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IN THE HIGH COURT OF SOUTH AFRICA
Gauteng Division, Pretoria

CASE NO: **2026-166564**

In the matter between:

ORGANISATION UNDOING TAX ABUSE NPC	Plaintiff / Applicant / Appellant
and	
THE PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA,THE MINISTER OF TRANSPORT,THE DIRECTOR-GENERAL: DEPARTMENT OF TRANSPORT,THE ROAD TRAFFIC INFRINGEMENT AUTHORITY,THE ROAD TRAFFIC MANAGEMENT CORPORATION,THE MINISTER OF FINANCE,THE DIRECTOR-GENERAL: NATIONAL TREASURY,THE SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION	Defendant / Respondent

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Affidavit

NOTE: **This document was filed electronically by the Registrar on 29/7/2026 at 6:21:35 PM South African Standard Time (SAST). The time and date the document was filed by the party is presented on the header of each page of this document.**

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

Private Bag X67, Pretoria 0001

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

ELECTRONICALLY SIGNED BY:

Registrar of Pretoria , Gauteng Division,Pretoria

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG DIVISION, PRETORIA

Case No: 2026- 166564

In the matter between:

ORGANISATION UNDOING TAX ABUSE	Applicant
and	
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA	First Respondent
THE MINISTER OF TRANSPORT	Second Respondent
DIRECTOR GENERAL: DEPARTMENT OF TRANSPORT	Third Respondent
ROAD TRAFFIC INFRINGEMENT AUTHORITY	Fourth Respondent
ROAD TRAFFIC MANAGEMENT CORPORATION	Fifth Respondent
THE MINISTER OF FINANCE	Sixth Respondent
DIRECTOR GENERAL: NATIONAL TREASURY	Seventh Respondent
SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION	Eighth Respondent

SALGA'S EXPLANATORY AFFIDAVIT

I, the undersigned,

SITHOLE MBANGA

do hereby make oath and say that:

1

1. I am an adult male and the Chief Executive Officer of the South African Local Government Association ("**SALGA**") with offices at Menlyn Corporate Park, Block B, 175 Corobay Avenue, Cnr Garsfontein and Corobay, Waterkloof Glen extension 11, Pretoria 0001

2. I have read the founding affidavit of Stefanie Fick, deposed to on behalf of Organisation undoing Tax Abuse ("**OUTA**"). I am duly authorised to depose to this explanatory affidavit on behalf of SALGA. A copy of SALGA's organogram as well as a SALGA media notice confirming my appointment and authority is annexed marked "**SG 1**".

3. The facts contained herein are within my personal knowledge unless otherwise stated or the contrary appears from the context and to my belief are true and correct.

4. Where I make submissions of a legal nature, I do so on the advice of SALGA's legal representatives, which advice I accept to be correct in all material respects.

5. To the extent that any party submits at the hearing of this matter that any allegation contained in this affidavit constitutes hearsay, the Honourable Court will be requested to accept such allegation based on the provisions of section 3 of the Law of Evidence Amendment Act 45 of 1988, on the grounds that the interests of justice and equity warrant it.

INTRODUCTION

6. This affidavit is filed by SALGA to place before this Honourable Court the local-government implications of the implementation of AARTO. SALGA does not oppose AARTO in principle.

7. SALGA supports road safety, effective traffic-law enforcement and the proper administration of road traffic infringements. SALGA's concern is different.

8. SALGA's concern is that AARTO must be implemented lawfully, rationally, after meaningful consultation with affected municipalities, on the basis of a clear and operative legal framework, with a workable financial model and when municipalities are properly prepared.

9. The present proceedings concern OUTA's challenge to the implementation of AARTO. SALGA files this explanatory affidavit because AARTO implementation directly affects municipalities as issuing authorities. SALGA is recognised as the national organisation representing organised local government under the Organised Local Government Act 52 of 1997.

