

Financial census of municipalities: 2016

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Presentation outline

1. Background

2. Key Findings

- Purchases and sales of water
- Purchases and sales of electricity
- Property rates received
- Government grants and subsidies received
- Employee-related costs
- Ratios

3. Concluding remarks

Background

1. Purely financial data obtained from municipalities (values, not volumes)
2. For the financial year 1 July 2015 – 30 June 2016
3. Details on:
 - a. Consolidated financial position (balance sheet)
 - b. Consolidated financial performance (income statement)
4. All 278 municipalities furnished information
[=100% response rate (thus, no imputations or adjustments by Stats SA)]

Key findings RSA (R million)

Variables	2015	2016	% Change
Purchases of water	15 427	17 254	11,8
*Sales of water	26 224	29 579	12,8
Purchases of electricity	62 129	70 291	13,1
*Sales of electricity	85 563	94 024	9,9
*Property rates received	44 719	48 826	9,2
Grants and subsidies received	94 516	102 930	8,9
Employee-related costs	73 400	81 827	11,5

**Net of rebates.*

Key findings RSA (R billion)

Municipality's Revenue and Expenditure

Year	Revenue				Total Expenditure*	Surplus
	Property Rates & Service Charges*	Government Grants & Subsidies	Other Revenue	Total Revenue		
2012	133	73	25	231	219	12
2013	145	83	27	255	237	18
2014	158	89	33	280	264	16
2015	175	95	36	306	287	19
2016	193	103	37	333	311	22

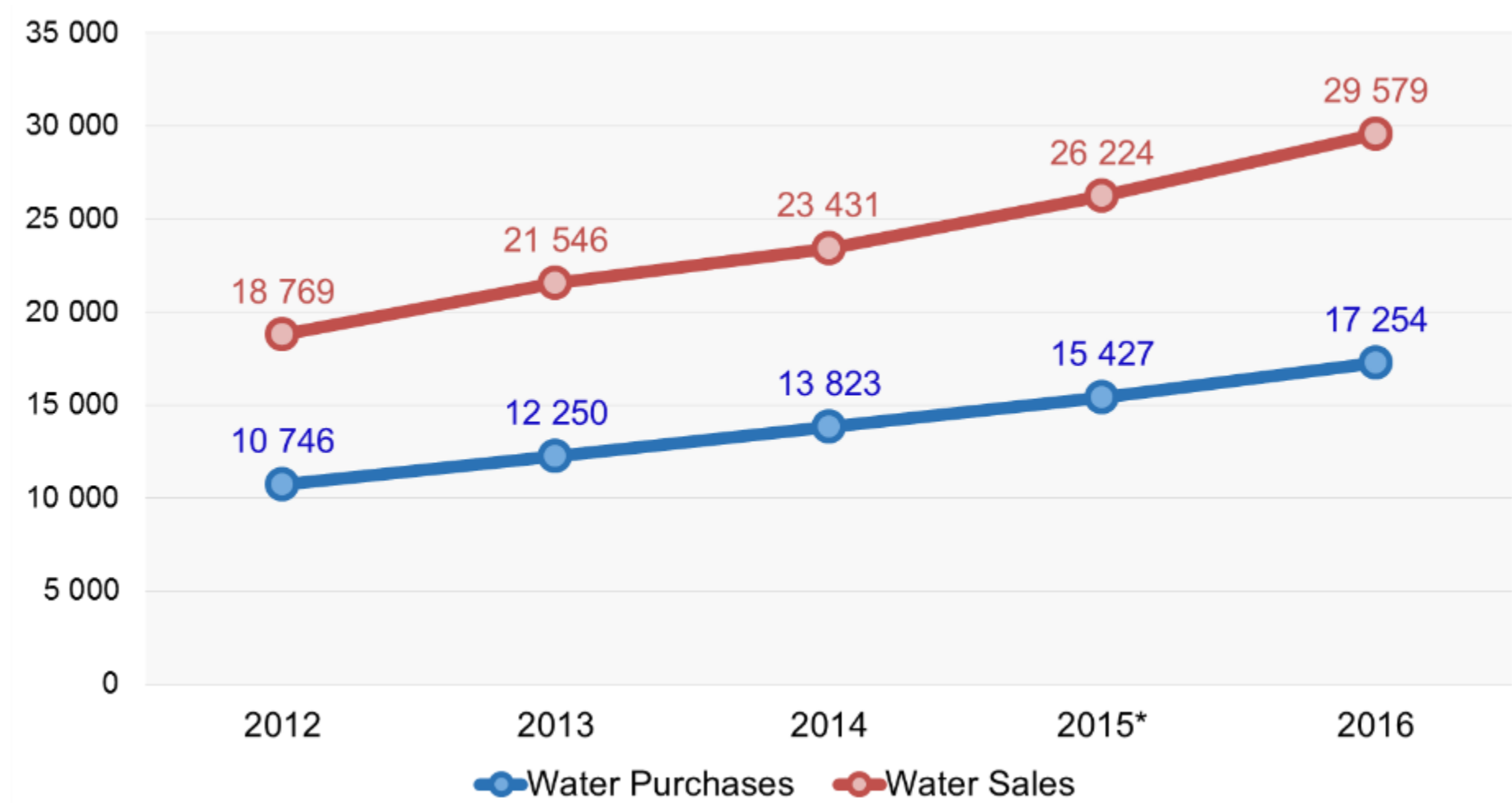
*Net of rebates.

Other Revenue: Fines, licenses and permits, income for agency services etc.

Purchases of water and electricity



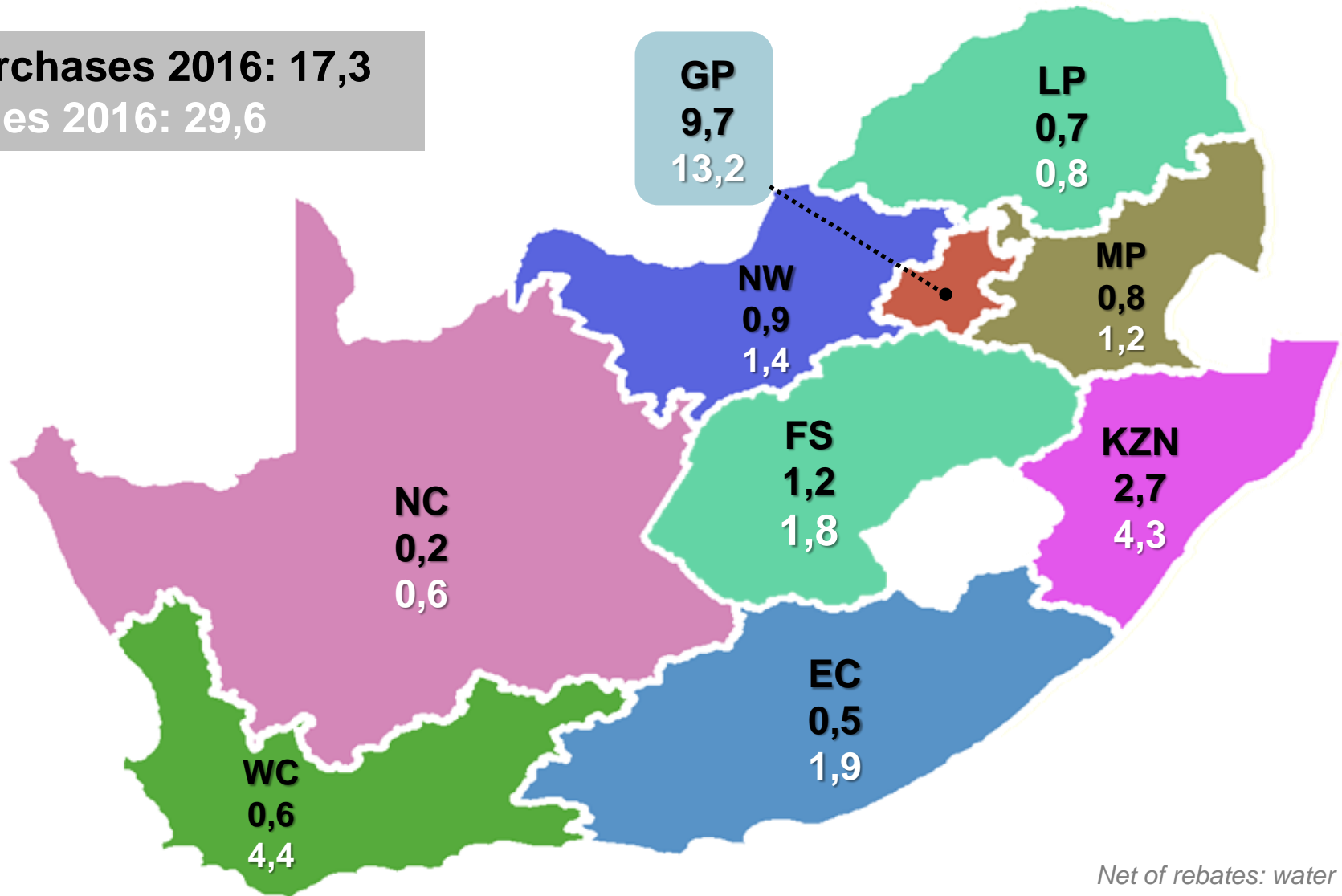
Water purchases and sales (R million)



Net of rebates: water sales

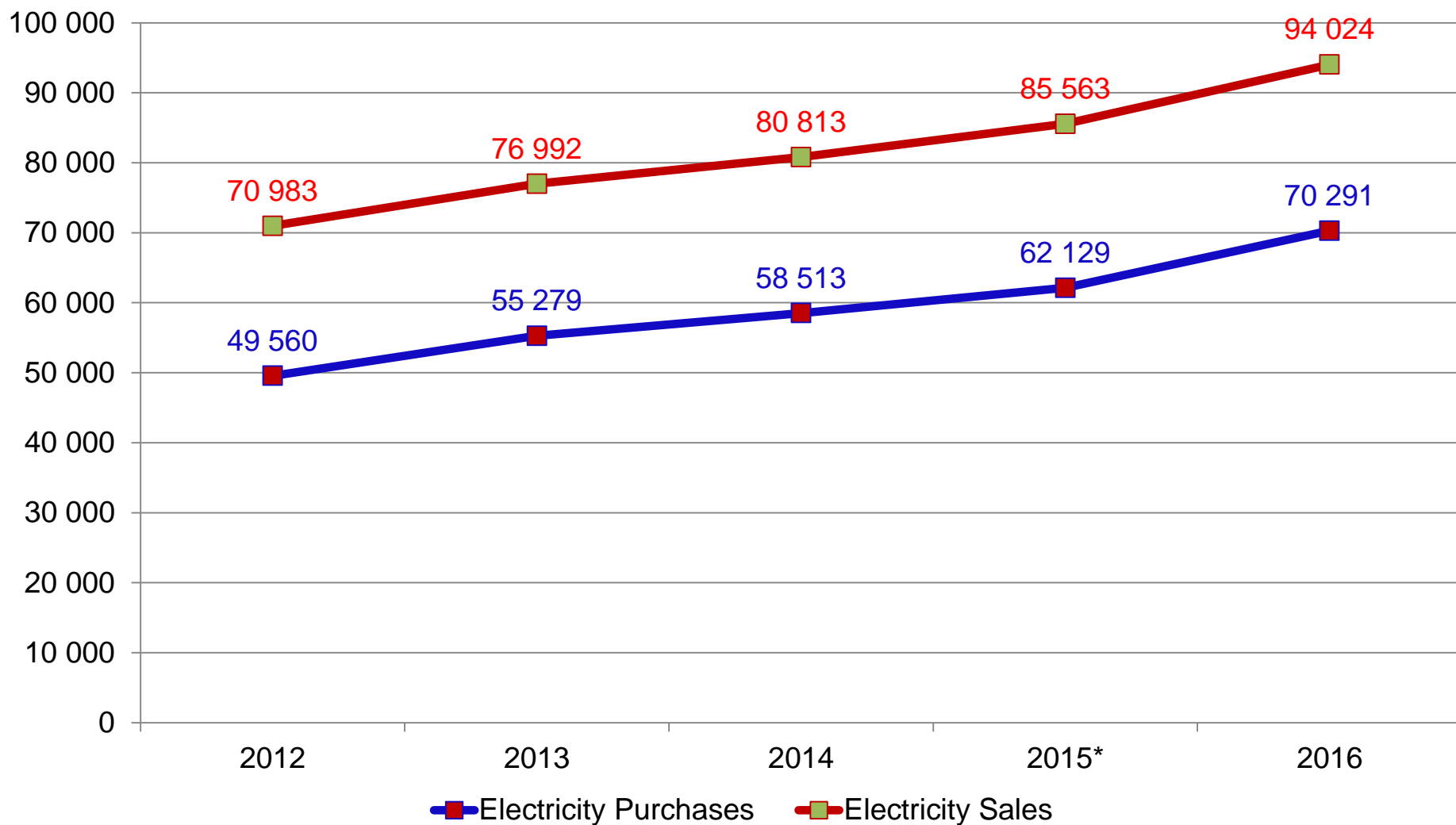
Water purchases and sales: 2016 (R billion)

