11
Postal and courier services	52	63	52	69	17
Printing and stationery	63	125	85	136	51
Rebates for property rates	1 283	1 173	617	1 012	395
Rental of land, buildings and other structures	121	166	130	142	12
Rental of office equipment	49	89	149	158	9
Security services	281	530	436	522	86
Subscriptions and membership fees	135	97	43	127	84
Telecommunication services	155	190	164	195	31
Training and education	104	140	122	263	141
Transport costs	35	80	53	100	47
Other expenditure	3 060	4 213	3 359	4 732	1 373
Surplus	28 479	16 655	14 652	8 986	-5 666
Total expenditure	57 030	52 134	44 990	44 961	-29

* Some figures have been revised.

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

Income	September 2017	December 2017	March 2018*	June 2018	Difference between quarters ended Mar. 2018 and Jun. 2018
	R million				
Taxes on property					
Property rates from:					
Residential	10 038	9 254	8 888	9 281	393
Commercial or business	4 103	3 609	4 535	4 002	-533
State	1 553	818	1 067	999	-68
Other (includes agricultural, municipal, etc.)	2 515	1 606	1 171	1 419	248
Property rates – penalties imposed and collection charges	33	43	15	20	5
Interest earned from:					
External investments	1 340	1 504	1 410	893	-517
Outstanding debtors	941	811	652	1 020	368
Dividends received	1	0	1	0	-1
Fines	620	865	763	982	219
Licences and permits	99	119	203	33	-170
Income for agency services	137	166	128	218	90
Rental of facilities and equipment	257	291	296	296	0
Bad debts recovered	16	35	-8	-13	-5
Public contributions and donations (including property, plant and equipment)	7	29	30	13	-17
Gains on the disposal of property, plant and equipment	17	26	48	56	8
Grants and subsidies from:					
National government	20 131	16 756	13 041	7 898	-5 143
Provincial government	330	342	344	45	-299
Local government	2	5	1	5	4
Other	88	37	84	892	808
Spent conditional grants	1 802	2 243	1 908	3 115	1 207
Other income	3 765	2 790	1 478	1 357	-121
Deficit	9 235	10 785	8 935	12 430	3 495
Total income	57 030	52 134	44 990	44 961	-29

* Some figures have been revised.

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

Expenditure	September 2017	December 2017	March 2018*	June 2018	Difference between quarters ended Mar. 2018 and Jun. 2018
	R million				
Employee-related costs	8 062	8 816	8 452	8 623	171
Interest paid	444	891	627	671	44
Loss on disposal of property, plant and equipment	16	-14	3	228	225
Bad debts	2 237	1 848	1 486	2 841	1 355
Contracted services	2 140	3 501	3 250	4 555	1 305
Collection costs	4	6	4	5	1
Depreciation and amortisation	2 646	4 030	2 995	4 380	1 385
Impairment loss (PPE)	8	4	11	37	26
Repairs and maintenance	1 033	1 280	2 123	1 810	-313
Bulk purchases:					
Purchases of water	4 229	4 772	4 684	5 047	363
Purchases of electricity	20 674	16 270	15 888	18 232	2 344
Other bulk purchases	19	14	61	84	23
Grants and subsidies paid to:					
Other local government institutions	6	76	32	18	-14
Tertiary institutions of higher learning	0	0	0	0	0
Households or individuals	62	97	120	95	-25
Non-profit institutions serving households	0	0	0	2	2
Other	284	470	342	170	-172
General expenditure:					
Accommodation, travelling and subsistence	22	40	77	26	-51
Advertising, promotions and marketing	13	14	18	27	9
Audit fees	0	41	20	16	-4
Bank charges	11	6	5	14	9
Cleaning services	42	44	41	65	24
Consultancy and professional fees	113	230	148	385	237
Entertainment costs	1	0	1	1	
Fuel and oil	129	156	175	335	160
Hiring of plant and equipment	86	156	135	165	30
Insurance costs	67	55	48	37	-11
Pharmaceutical	3	5	2	0	-2
Postal and courier services	2	2	1	3	2
Printing and stationery	20	18	19	24	5
Rebates for service charges	132	62	562	248	-314
Rental of land, buildings and other structures	28	35	27	34	7
Rental of office equipment	26	44	632	284	-348
Security services	169	248	269	250	-19
Subscriptions and membership fees	4	5		7	7
Telecommunication services	36	32	37	41	4
Training and education	23	28	28	44	16
Transport costs	117	168	-178	-4	174
Other expenditure	3 613	4 009	2 635	3 783	1 148
Surplus	13 315	9 745	11 715	7 638	-4 077
Total expenditure	59 836	57 204	56 495	60 221	3 726

* Some figures have been revised.

