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GOVERNMENT NOTICE

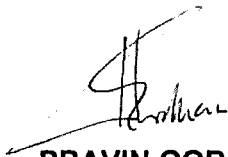
NATIONAL TREASURY

No. 1201

14 December 2009

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003:
EXEMPTION FROM PROVISIONS OF THE ACT TO FACILITATE MEASURES TO
ADDRESS THE WATER CRISIS IN THE EDEN DISTRICT MUNICIPAL AREA**

I, Pravin Gordhan, Minister of Finance, acting in terms of section 177(1)(b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), hereby exempt Eden District Municipality, George Municipality, Knysna Municipality, Bitou Municipality, Mossel Bay Municipality and Hessequa Municipality, which are experiencing a water crisis, from compliance with certain specific provisions of the Municipal Finance Management Act, as set out in the Schedule hereto.



**PRAVIN GORDHAN
MINISTER OF FINANCE**

SCHEDULE**Exemption**

1. The municipalities specified in this Notice are hereby exempted from the following provisions of the Municipal Finance Management Act:
 - (a) sections 18, 19, 28, 45 and 46, but only to the extent that the sections prevent the municipalities from –
 - (i) increasing water tariffs within a financial year to accommodate the water crisis and the impending shortfalls in budgeted revenue; or
 - (ii) procuring loan funding that was not budgeted during the 2009/2010 municipal budget to address capital expenditure related to the water crisis
 - (b) that require or prescribes a formal consultation process in relation to tariff increases and the procuring of external loan funding contemplated in paragraph (a).

Conditions

2. The exemption granted in terms of item 1 is subject to the following conditions:
- (a) the exemption is applicable only until 30 June 2010;
 - (b) the municipalities to which this exemption applies must conduct public consultation processes in their respective communities, for a period, as determined by the municipal council, after consultation with the National Treasury; and
 - (c) the tariff increases to which this exemption may apply is strictly limited to an emergency water tariff increase, which must be introduced only after taking into account the impact of the increased tariff on poor households.
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