Purchases 2016: 17,3
Sales 2016: 29,6



Net of rebates: water sales

Electricity purchases and sales (R million)

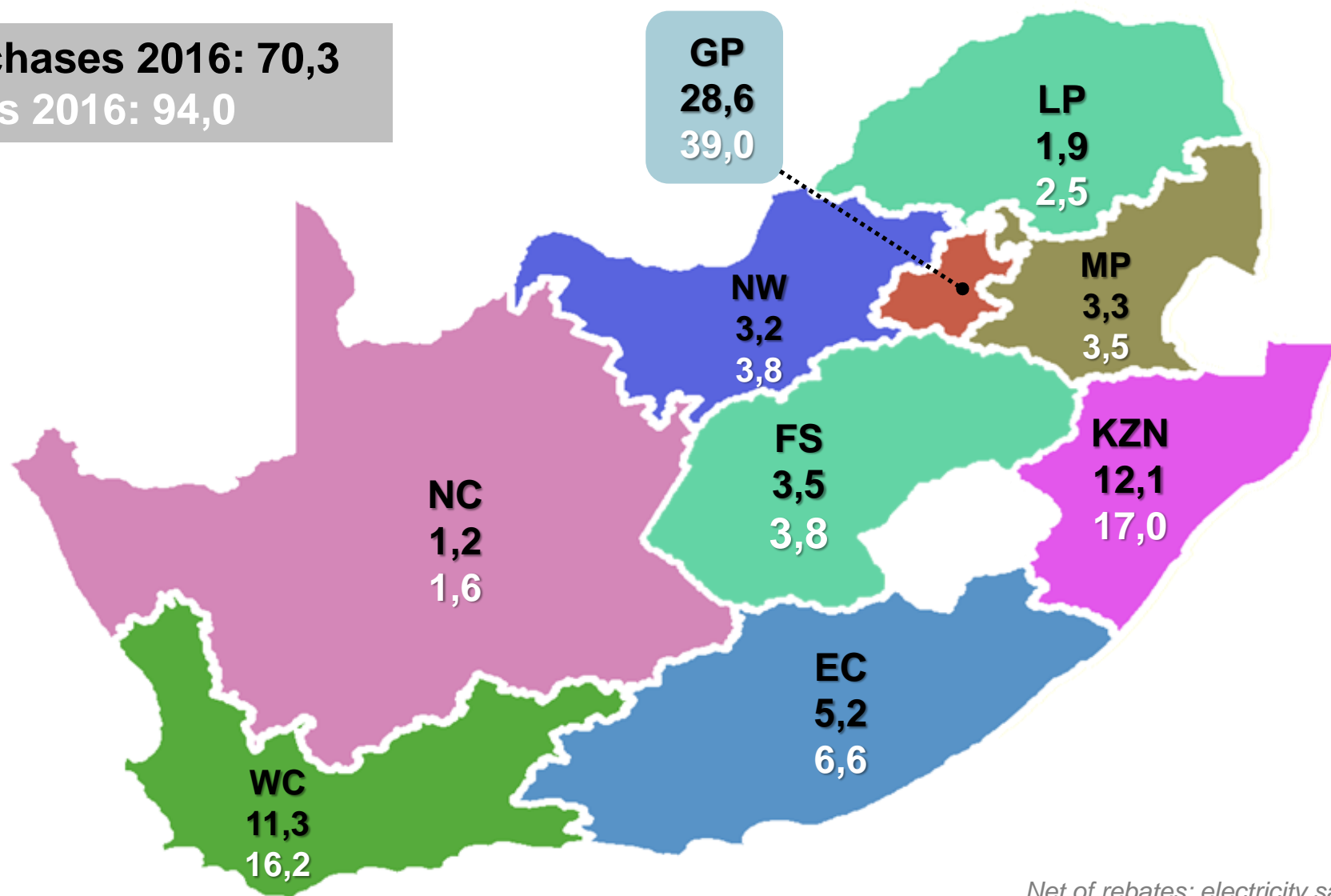


Net of rebates: electricity sales

Electricity purchases and sales: 2016 (R billion)

