MFMA SECTION 33 PROCESS - INFORMATION STATEMENT

ENTERING INTO A MEMORANDUM OF AGREEMENT FOR THE GENERAL VALUATION AND PREPARATION OF THE VALUATION ROLL FOR IMPLEMENTATATION 1 JULY 2027 AND PREPARATION AND UPDATING OF VALUATION ROLLS TO 30 JUNE 2032.

This document is prepared in accordance with the provisions of Sec 33 of the MFMA to enter into a Memorandum of Agreement between Service Provider and Richmond Local Municipality

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1. BACKGROUND:

Section 33 of the MFMA prescribes that public participation is required whenever a local authority intends signing an agreement or contract beyond the three (3) municipal financial years in length. In such instance the MFMA also requires the Municipality to provide background information and to write to the relevant sector departments to obtain their comments.

2. SECTION 33 PROCESS:

Where a contract or agreement is intended to span more than three (3) municipal financial years, Section 33 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) requires the municipality to provide background information and to invite written comments from the local community and effected parties or persons and to write to government departments to obtain their comments. The Richmond Local Municipality is required to initiate the public information process by advertising the matter at least 60 days prior to approving the agreement.

The public invitation to comment on the draft Memorandum of Agreement is planned to be published on the 10th of November 2025 in the local media and on the municipal website.

The purpose of this document is to inform the public and certain government departments and affected stakeholders, parties or people, as required by the MFMA, of the intention of the Richmond Local Municipality to enter into an agreement with Service Provider for more than three municipal financial years.

Where a municipality intends to have an agreement with a service provider and the financial obligations span over more than three municipal financial years, it must follow procedure as set out under Sec 33 of the MFMA. This **Information Statement** sets out the requirements of Sec 33 and outlines the content, scope and objectives of the agreement involved.

Section 33 of the MFMA requires as follow:

Section 33 (1)(a) that the Municipal Manager must, at least 60 days before the Council meeting where an agreement or contract is to be approved, inform certain parties of the intention to enter in an agreement by:

- Section 33 (1)(a)(i) issuing an Information Statement summarizing the municipalities obligation and draft agreement documents to the public and invite comments and representations; and
- Section 33 (1)(a)(ii) soliciting the views of –
  - National and Provincial Treasury
  - National Department responsible for local government
  - National Department has functional responsibilities related to the services being delivered

3. PROPOSED MEMORANDUM OF AGREEMENT AND PROJECT BACKGROUND:

In terms of the Municipal Property Rate Act No 6 of 2004, the municipality intending to levy a rate on property must be in accordance with this act of conducting a general valuation of all properties and maintaining the roll through supplementary valuations, The roll must be maintained by the service provider who prepared it. The Municipality is intending to appoint a service provider for the compilation and maintenance of General and Supplementary Valuation roll on 1st July 2027 for a period of 5 years. This period will expire on 30 June 2032.

In general terms, the services that will be agreed between Service Provider and Richmond Local Municipality cover the following:

General Valuation and Preparation of the valuation roll and for the period of five years.

The General Valuation will be containing details about properties within a municipality such as ownership, size, purchase price, registration date with deed office, land and building attribute data, GIS data and the town planning zoning for each property.

It also includes information on how the valuation was determined, including the market report and explanatory calculation used and must comply with the relevant municipal property rate acts (MPRA). This information was used to create a comprehensive and equitable valuation roll for property taxation purposes.

To provide the necessary data for compiling a valuation roll

To ensure a fair, equitable system of property taxation

To inform their property owners of their property valuation and categorization and allow them to object if they are not satisfied

The General Valuation roll will be funded by the Internal funds of the Municipality

It will bring significant changes into the service delivery within the Richmond Municipality.

WHAT WILL BE EXPECTED FROM THE SERVICE PROVIDER BY THE MUNICIPALITY

The service provider shall be expected to adhere to all legislation governing the Valuation Processes and their scope of work will be as follows:

- Compile our General Valuation Roll in the first year of appointment and submit a certified roll.
- Effectively deals with objects of property owners and the public in a timely manner.
- Be present for all for all Valuations appeal board sitting which may occur.
- Prepare supplementary Valuation Roll at least once a year and whenever the need arise to do so.
- Dealing with other valuation related services which include but not limited to; Putting the Market Value for our investment properties in preparation for the annual audit purposes, Putting the Market Value for sales of properties should arise, Putting Market rentals for properties subject to lease and Public Participation as required by Municipality.

4. WHY THIS AGREEMENT IS PROPOSED TO BE EXTENDED FOR OVER A PERIOD OF 5 YEARS

As per the Municipal Property Rates Act, for any municipality to levy rates in a law manner, It ought to conduct a general valuation of all properties in it jurisdiction. The GRV is only valid for a period of 5 years from the date of the implementation. The proposed period makes the provision of the compilation of the document together with the lifespan of the document. The date of the general valuation for this instance shall be 1st of July 2026, and the date of implementation shall be 1st July 2027.

5. FINANCIAL IMPLICATIONS FOR RICHMOND MUNICIPALITY:

For the projector of this nature, it is impossible to come with exact figure for total project cost as this sole depends on the municipality needs. It is possible to determine the cost for the compilation of the roll for the first year, and following that, we find it difficult to project further expenditure. We can however state that the largest expenditure in the year will be for the compilation of the document.

6. ACCESS TO INFORMATION IS PROPOSED THE MFMA S33 PROCESS

Copies of section 33 explanatory documents and the draft Memorandum of agreement will be available during office hours at Richmond Local Municipality from 08h00 to 16h00 from the 10th of November 2025.

A copy of all documentation will be also available on the municipality website www.richmond.gov.za

7. ACCESS TO INFORMATION IS PROPOSED THE MFMA S33 PROCESS

Written comments must be submitted on or before **15 January 2026** in a seal envelop that must be deposited in a tender box Richmond local Municipality, Main building or electronical email to nkosinathi.ngubane@richmond.gov.za

All submission must be addressed to:

The Municipal Manager

Richmond Local Municipality

57 Shepstone Street,

Richmond

3780