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

Income	September 2017	December 2017	March 2018*	June 2018	Difference between quarters ended Mar. 2018 and Jun. 2018
	R million				
Interest earned from:					
External investments	57	71	29	7	-22
Outstanding debtors	517	664	668	586	-82
Dividends received	0	0	0	0	0
Fines	42	122	71	29	-42
Licences and permits	179	156	189	116	-73
Income for agency services	102	112	150	24	-126
Rental of facilities and equipment	192	253	251	297	46
Bad debts recovered	2	0	2	1	-1
Public contributions and donations (including property, plant and equipment)	83	86	177	243	66
Gains on the disposal of property, plant and equipment	7	4	7	57	50
Service charges:					
Sales of water	8 455	9 032	9 105	8 914	-191
Sales of electricity	28 569	24 219	23 311	24 911	1 600
Refuse removal charges	2 694	2 722	2 681	2 550	-131
Sewerage and sanitation charges	3 632	3 412	3 455	3 434	-21
Other service charges (e.g. fresh produce market)	11	80	55	62	7
Grants and subsidies from:					
National government	4 722	6 195	7 486	3 875	-3 611
Provincial government	115	305	213	155	-58
Local government	5	9	5	17	12
Other	72	171	52	333	281
Spent conditional grants	1 345	2 458	1 893	3 092	1 199
Other income	1 459	1 213	1 699	1 369	-330
Deficit	7 576	5 920	4 996	10 149	5 153
Total income	59 836	57 204	56 495	60 221	3 726

* 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	4 310	6,5	4 205	-5,1	7 316	10,0	7 562	-1,5
Sep 16	4 493	16,2	4 795	14,0	7 928	12,3	7 944	5,1
Dec 16	4 406	-4,1	4 276	-10,8	7 896	2,9	7 650	-3,7
Mar 17	4 283	-4,8	4 268	-0,2	7 680	-0,6	7 676	0,3
Jun 17	4 897	13,6	4 755	11,4	8 405	14,9	8 663	12,9
Sep 17	4 229	-5,9	4 514	-5,1	8 455	6,6	8 472	-2,2
Dec 17	4 772	8,3	4 628	2,5	9 032	14,4	8 756	3,4
Mar 18	4 684	9,4	4 702	1,6	9 105	18,6	9 091	3,8
Jun 18	5 047	3,1	4 823	2,6	8 914	6,1	9 225	1,5

Annexure B – Purchases and sales of electricity

Quarterly financial statistics of municipalities, June 2018

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	18 686	15,2	18 295	6,0	23 062	6,0	23 544	-5,7
Sep 16	22 242	8,4	19 123	4,5	29 927	13,9	25 841	9,8
Dec 16	17 432	7,6	19 470	1,8	23 973	7,6	24 681	-4,5
Mar 17	16 930	14,3	19 131	-1,7	22 907	0,3	25 171	2,0
Jun 17	18 904	1,2	18 481	-3,4	24 651	6,9	25 114	-0,2
Sep 17	20 674	-7,0	17 886	-3,2	28 569	-4,5	24 739	-1,5
Dec 17	16 270	-6,7	18 036	0,8	24 219	1,0	25 258	2,1
Mar 18	15 888	-6,2	18 024	-0,1	23 311	1,8	25 374	0,5
Jun 18	18 232	-3,6	17 794	-1,3	24 911	1,1	25 405	0,1

Notes

Forthcoming issue	Issue	Expected release date
	September 2018	December 2018
Purpose of survey	The <i>Quarterly financial statistics of municipalities</i> is a quarterly survey that covers local, district and metropolitan municipalities in South Africa. The results are used as inputs into the gross domestic product (GDP) calculation as well as to assist the public sector with policy formulation and the financial analysis of municipalities.	
Response rates	September 2017 quarter:	84% (of 257)
	December 2017 quarter:	88% (of 257)
	March 2018 quarter	83% (of 257)
	June 2018 quarter	85% (of 257)
Imputation	Imputation was performed for 40 municipalities (15%) that did not respond or whose responses were not usable.	
Cautionary note	The Quarterly Financial Statistics of Municipalities (QFSM) report provides quarterly updates based on preliminary figures from municipalities. For a more complete report please refer to the annual <i>Financial Census of Municipalities</i> publication (P9114) which, in most cases, is based on audited figures.	