Purchases 2016: 70,3

Sales 2016: 94,0

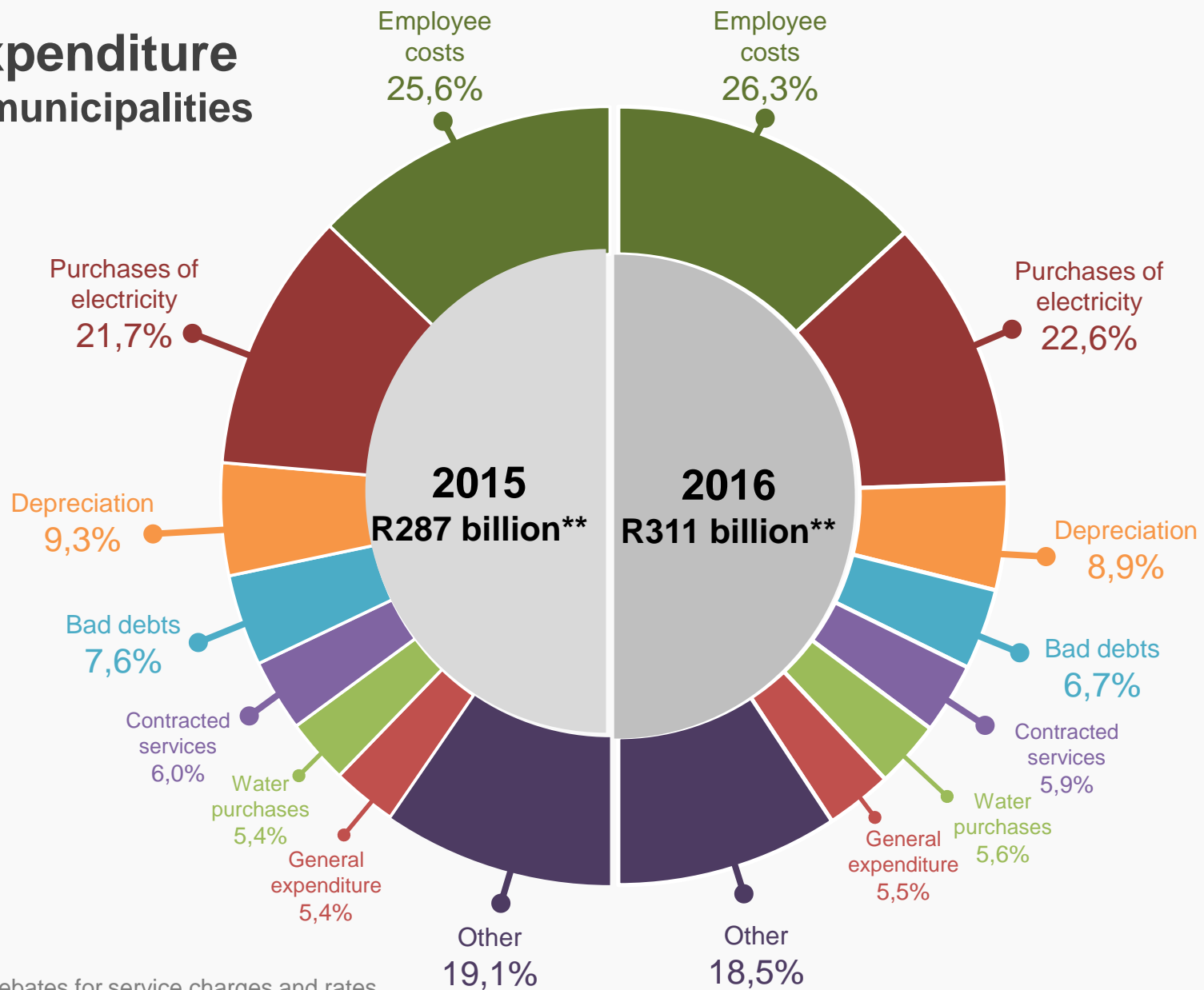


Net of rebates: electricity sales

Expenditure performance of municipalities

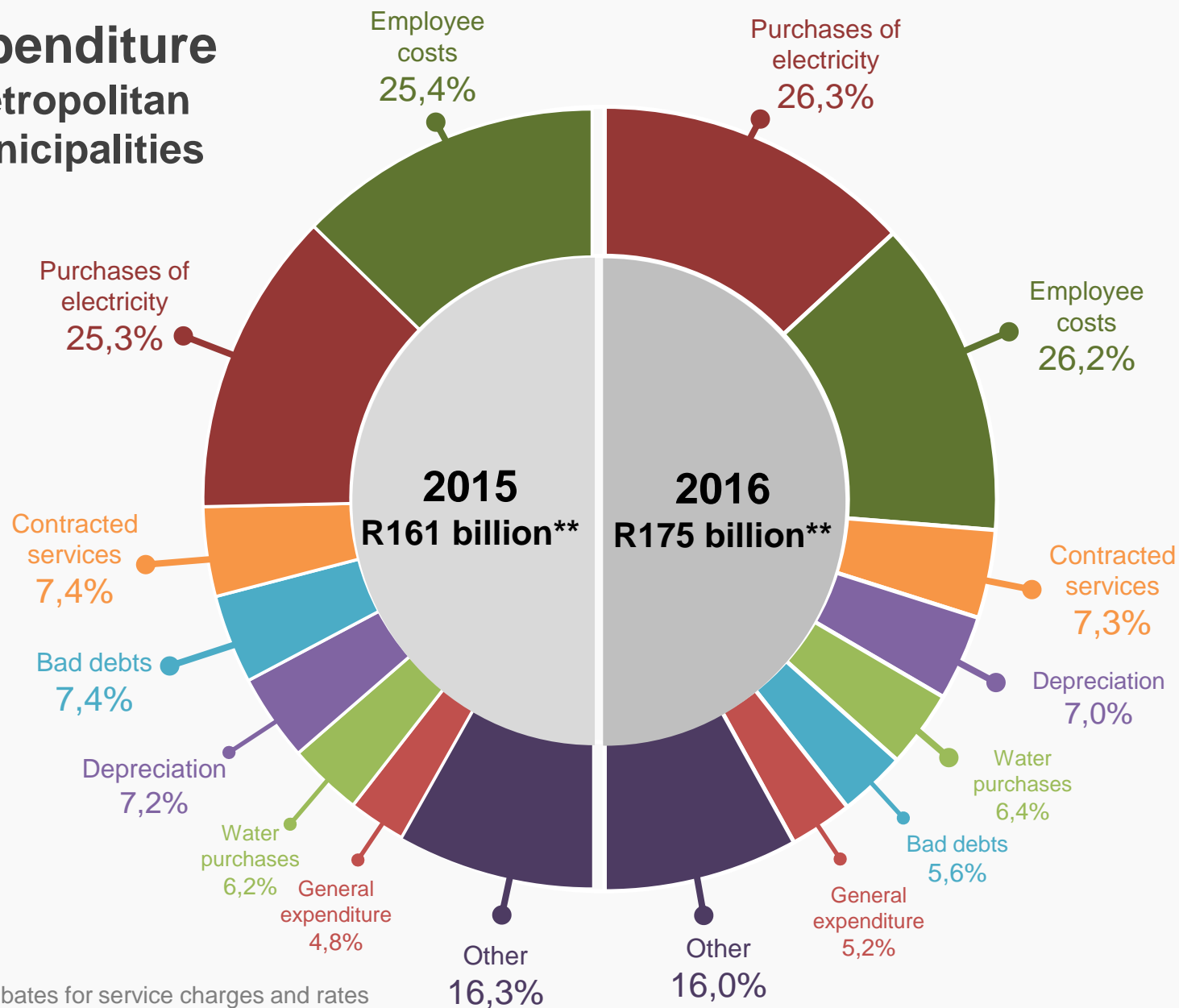


Expenditure all municipalities



** Excludes rebates for service charges and rates

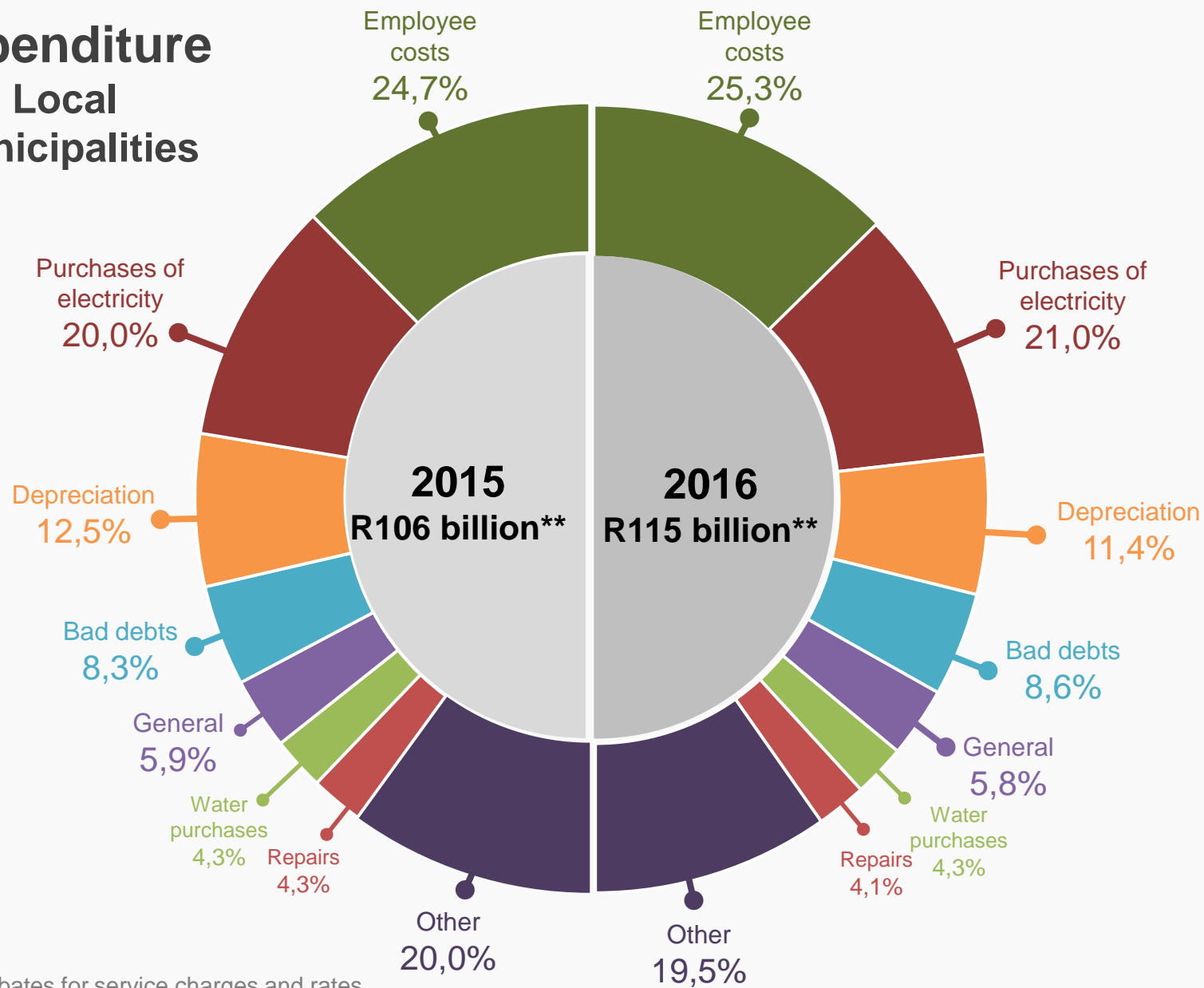
Expenditure Metropolitan municipalities



** Excludes rebates for service charges and rates

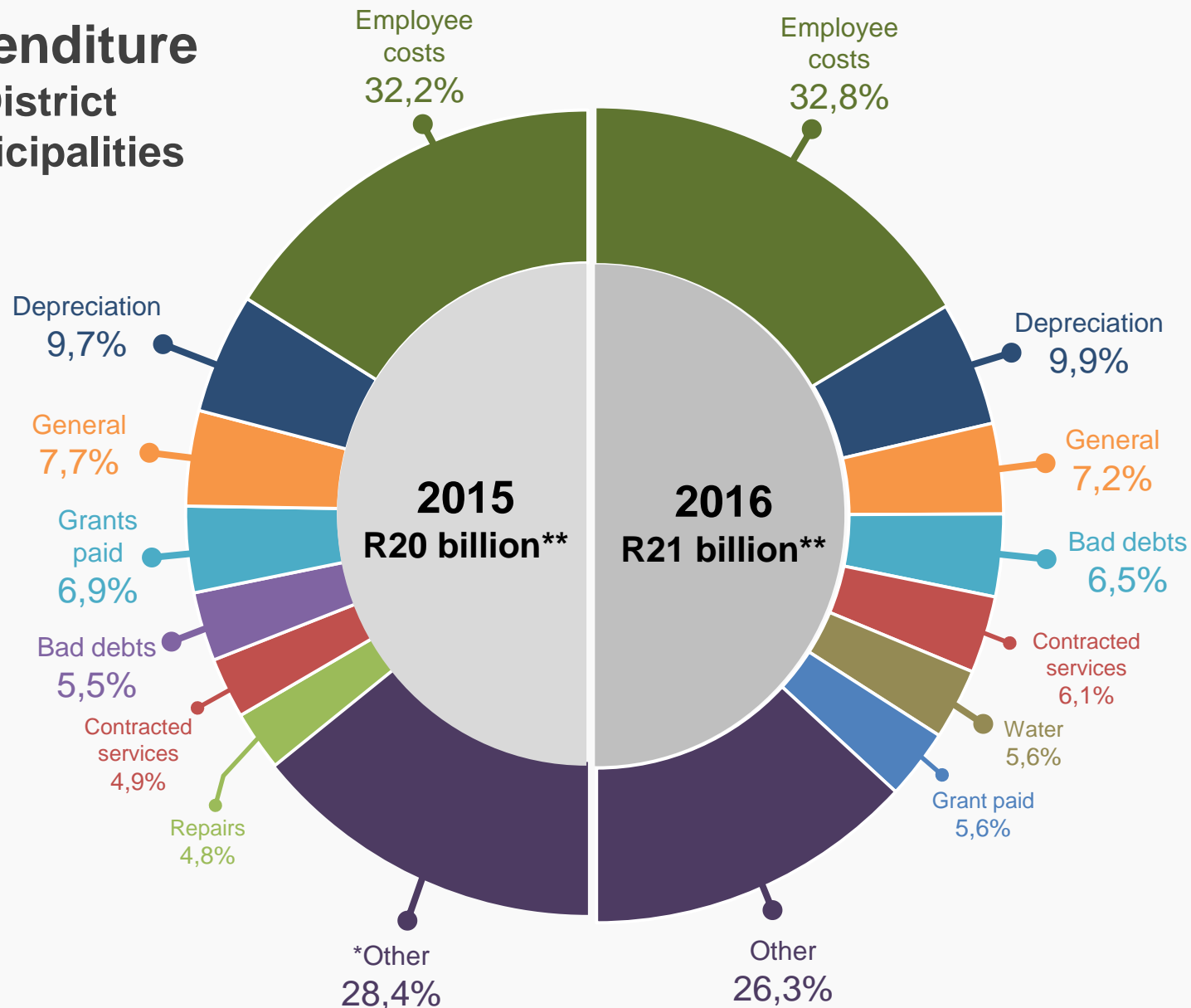
Expenditure

Local municipalities



** Excludes rebates for service charges and rates

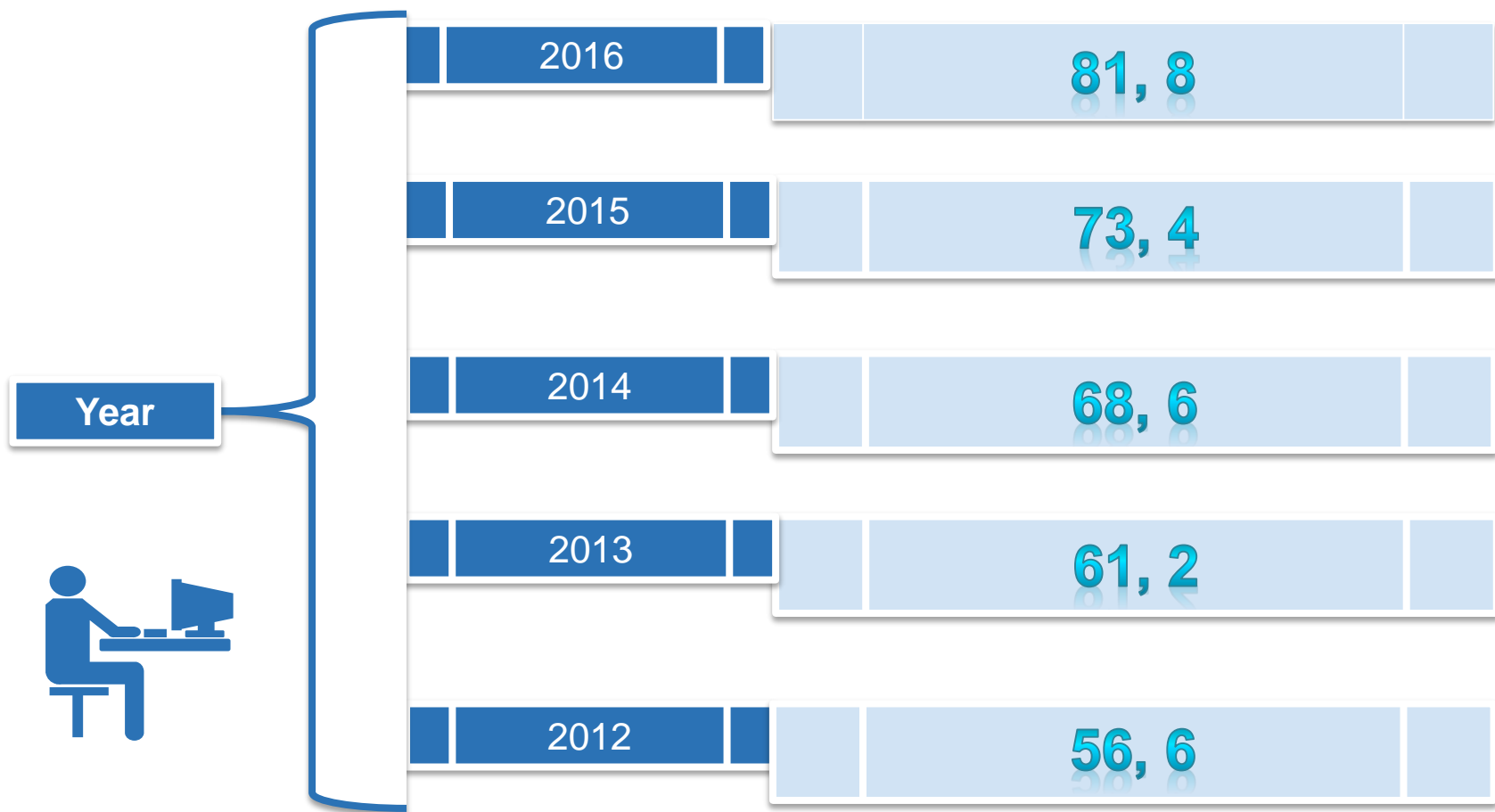
Expenditure District municipalities



*includes purchases of water 2015: (4,3%)