10. SALGA places certain facts before the Court because they are relevant to the Court's assessment of whether implementation should proceed while serious legality, rationality, consultation, financial-model and readiness concerns within municipalities remain unresolved. SALGA does so in circumstances where OUTA has placed its own grounds before this Honourable Court.

3 S.M.

11. For the avoidance of doubt, SALGA does not, by filing this explanatory affidavit, abandon the intergovernmental dispute that it has already invoked in terms of section 41 of the Constitution and the Intergovernmental Relations Framework Act 13 of 2005. SALGA persists in that dispute.

12. This affidavit is filed to assist this Honourable Court. SALGA understands that urgent proceedings of this nature are not intended to determine finally the lawfulness, rationality or validity of the impugned implementation decision.

13. Those issues may properly arise in review proceedings or in the intergovernmental dispute-resolution process, depending on how the matter develops.

14. The purpose of this affidavit is therefore not to ask this Honourable Court to finally determine the merits of SALGA's legality and rationality complaints.

15. The purpose is to place before this Honourable Court facts within SALGA's knowledge which may assist the Court in determining whether, on a *prima facie* basis, interim relief may be warranted.

16. Those facts include SALGA's prior urgent application, the financial and operational concerns raised by municipalities, the unresolved intergovernmental dispute, the last-minute proclamation of implementation, the publication of the 2026 Regulations on 30 June 2026 and the financial implications arising from Schedule 2 to those Regulations.

STRUCTURE OF THIS AFFIDAVIT

17. This affidavit is structured as follows.

17.1. First, I set out SALGA's position in principle.

17.2. Second, I set out the factual background to AARTO implementation.

17.3. Third, I deal with the financial and operational concerns raised by municipalities.

17.4. Fourth, I deal with SALGA's engagements with the Department, RTIA, RTMC, National Treasury and affected municipalities.

17.5. Fifth, I deal with the 2025 Regulations, their withdrawal, and the resulting uncertainty regarding the operative legal framework for implementation.

17.6. Sixth, I explain why Schedule 2 to the 2026 Regulations confirms SALGA's financial-model concern.

17.7. Lastly, I explain SALGA's continuing concerns and the prima facie basis upon which these facts may assist this Honourable Court in considering whether interim relief is warranted.

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SALGA'S POSITION IN PRINCIPLE

18. At the outset, SALGA records that it does not oppose AARTO in principle. SALGA supports the objectives of road safety, effective enforcement of road traffic laws and the proper administration of road traffic infringements.

19. SALGA's concern has never been that AARTO should not be implemented. SALGA's concern is that AARTO must be implemented lawfully, rationally, after meaningful consultation, on the basis of a clear regulatory framework, with a workable financial model and when municipalities are properly prepared to discharge their statutory obligations.

20. SALGA's position is accordingly that implementation must not occur on a legally uncertain, financially unresolved or operationally incomplete basis.

21. SALGA's further concern is that municipalities are being required to implement Phase 2 without meaningful participation on the financial model, equipment, systems, training, standard operating procedures and service arrangements necessary for lawful and effective implementation.

FACTUAL BACKGROUND

22. AARTO was enacted in 1998. Its purpose is to promote road traffic quality by providing for a scheme to discourage road traffic contraventions, to facilitate the adjudication of road traffic infringements, to support the prosecution of offences in terms of the national and provincial laws relating to road traffic, and implement

6

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a points demerit system; to provide for the establishment of an agency to administer the scheme; to provide for the establishment of a board to represent the agency; and to provide for matters connected therewith.

23. Despite its enactment in 1998, AARTO was not implemented nationally for years. Its implementation required, *inter alia*, Regulations, systems, equipment, training, municipal readiness and financial arrangements.

