

Media Statement

For immediate release

29 June 2016

SALGA welcomes the release of the Financial Census of municipalities for year ending 30 June 2015

SALGA welcomes the release of the Financial Census of municipalities for year ending 30 June 2015 by Statistics South Africa. The Static Release indicates increases in income as well as expenditure compared to the previous year.

Some of the highlights is that grants and subsidies as a percentage of operating income is lower compared to prior year (31% versus 31.7%). SALGA has also identified that rural municipalities have a higher proportion of grants and subsidies against the overall average while metro municipalities have a much lower proportion compared to the overall average. This is pleasing because it reflects that metro municipalities are less reliant on grants and subsidies for operations.

Employee costs as a percentage of overall operating municipal spending has been reduced compared to the prior year (25.6% versus 26%).

The acid test ratio and the current ratio have been consistent during the two financial years. Acid test ratio is of 1,1:1 and the current ratio of 1,2:1, both of these are above the accepted norm.

We believe that the Financial Census, National Treasury Section 71 Publications as well as the Auditor General's (AG's) Report are key indicators of the state of local government and the information and insight that they present is aimed at empowering oversight structures as well as leaders in local government to focus on issues that will result in reliable financial

statements, credible reporting on performance against predetermined objectives and compliance with laws and regulations.

END

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