



THE **ACCOUNTABILITY** GROUP

A public interest Association.

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Chairperson: Esme Dawn Jefferys

5 September 2024

The Greater Knysna Business Chamber

**Memo GKBC on action taken in respect of the Municipality and TAG from 30 August 2024 to 5 September 2024**

1. On Monday 2 September 2024 at 08h00 a meeting was held at the Municipality with TAG, their legal representative Richard Sohn of Sohn and Associates, Jan Van Der Westhuizen and Johan Pretorius from GKBC, the CFO, Acting Municipal Manager, Acting Legal Manager and officials.
2. It was confirmed that as the item on the lease and rental payments to Grey Elephant had been withdrawn from the last council meeting, we would have to wait to see how council deals with it at the next meeting which has been scheduled for Monday 9 September.
3. It was confirmed as it states in the item that was withdrawn that the lease is irregular and supply chain management processes were not followed.
4. Regarding the rates write off the officials explained that they are bound by the council resolution taken on 22 August, however mentioned that the debtors had not accepted the terms of the settlement within the three days afforded in the resolution.
5. It is important to note that they are proceeding with debt collectors in respect of the further outstanding amount in excess of R32 million that has accrued in respect of the Grey Elephant Group.
6. The officials confirmed at the meeting that debt collectors work on a percentage and whilst they could not confirm the actual percentage, 7,5%

was mentioned which will mean that the debt collectors stand to gain over R2 million rand.

7. We deem this to be unacceptable and far in excess of what attorneys would charge.
8. The officials confirmed that they do not want to deal directly with the Grey Elephant Group and they perceive the group to be extremely reluctant payers. No explanation could be given as to why attorneys should not be briefed to deal with the debtors attorneys.
9. Subsequent to the meeting it became apparent that the decision by council to write off the amount is binding on the officials and the only way to address it is to take the matter up with Treasury and the AG and then take the decision of council to effect the write off on judicial review.
10. To this end a letter has been drafted to National and provincial treasury to report the write off, the manner in which council has approached it and to request intervention.
11. We have also alerted treasury to our letter to COGTA requesting intervention and requested their support in respect of an application to dissolve council.
12. The application for judicial review in respect of the resolution pertaining to the rates write off is being drafted and we hope to obtain input from the Afriforum legal team once we have our draft ready.
13. This application cannot be brought on an urgent basis but we feel it is vital to start the process.
14. The town is currently sitting without an acting director for infrastructure which is leading to further collapse of service delivery.
15. The Auditor general results show Knysna Municipality has regressed notwithstanding the existence of the Section 154 Recovery Plan that has been in effect since December.
16. Council is still persisting in passing unlawful resolutions and the Municipality is not enforcing its policies and bylaws.
17. As a formal response from COGTA has not been received we have in the meantime sent the letter to the Sheriff of the High Court in Pretoria to formally serve it on the Offices of the Minister so there can be no doubt that his office has received it.

18. The Democratic Alliance has brought a motion to council calling for council to be dissolved.

19. This motion is serving before council at the meeting scheduled for 9 September.

20. If the motion does not carry we feel it is imperative that we launch a high court application and shall then finalise the papers and hope that we will get the support from the town that will be required to pursue this avenue.

21. Our further report shall follow after the council meeting on 9 September 2024.

Yours Faithfully

ED Jefferys