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## GOVERNMENT NOTICE

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### NATIONAL TREASURY

No. 1290

28 November 2008

#### LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

#### EXEMPTIONS

I, Trevor A Manuel, Minister of Finance, acting in terms of section 177 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), hereby amend Government Notice No. 522 issued in Government Gazette No. 30013 to the extent set-out in the Schedule.

Signed at Pretoria on this 22nd day of November 2008.



T.A. MANUEL, MP

MINISTER OF FINANCE



## **SCHEDULE**

### **Amendment of paragraph 2(2)**

1. Paragraph 2(2) is hereby substituted with the following paragraph:  
"High capacity municipalities are hereby exempted from complying with section 122(3) of the Act to the extent that they are required in the preparation of their financial statements to comply with the standards and parts or aspects of standards specified in the second column of Annexure A hereto. This exemption applies in respect of the 2006/07 and 2007/08 financial years unless specified otherwise in the third column of Annexure A."

### **Amendment of paragraph 2(3)**

2. Paragraph 2(3) is amended by the addition of the following paragraph:  
"(f) High capacity municipalities must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B."

### **Amendment of paragraph 3(2)**

3. Paragraph 3(2) is amended by the addition of the following paragraphs:  
"(f) Medium capacity municipalities that in terms of a deviation as envisaged in paragraph (b) above are applying GAMAP 9, must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B.  
(g) Medium capacity municipalities that in terms of a deviation as envisaged in paragraph (b) above are applying GAMAP 17 to a transfer or adjustment of functions, must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B."

### **Amendment of paragraph 4(2)**

4. Paragraph 4(2) is amended by the addition of the following paragraphs:  
"(f) Low capacity municipalities that in terms of a deviation as envisaged in paragraph (b) above are applying GAMAP 9, must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B.  
(g) Low capacity municipalities that in terms of a deviation as envisaged in paragraph (b) above are applying GAMAP 17 to a transfer or adjustment of functions, must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B."

### **Amendment of paragraph 5(2)**

5. Paragraph 5(2) is amended by the addition of the following paragraphs:  
"(e) Municipal entities that in terms of a deviation as envisaged in paragraph (c) above are applying GAMAP 9, must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B."

- (f) Municipal entities that in terms of a deviation as envisaged in paragraph (b) above are applying GAMAP 17 to a transfer or adjustment of functions, must apply the deviation with the standards and parts or aspects of standards specified in the second column of Annexure B."

**Amendment of the Annexure**

6. The Annexure is amended by replacing the word "Annexure" with "Annexure A".
7. The Annexure is amended by the addition of Annexure B attached in the Annexure below.

**Effective date**

6. This Notice is effective for the 2007/08 financial year and lapses when Government Notice No. 522 issued in Government Gazette No. 30013 lapses.

**ANNEXURE**

**ANNEXURE B****EXEMPTION CONDITIONS FOR HIGH CAPACITY MUNICIPALITIES IN TERMS OF PARAGRAPH 2(3)(f) OF THIS NOTICE**

High capacity municipalities in terms of this exemption must apply the following conditions:

Financial reporting standard		Extent of exemption from standard	Exemption period
GAMAP 9	Revenue	It is not permitted to limit the initial recognition of revenue as described in paragraphs 15(b), 24(d), 29(a), 37(a), 43(a), 47(a), 50(a) and 55(a). Municipalities must recognise revenue on a gross basis.	For the 2007/08 financial year
GAMAP 17	Property, Plant and Equipment	In respect of assets received as a result of a transfer or adjustment of functions - Municipalities must apply GAMAP 17 in respect of assets that it has recognised. GAMAP 17 does not apply to assets that must still be recognised	For the 2007/08 financial year