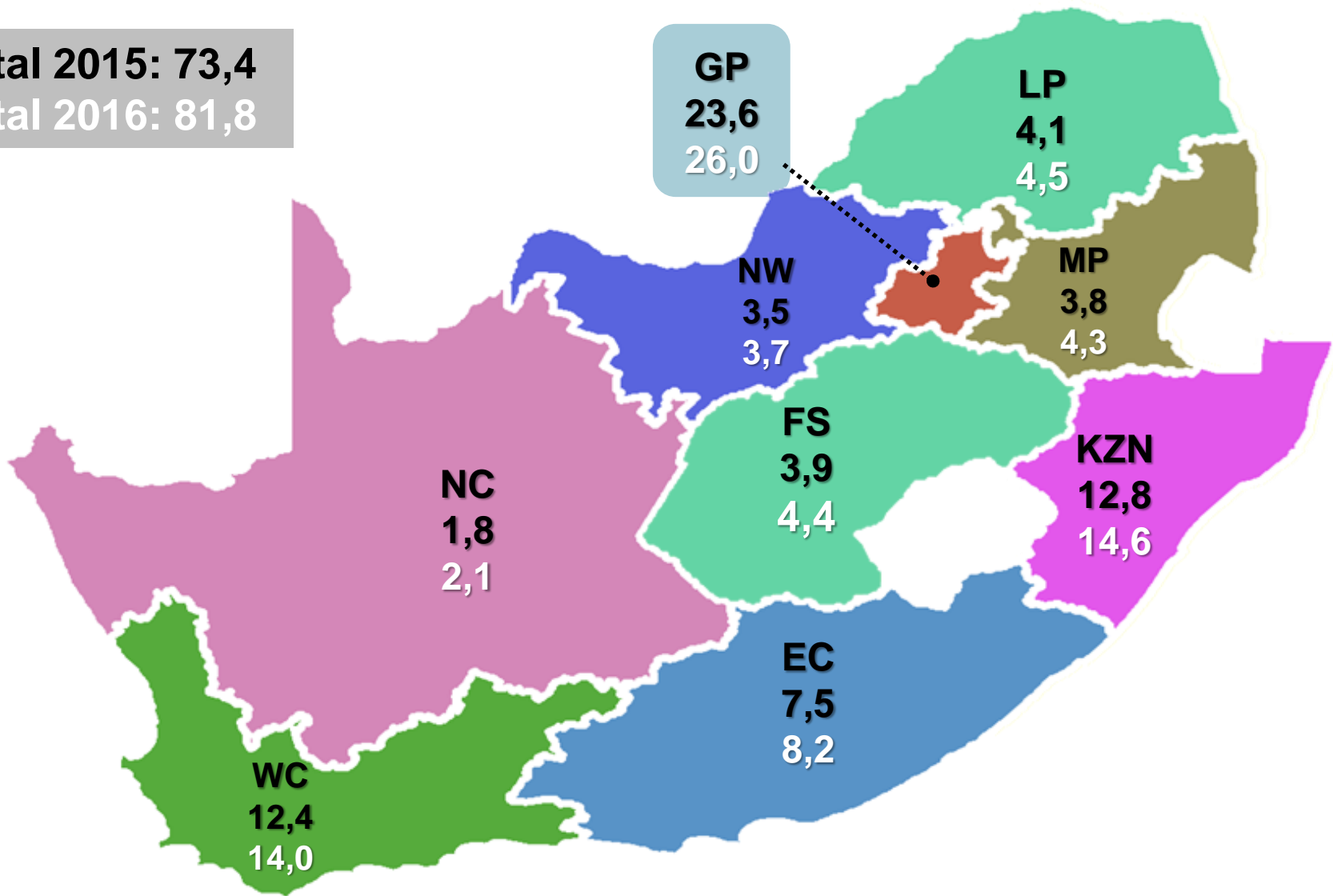
** Excludes rebates for service charges and rates

Employee-related costs for all municipalities (R billion)

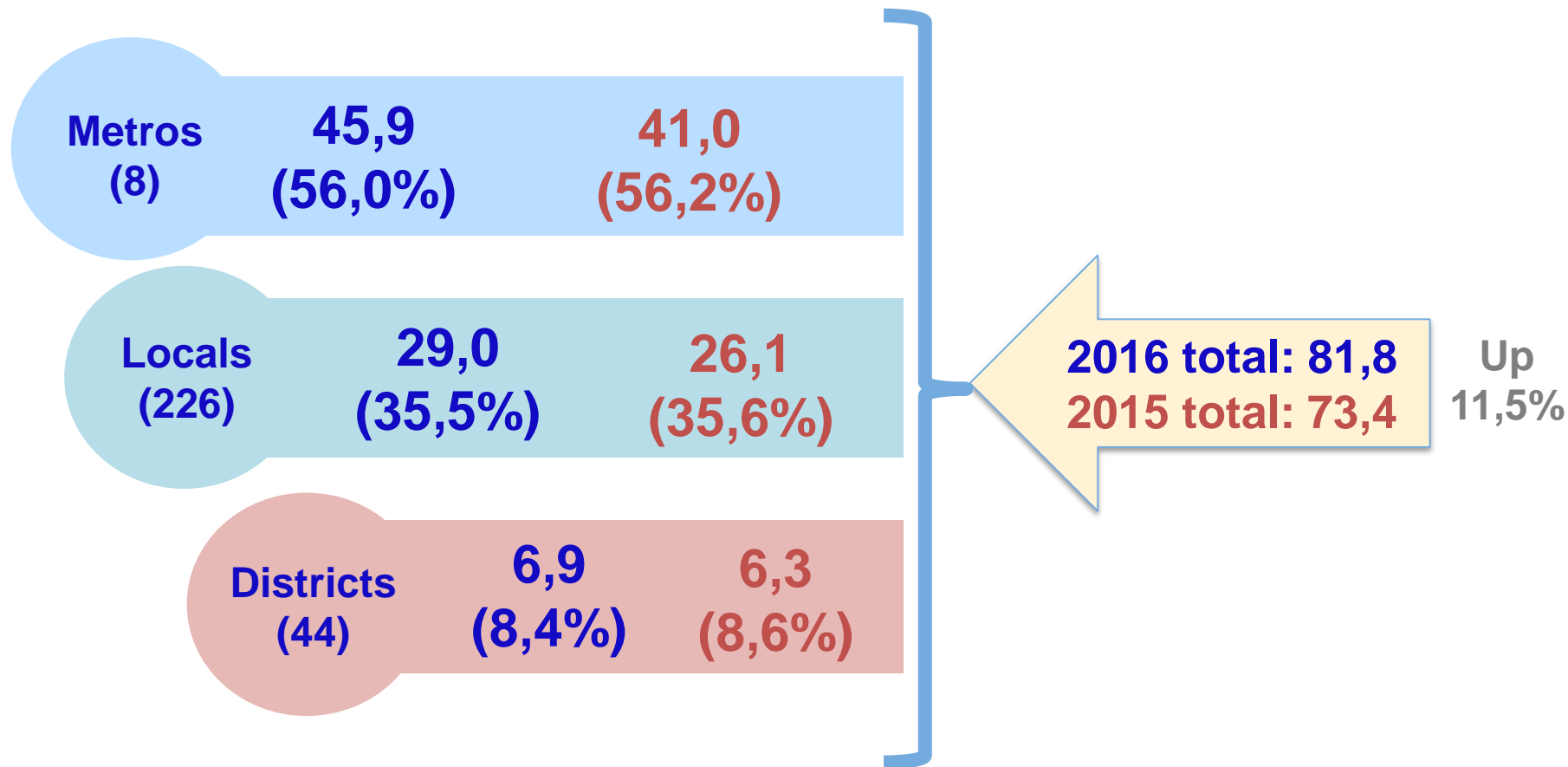


Employee-related costs by province (R billion)

Total 2015: 73,4
Total 2016: 81,8



Employee-related costs* by type of municipality: 2015-2016 (R bn)



*Excludes remuneration of boards of directors & councillors

Employee-related costs for metros

Metropolitan Municipality	Number of employees*			Employee related costs (Rm)		
	2015	2016	% change	2015	2016	% change
Buffalo City	4 533	4 997	10,2%	1 233 305	1 352 201	9,6%
City of Cape Town	25 918	27 218	5,0%	8 177 924	9 415 890	15,1%
City of Johannesburg	28 332	27 966	-1,3%	8 589 106	8 999 009	4,8%
City of Tshwane	29 859	29 574	-1,0%	6 553 006	7 529 931	14,9%
Ekurhuleni	15 924	15 958	0,2%	5 821 116	6 601 212	13,4%
eThekweni	23 412	22 151	-5,4%	7 163 116	8 251 752	15,2%
Mangaung	3 898	4 298	10,3%	1 261 395	1 423 526	12,9%
Nelson Mandela Bay	6 556	6 719	2,5%	2 163 727	2 342 755	8,3%