24. On 1 July 2008, the then Minister of Transport published the Regulations in terms of section 34 of AARTO.

REGISTRAR OF THE HIGH COURT OF SOUTH AFRICA
GAUTENG DIVISION,
PRETORIA

25. The system was piloted to the City of Tshwane and the City of Johannesburg.

26. The pilot did not demonstrate that AARTO was ready for national rollout. It exposed legal, financial, operational and institutional difficulties which remain material to the present implementation.

27. On 11 November 2016, the City of Tshwane Metropolitan Municipality and the City of Johannesburg briefed Parliament's Portfolio Committee on their experiences with the AARTO pilot.

28. Johannesburg's experience showed that the City incurred substantial implementation costs, including registered-mail costs estimated at approximately R10 million per month, while the required statutory follow-up mechanisms were not properly implemented. The presentation is attached marked "**SG 2**".

29. Tshwane's experience was similar. Tshwane recorded low average revenue collection, the deactivation of courtesy letters and enforcement orders, ineffective AARTO 03 camera-speed enforcement, unreliable SAPO service, unresolved revenue disbursement, and a culture of electing to go to court which undermined the administrative system. The presentation is attached marked "**SG 3**".

30. These historical difficulties remain relevant because the same issues concerning implementation, the financial model and feasibility remained live in 2026.

31. On 13 August 2019, AARTO was amended in terms of the Administrative Adjudication of Road Traffic Offences Amendment Act 4 of 2019.

32. On 11 October 2019, the Minister published the draft Regulations under Government Gazette 42765 by revoking the 2008 Regulations, with the exception of Schedule 3.

33. On 9 July 2021, the Acting Registrar/CEO of the RTIA published the AARTO Roll-Out Circular 01/2021. In the Circular it announced that the roll out would commence on Thursday, 1 July 2021 and that such roll out would be in four phases throughout the country.

33.1. It was further expected that issuing authorities at provincial, metropolitan and local municipal level would enter into service-level agreements and open separate accounts with the South African Post Office for the posting of electronic notices.

33.2. Issuing authorities at provincial, metropolitan and local municipal level were expected to start sourcing quotations and placing AARTO stationery orders through Government Printing Works ("**GPW**"). RTIA was to provide issuing authorities with GPW request-for-quotation forms for that purpose.

33.3. Deployment of IT Equipment and NaTIS connectivity.

33.4. Training of Authorised Officers and NaTIS users.

34. RTIA's AARTO Roll-Out Circular 01/2021 was instructive. It identified the essential readiness components required for implementation, including SAPO service-level agreements, SAPO accounts, procurement of AARTO stationery through Government Printing Works, deployment of IT equipment and NaTIS connectivity, training of authorised officers, training of NaTIS users, and public education campaigns.

35. Four years later, these readiness issues remained unresolved. The Circular is attached marked "**SG 4**".

36. The above history demonstrates that SALGA's concerns regarding municipal financial prejudice and readiness are not abstract.

37. By way of example, on 30 January 2024, Swellendam Municipality placed before its Council a report dealing with the impact of the implementation of AARTO. The report is annexed hereto marked "**SG 5**".

38. The report recorded that AARTO would have significant financial consequences for the municipality. It reflected that, based on the municipality's traffic-fine history, paid municipal traffic fines could decline from approximately R7.4 million to approximately R360 000. The report further reflected that the traffic department's net budget position could decline from a surplus of approximately R3.7 million to a deficit of approximately R1.9 million.

39. The report also recorded that the revenue loss would have to be recovered through cross-subsidisation with other tariffs in order to balance the budget, or alternatively through expenditure reductions. It further recorded that the municipality did not have the revenue base to absorb the revenue loss.

40. The Municipal Manager recorded that the financial implications of AARTO were extremely significant and substantial to the financial sustainability of the Traffic Services Department and the municipality itself. The various scenarios indicated losses of between approximately R3.7 million and R5 million or more.

41. This is the prejudice complained of by SALGA in respect of municipalities. This prejudice is not speculative. A municipality has already assessed the practical financial effect of AARTO and concluded that implementation may materially affect the financial sustainability of its traffic services and other municipal functions.

