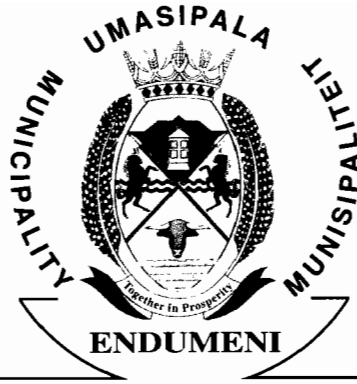


Your Ref.:

Private Bag 2024
Dundee 3000

Our Ref.: F1/1



Telefax: (034) 212 3856

Department: Acting Municipal Manager

Enquiries: Mr. J B Maltman

Tel.: (034) 212 2121

15 December 2010

Mr S Dubazane
Umzinyathi District Municipality
39 Victoria Street
Princess Magogo Building
DUNDEE
3000

Dear Sir

DECLARATION OF INTERGOVERNMENTAL DISPUTE BETWEEN THE ENDUMENI LOCAL MUNICIPALITY AND THE UMZINYATHI DISTRICT MUNICIPALITY

My correspondence of 25 November 2010 refers. Kindly be advised that in terms of Council Resolution C07/06/12/10 my Council has formally resolved to declare an Intergovernmental Dispute with the Umzinyathi District Municipality. A copy of the dispute is enclosed for your convenience.

I trust the foregoing is to your satisfaction and you would be in a position to expedite a meeting to attempt a resolution of the dispute in due course.

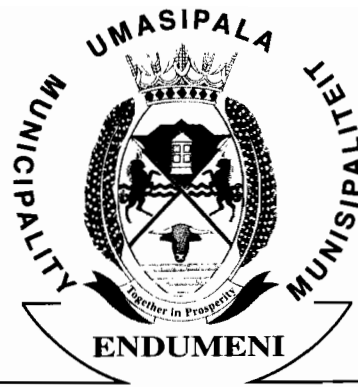
Yours faithfully


J B MALTMAN
ACTING MUNICIPAL MANAGER
/cd

Your Ref.:

Private Bag 2024
Dundee 3000

Our Ref.: F1/1



Telefax: (034) 212 3856

Acting Municipal Manager
Department:

Mr. J B Maltman

Enquiries: 15 December 2010

Tel.: (034) 212 2121

**DECLARATION OF INTERGOVERNMENTAL DISPUTE BETWEEN
THE ENDUMENI LOCAL MUNICIPALITY AND
THE UMZINYATHI DISTRICT MUNICIPALITY**

WHEREAS a dispute has arisen between the Endumeni Municipality and the Umzinyathi District Municipality concerning what the Endumeni Municipality contends is a failure by the Umzinyathi District Municipality to facilitate the transfer of assets and liabilities from the Endumeni Municipality, and concerning the liability of the Umzinyathi District Municipality to make payment to the Endumeni Municipality in respect of operational expenditure which the Endumeni Municipality contends it has incurred on behalf of the Umzinyathi District Municipality; and

WHEREAS this dispute concerns matters which arise from statutory powers or functions assigned to the Umzinyathi District Municipality, namely, the powers and functions referred to in Government Notice No. 841 of 13 June 2003 published in Government Gazette No. 25076, alternatively arise from an agreement between the parties regarding the implementation of a statutory power or function, namely, the Transfer Agreement concluded between the parties in June 2004; and

WHEREAS the Endumeni Municipality has made every reasonable effort to settle the dispute; and

WHEREAS the dispute remains unresolved,

NOW THEREFORE the Endumeni Municipality hereby formally declares an intergovernmental dispute between the parties in terms of section 41(1) of the Intergovernmental Relations Framework Act 13 of 2005 ("the Act")

Accordingly, the Endumeni Municipality hereby calls upon the Umzinyathi District Municipality to make arrangements with the Endumeni Municipality in order to convene as soon as possible a meeting between those parties or their representatives for the purpose of:

- (a) determining the precise issues that are in dispute; and determining whether there are any material issues which are not in dispute;
- (b) identifying any mechanisms or procedures that are available to the parties to assist them in settling the dispute;

- (c) endeavouring to reach consensus on an appropriate mechanism or procedure to settle the dispute;
- (d) endeavouring to reach consensus on the designation of a suitable person to act as facilitator.

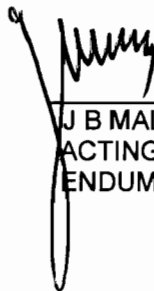
In the event that consensus cannot be reached on the issue of a suitable person to act as facilitator by 31 January 2011, it is the intention of the Endumeni Municipality to request the MEC for Local Government to designate a facilitator on behalf of the parties in terms of section 42(5) of the Act.

In any event, it is the intention of the Endumeni Municipality to request the MEC for Local Government in terms of section 45(1) of the Act to assist in the settlement of the dispute. Such a request will be delivered to the MEC simultaneously under separate cover when furnishing him with an information copy of this notice of the declaration of an intergovernmental dispute.

Dated at DUNDEE this 15TH day of DECEMBER 2010.



CLLR. W N MBATHA
MAYOR
ENDUMENI MUNICIPALITY
duly authorised by Resolution C 07/06/12/10
of the Endumeni Municipal Council



J B MALTMAN
ACTING MUNICIPAL MANAGER
ENDUMENI MUNICIPALITY



CLLR. T B MKHIZE
SPEAKER,
ENDUMENI MUNICIPALITY



CLLR. A RAUBENHEIMER
DEPUTY MAYOR
ENDUMENI MUNICIPALITY