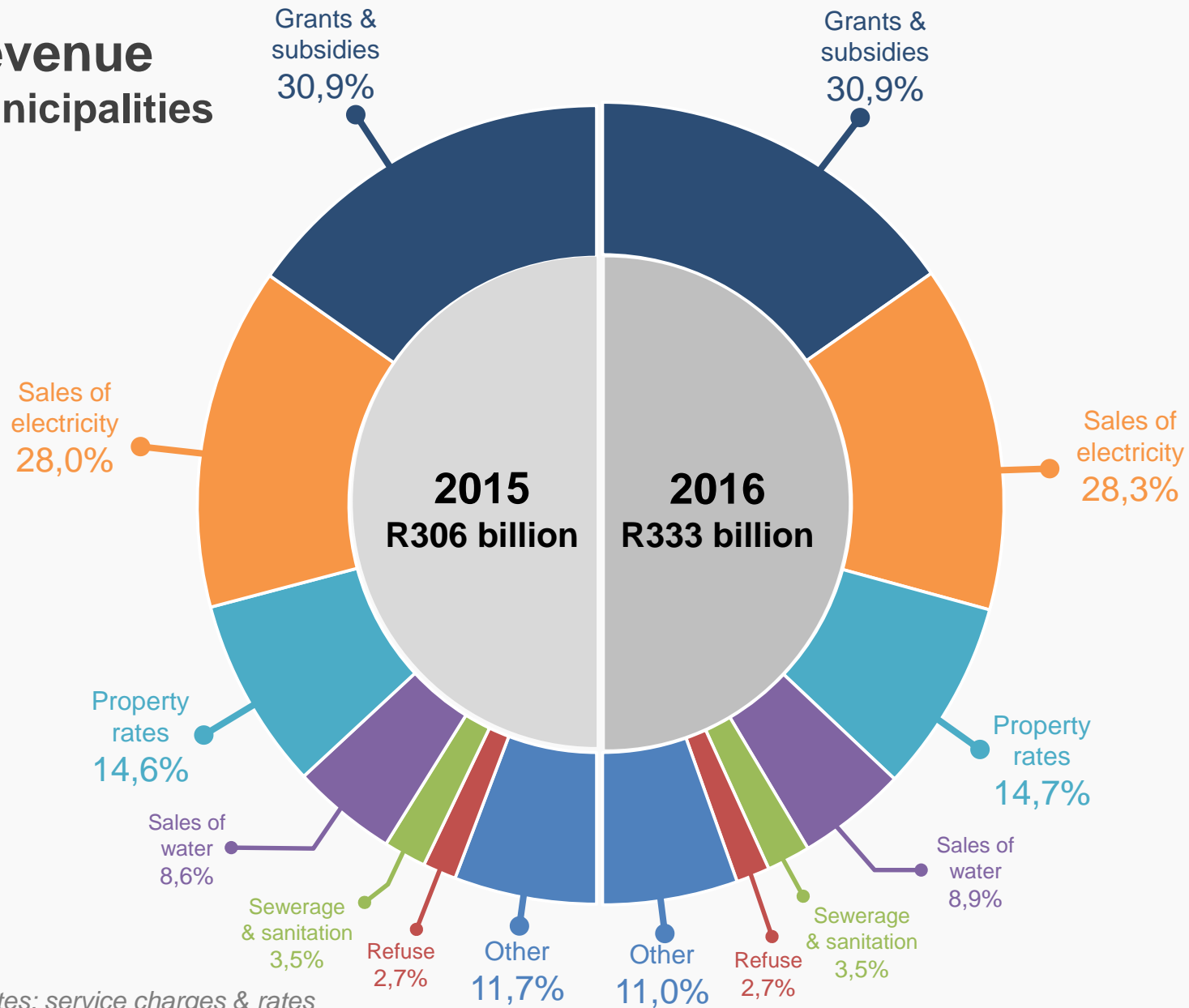
* See NFCM 2016- excluding vacancies

Revenue performance of municipalities



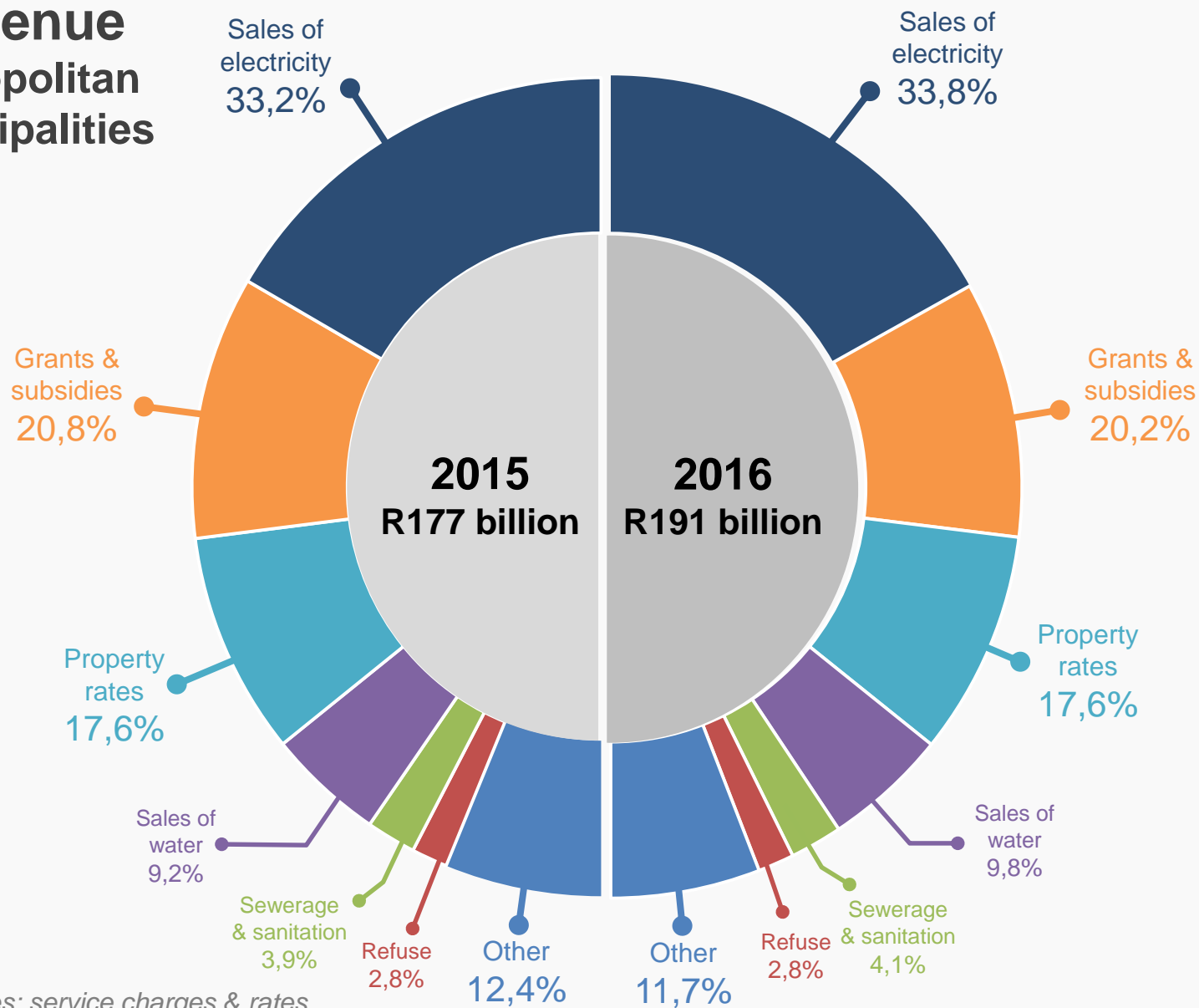
Revenue

All municipalities

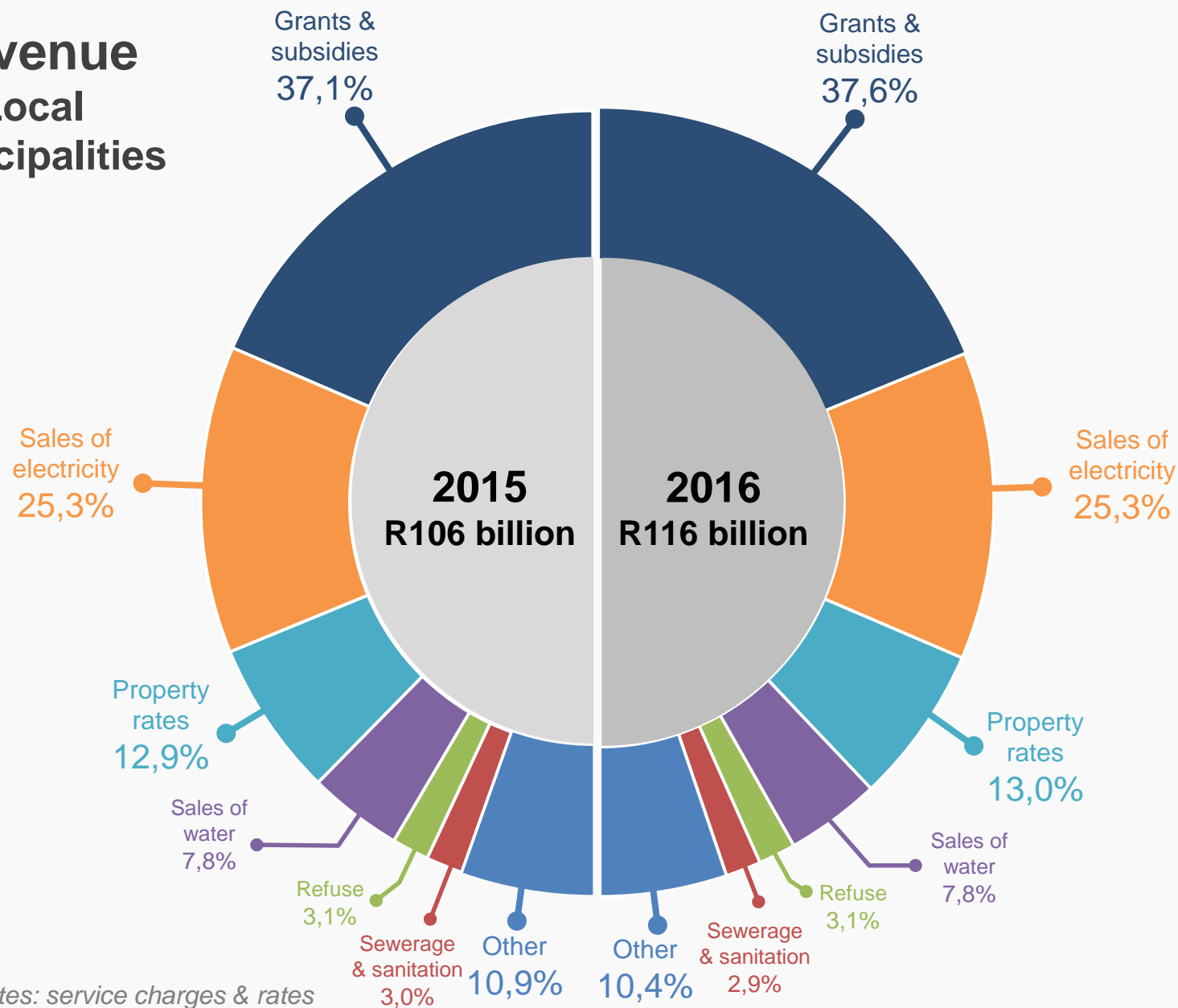


Net of rebates: service charges & rates

Revenue Metropolitan municipalities

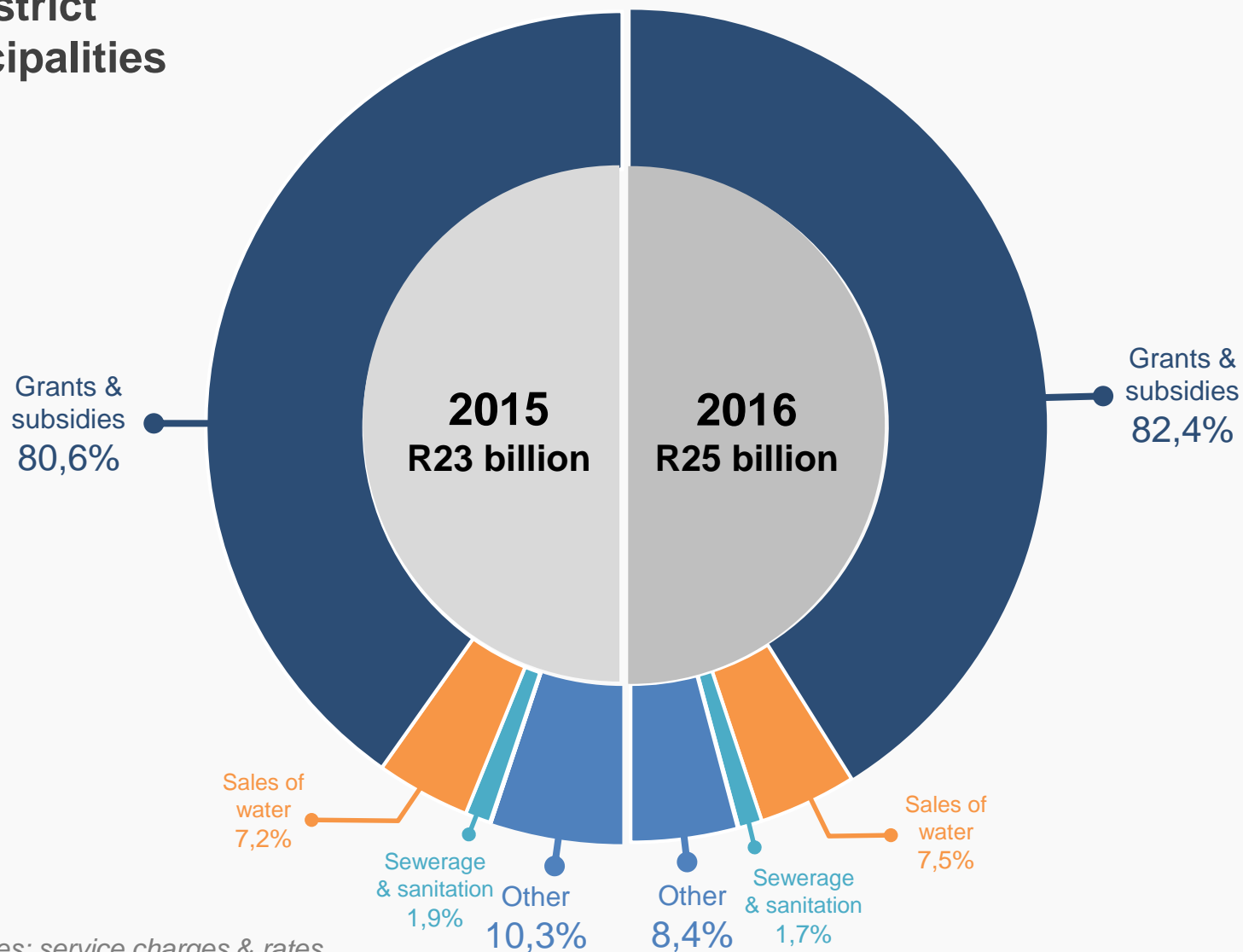


Revenue Local municipalities



Revenue

District municipalities



Grants and subsidies received