Reporting of negative figures by municipalities

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

Implementation of Municipal Standard Chart of Accounts (MSCOA)

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

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

These difficulties have resulted in the following issues for QFSM:

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

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

Explanatory notes

Introduction	1	<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 September 2017 , December 2017, March 2018 and June 2018. The survey is designed to obtain financial information of local government institutions relating to:</p> <ul style="list-style-type: none"> • the consolidated statement of financial performance of municipalities; • the consolidated statement of financial performance of municipalities – rates and general services; and • the consolidated statement of financial performance of municipalities – housing and trading services.
Scope of the survey	2	<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>
Classification and accounting standards	3	<p>For the purposes of classification of local government institutions according to activities, Statistics South Africa (Stats SA) used the <i>Standard Industrial Classification of All Economic Activities</i> (SIC), Fifth Edition, Report No.09-90-02 of January 1993. Activities of local government institutions also adhere to the accounting standards and requirements in terms of the Generally Recognised Accounting Practice (GRAP).</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>
Survey methodology and design	4	<p>The statistical unit for the collection of information is the municipality.</p>
Imputation	5	<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>
Revised figures	6	<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>
Rounding off figures	7	<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>
Related publications	8	<p>Users may wish to refer to the following Stats SA publications:</p> <ul style="list-style-type: none"> • P9101 <i>Capital expenditure of the public sector;</i> • P9114 <i>Financial census of municipalities;</i> • P9119.4 <i>Financial statistics of consolidated general government;</i> • P0441 <i>Gross domestic product; and</i> • P0277 <i>Quarterly employment statistics.</i>

Symbols and abbreviations used

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

Seasonal adjustment

10	<p>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.</p>	
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Glossary of selected variables used in this publication

Consolidated statement of financial performance	The aggregate or consolidated statement of financial performance (previously referred to as income statement) reports the institution's financial performance during a specific period in time. This statement covers all the revenue and expenditure of an entity over a specific period in time.
Current expenditure	Current expenditure refers to transactions that decrease the net worth of the institution, including interest paid, compensation of employees, grants and subsidies paid, and depreciation, but excluding the acquisition of fixed capital. It consists of the total expenditure of rates and general services (excluding the surplus), and the total expenditure of housing and trading services (excluding the surplus).
District municipality	District municipality refers to a municipality that has a municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality. Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
Employee-related costs	<p>Employee-related costs include payment to full-time and part-time employees irrespective of whether the remuneration is paid out of revenue, capital or any other account.</p> <p>Employee-related costs also include:</p> <ul style="list-style-type: none"> • basic compensation; • allowances; • contribution to other benefit funds of employees such as medical aid, pension fund contributions, group life, etc, (excluding unemployment insurance and workmen's compensation, etc., which may be looked upon as a form of insurance and would appear under general expenditure) and other benefits such as housing subsidy, etc.; and • uniform and clothing allowances (clothing, boots, overalls, etc, supplied to uniformed employees). • also refer to the <i>Quarterly employment statistics</i> (QES. P0277) which measure employment and gross earnings of all employees on a given municipal payroll.
General expenditure	The following are included in general expenditure: accommodation, travelling and subsistence; advertising; audit fees; bank charges; cleaning services; consultancy fees; fuel and oil; hiring of plant and equipment; insurance costs; membership fees; pharmaceutical expenses; postage and stamps; printing and stationery; security fees; rental of land, buildings and other structures; rental of office equipment; telecommunication services; training and education; and transport costs.
Housing and trading services	Housing includes all activities associated with the municipal provision of housing. Trading services are services for which the tariffs are determined in such a way that the provision of the service should yield a trading profit (market-related goods and services). Trading services include waste management (refuse removal, solid waste disposal (landfill sites), street cleaning, recycling etc.), waste water management (sewerage, storm water management and public toilets), road transport (roads, public buses, parking garages, vehicle licensing and testing), water (water distribution, water storage), electricity (electricity distribution, electricity generation, street lighting) and other trading services which include environmental protection (such as pollution control, biodiversity & landscape and coastal protection etc.), air transport, abattoirs, tourism, forestry, markets and licensing & regulation (such as licensing of food and liquor sales to the public and licensing of street traders (hawkers control) and business).
Local municipality	Local municipality refers to municipalities that share municipal executive and legislative authority in its area with a district municipality within whose area it falls, that is described in section 155(1) of the Constitution as a category B municipality. Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).

Metropolitan municipality	Metropolitan municipality refers to an institution that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category A municipality. Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
Municipality	Municipality is a generic term describing the 'unit' of government in the local spheres responsible for local government in a geographically demarcated area and includes district, local and metropolitan municipalities. A municipality is an institution consisting of a municipal council (elected political representatives) and the municipal administration (appointed officials). Refer to the Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998).
Other expenditure	<p>The following are included in other expenditure:</p> <ul style="list-style-type: none">• departmental charges/fees;• books and magazines;• consumables;• licences and trade licences;• workshops;• refreshments; and• sundries.
Rates and general services	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.).
Repairs and maintenance	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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