



# MEDIA RELEASE

1. On 30 May 2018, the Rustenburg Local Municipality received a letter from the attorneys of VESTA Technical Services (Pty) Ltd ("Vesta"). In the letter, Vesta purported to cancel its agreement with the Municipality to provide the Municipality with access to its "Phoenix Accounting System" which provides a billing system to the Municipality in respect of its rates, taxes and utilities ("the accounts management software"). This billing system is necessary for the Municipality to discharge its obligations under inter alia Chapter 9 of the Local Government: Municipal Systems Act, 32 of 2000 ("the Systems Act").
2. Vesta was originally appointed on 10 February 2017, through a transversal tender process conducted by the National Treasury to provide the Municipality with a mSCOA compliant financial management system.
3. Unfortunately, since Vesta's appointment, the Municipality has taken the view that the accounts management software is not fit for the purpose. In the Municipality's view, it has afforded Vesta numerous opportunities to remedy the accounts management software, which Vesta has simply failed to do.
4. Accordingly, and in order for the Municipality to seamlessly deliver municipal services, comply with its obligations in terms of the Systems Act, and operate a mSCOA compliant financial management system, the Municipality (through its legal representatives), formally placed Vesta on terms and withheld all payments to Vesta relating to the accounts management software. Vesta was given a final opportunity to rectify all material deficiencies apparent in the functionality of the accounts management software by no later than the 15 June 2018. Vesta's response was to send its letter of 30 May 2018.
5. The Municipality and Vesta are currently in arbitration proceedings to determine their reciprocal rights and obligations relating to Vesta's appointment, the agreement(s) concluded between the parties, and the accounts management software. In terms of the arbitration agreement, the subject matter of the proceedings is confidential between the parties.
6. The Municipality also notes that there are other municipalities that are currently involved in legal disputes with Vesta for similar reasons.
7. The Municipality wishes to send its sincere apologies to the residents of Rustenburg for the inconvenience they have experienced over the 2017/18 financial year because of certain problems such as incorrect billings, late statements, disconnections, failure to receive clearances on time to list only a few examples. We also want to assure the residents that we will not be held to ransom and will not use public funds in a reckless manner. The law will run its course.

– Municipal Manager (Nqobile S Sithole).  
Yours in service

Rustenburg Local Municipality



# NOTICE TO RESIDENTS

**Dear Valued Resident,**

Rustenburg Local Municipality wishes to provide an update to all residents and key stakeholders on the May 2018 Billing Run.

The Notice to Residents dated 12th June 2018 bears reference:

As previously indicated in the above mentioned notice, RLM has successfully rolled back from the Phoenix System to the Legacy system (Promis)

We are again urging ALL residents who have account queries or disputes to come to the enquiries desk situated in the rates hall on the ground floor of the Missionary Mpheni House for urgent attention and assistance.

We sincerely apologise for any inconvenience caused during the roll back period. Kindly note that we remain committed to ensuring that we provide you with efficient and effective basic services.

Your continued support is appreciated.  
We will keep you updated.

**Regards,**  
**Municipal Manager**  
**Ms N.S Sithole**