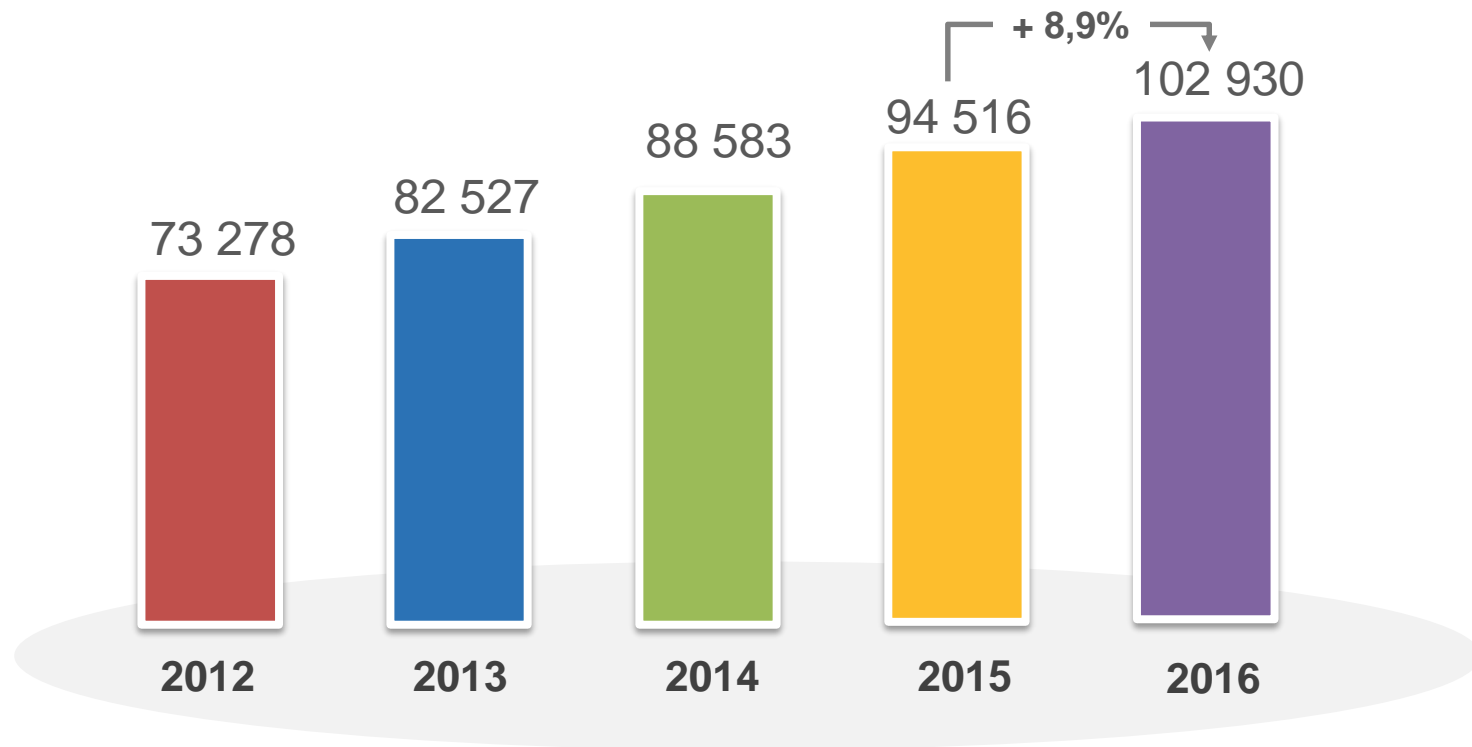
Grants and subsidies are non-repayable funds or transfers by national, provincial governments and other institutions to municipalities.

Two types of grants:

1. Conditional grants: can only be used for a specific purpose (e.g. MIG for infrastructure development).
2. Unconditional grants: no specific purpose assigned to those (e.g. equitable share).

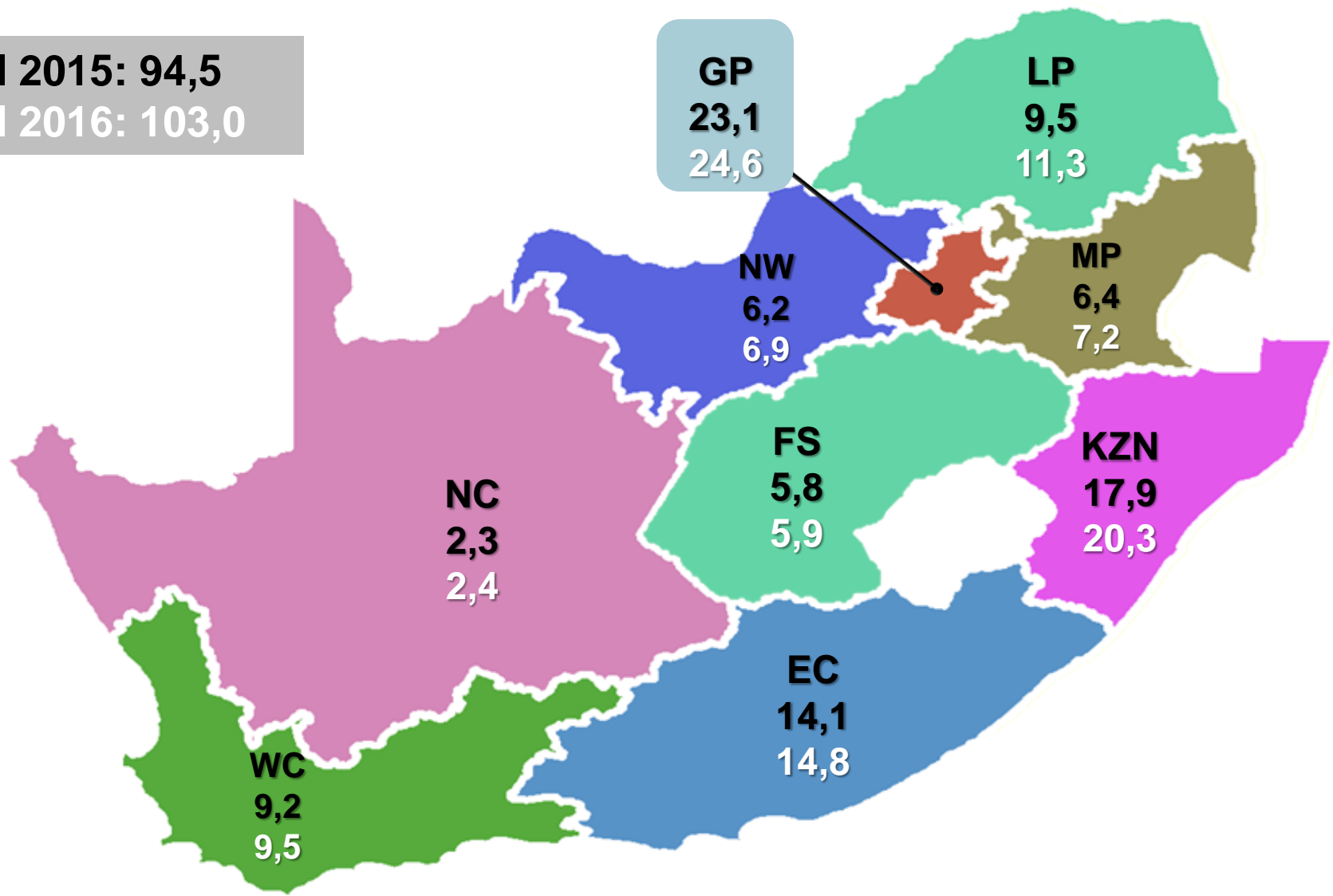
* See MFMA

Grants and subsidies received (R million)

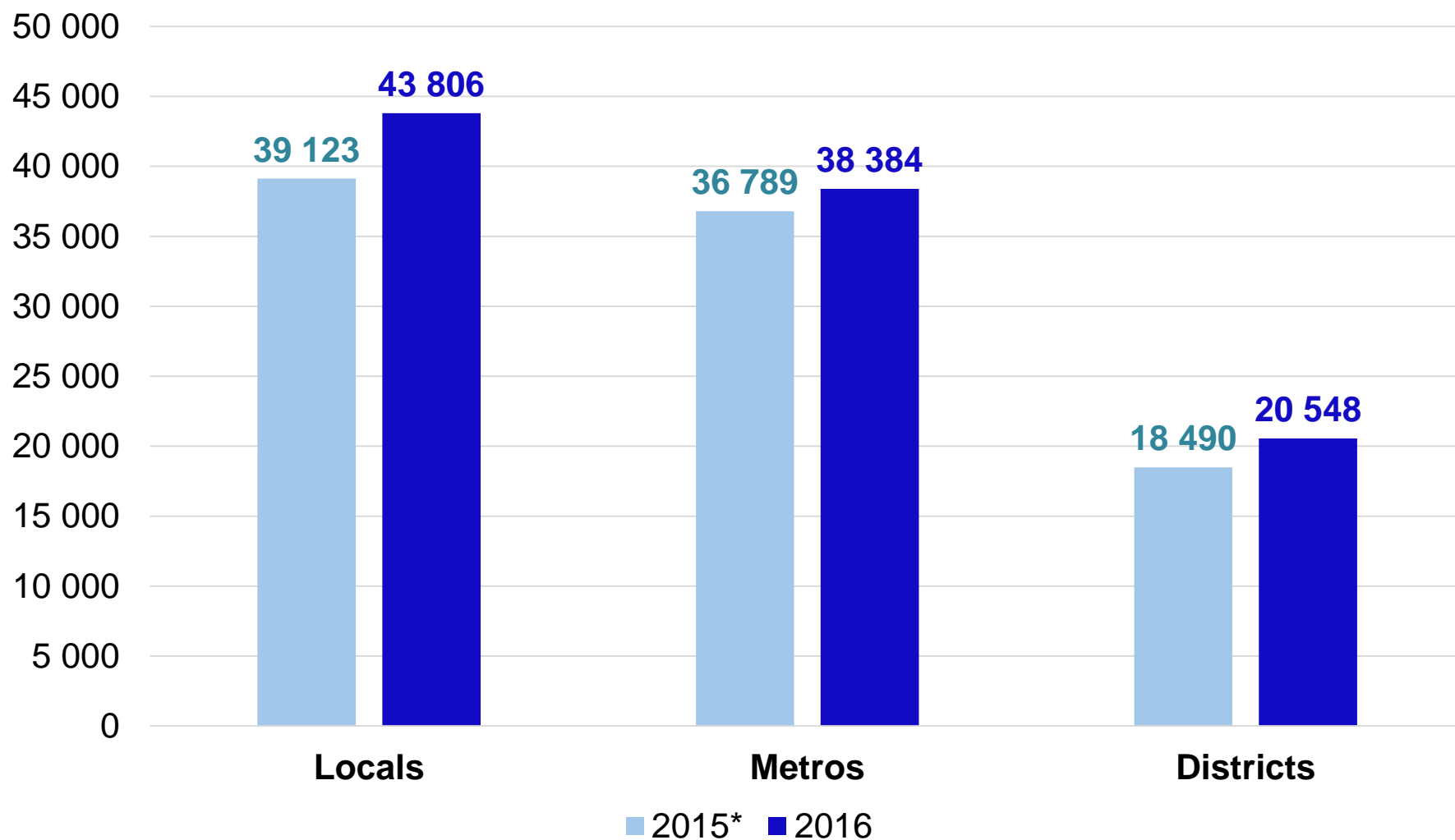


Grants and subsidies received (R billion)

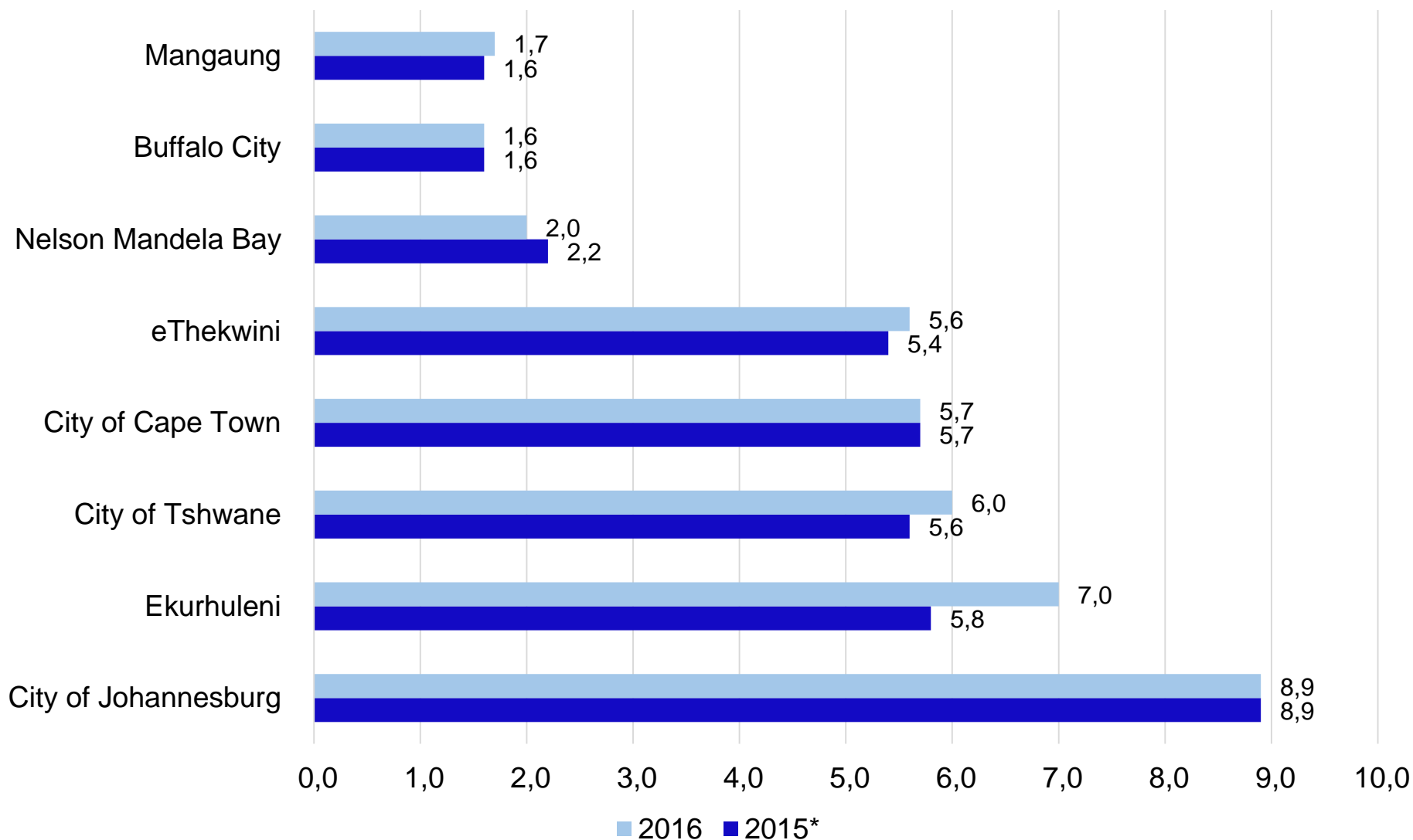
Total 2015: 94,5
Total 2016: 103,0



Grants and subsidies received (R million)



Grants and subsidies received: metros (R billion)

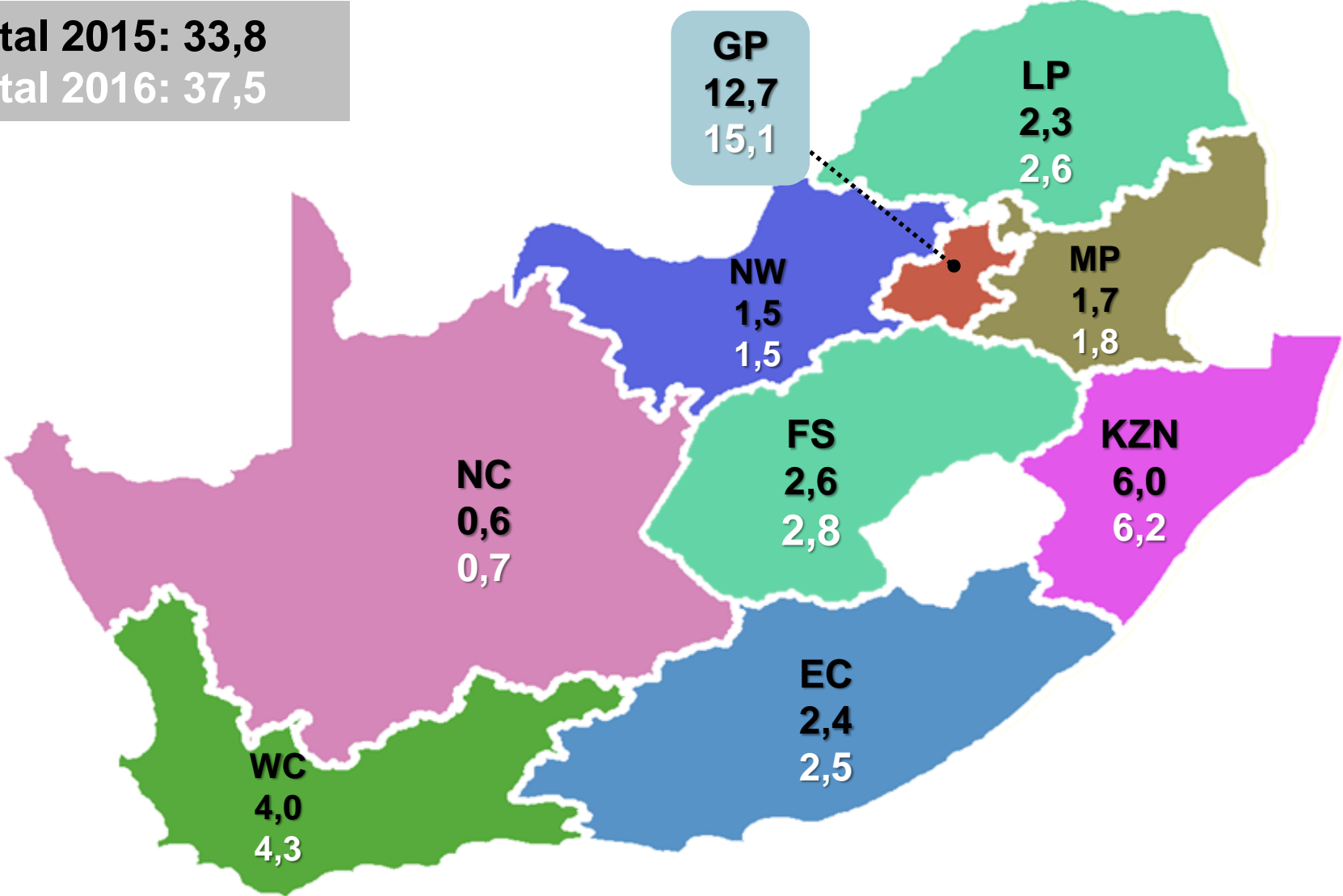


Consumer debtors and trade creditors



Consumer debtors by province (R billion)

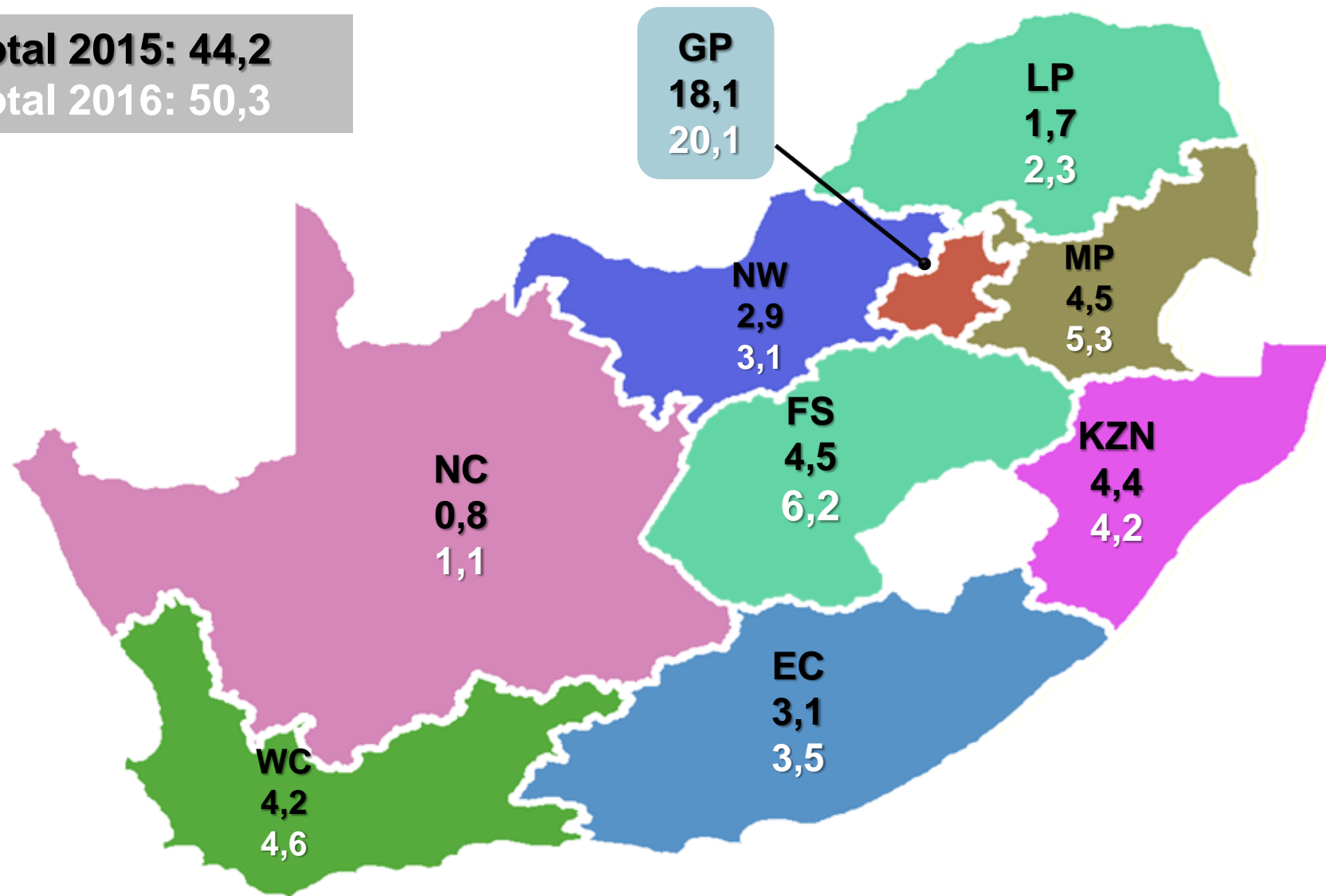
Total 2015: 33,8
Total 2016: 37,5



Trade creditors by province (R billion)

Total 2015: 44,2

Total 2016: 50,3



Municipal financial ratios: 2016

Liquidity management: 2016 (R million)

Current Ratio



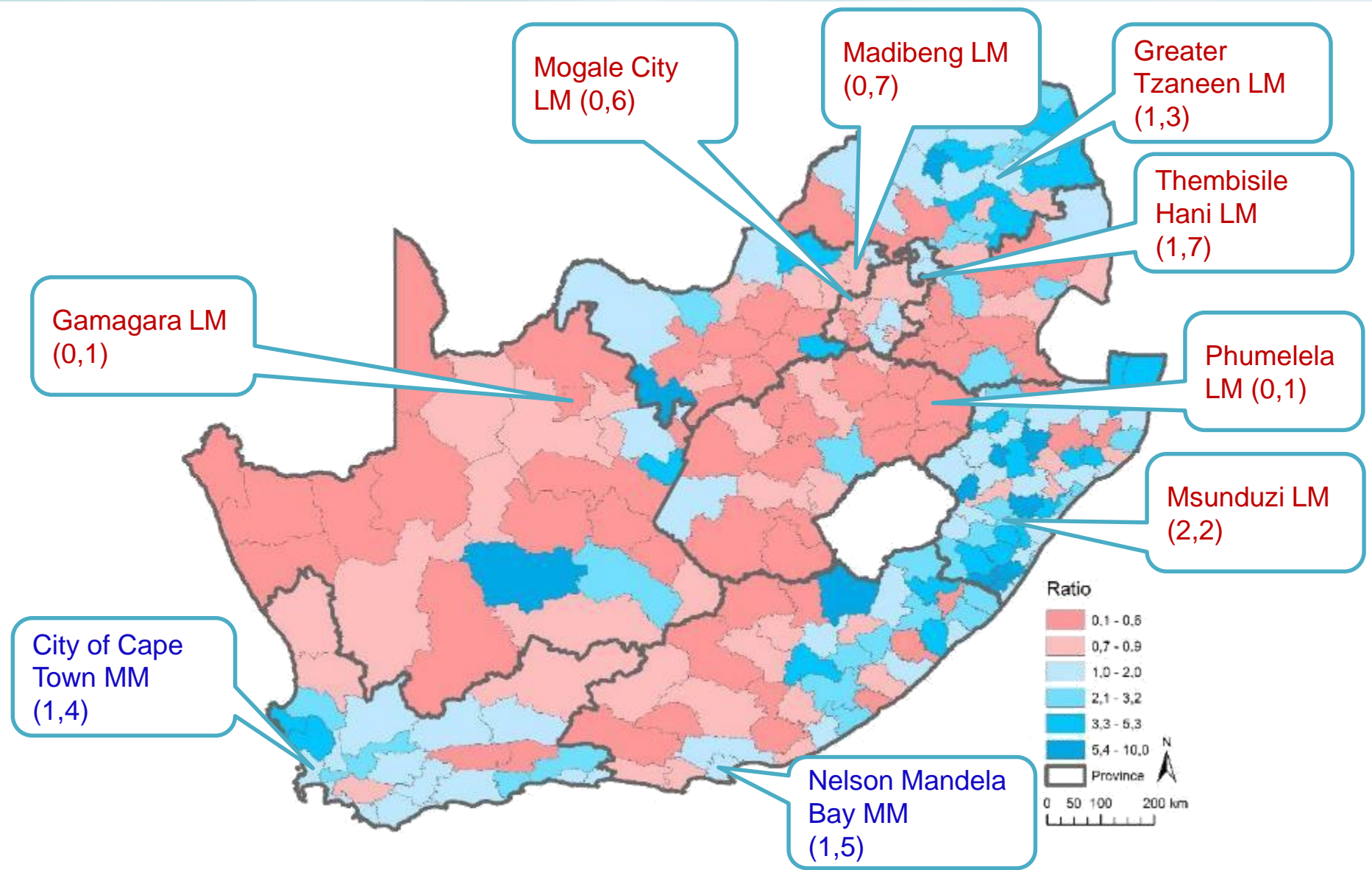
$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{119\,344}{106\,336} = 1,1:1$$

$$\text{Metros: } \frac{70\,551}{58\,022} = 1,2:1$$

$$\text{Districts: } \frac{9\,441}{7\,732} = 1,2:1$$

$$\text{Locals : } \frac{39\,352}{40\,582} = 1,0:1$$

Current Ratio: Local and Metropolitan municipalities: 2016



Liquidity management: 2016 (R million)

Acid Test Ratio

All municipalities



Current Assets-Inventory Current Liabilities

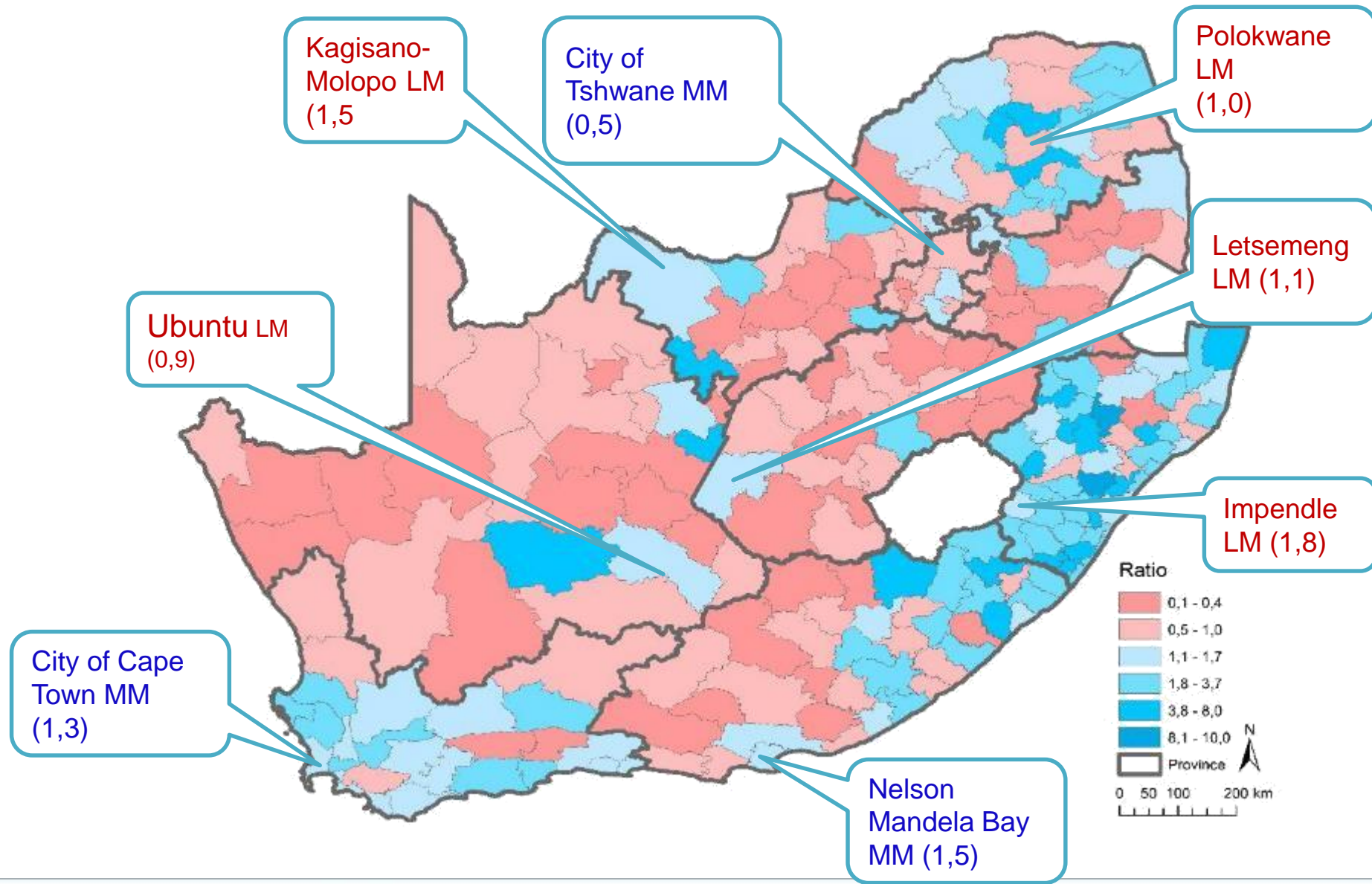
$$\frac{113\,272}{106\,336} = 1,1:1$$

$$\text{Metros: } \frac{67\,908}{58\,022} = 1,2:1$$

$$\text{Districts: } \frac{9\,021}{7\,732} = 1,2:1$$

$$\text{Locals : } \frac{36\,343}{40\,582} = 0,9:1$$

Acid Test Ratio: Local and Metropolitan municipalities: 2016



Concluding remarks

1. Financial data is for the period 1 July 2015 to 30 June 2016 for all 278 municipalities
2. The cost structure of district municipalities differs from that of locals and metros
3. The main income source:
 - a. For metros is from the sales of electricity
 - b. For local and district municipalities is from grants and subsidies
4. About a quarter of the locals and metro municipalities expenditure is on salaries
5. Various ratios assist in delving into the state of municipal finances.
6. This is the last publication with 278 municipalities (257 from 2017)
7. Unit data is available on the Stats SA website (or on request)
8. Contact details:
 - a. Deputy Director-General: Economic Statistics – Mr Joe de Beer (0828882600)
 - b. Chief Director: Government Financial Statistics - Dr Patrick Naidoo (0828882509)
 - c. Acting Director: Local Government Institutions – Ms Hellen Maribe (0829062144)