42. Swellendam Municipality therefore illustrates that municipalities are expected to carry the enforcement burden, while the revenue required to sustain that enforcement function is diminished, diverted or delayed under a model that has not been properly finalised, costed or consulted upon.

43. SALGA has on numerous occasions attempted good faith negotiations with the Department.

44. On 12 November 2024, SALGA engaged the Department of Transport and National Treasury on matters before MINMEC. During this engagement, SALGA raised the financial implications of AARTO for municipalities.

45. On 11 July 2025, an urgent ANSC special meeting took place between RTIA, the Department of Transport and SALGA concerning the AARTO implementation rollout. SALGA raised concerns regarding the AARTO Regulations. The Regulations had not been shared with SALGA for proper review and comment. There was simply no meaningful participation prior to proclamation of the Regulations.

46. On 22 July 2025, an AARTO rollout meeting intended to discuss preparations between RTIA and SALGA was postponed. The Department's legal representatives and RTIA finance officials did not attend as a result, issues remained unresolved.

47. On 26 August 2025, during the National Road Safety Strategy 2016–2030 review, SALGA again raised concerns regarding the AARTO Regulations. The Regulations had still not been shared with SALGA for review and comment.

48. On 19 September 2025, during the Department's COTO engagement, SALGA presented on the financial implications of AARTO.

49. On 31 October 2025, during a Department of Transport MINMEC meeting, SALGA again presented on AARTO.

50. It can be said that SALGA consistently raised the same core concerns: the financial model, municipal readiness, operational impact, legal uncertainty and lack of meaningful consultation on the Regulations.

51. On 31 October 2025, the Minister published the AARTO Regulations, 2025 without SALGA having had an opportunity to comment on the Regulations. These Regulations contained the operational and financial substance of AARTO implementation. They dealt with infringement notices, penalties, discounts, fees, payment flows, demerit points, disqualification, rehabilitation, service of documents, records, AARTO forms, SAPO or service arrangements, and the duties of issuing authorities. The Regulations provide the machinery through which AARTO was to operate.

52. On 7 November 2025, SALGA addressed correspondence to the Minister raising local government concerns. A copy of this letter is annexed marked **"SG 6"**. In that correspondence, SALGA raised concerns including:

52.1. No comprehensive report from RTIA on the financial effects for municipalities.

52.2. The revenue-sharing mechanisms would reduce municipal income, including through the 50% discount for offenders who pay within 32 days, RTIA's claim to 50% of revenue where payment is made after 32 days, and the absence of clear terms governing the transfer of funds to issuing authorities. SALGA recorded that these matters would have a negative financial impact on municipalities.

52.3. Law enforcement value chain be evaluated including the contribution of different role players. SALGA is privy to an engagement on the financial sustainability of one of the key agencies of the DoT that participates in the law enforcement value chain. To some extent this challenge is a function of the revenue being shared with other institutions that make less contribution. The major question was whether the value chain needs all these institutions.

52.4. Regulations published without meaningful consultation despite repeated requests from SALGA to have view of the draft Regulations prior to publication.

52.5. The last engagement on Regulations was in 2019, six years before publication in 2025.

52.6. The 2025 Regulations prescribe procurement from the Government Printing Works, even when cheaper alternatives exist potentially conflicting with the Municipal Finance Management Act.

52.7. The implementation costs.

52.8. The readiness of municipalities.

53. On 10 November 2025, the Department publicly announced that the Minister and Deputy Minister had decided to defer implementation of AARTO from 1 December 2025 to 1 July 2026. A copy of the public statement is annexed marked **"SG 7"**.

54. The Department stated that the postponement followed an assessment of readiness in some of the municipalities intended to form part of the first implementation phase. The Department identified outstanding issues including:

54.1. Finalisation of training for law-enforcement personnel;

54.2. Finalisation of training for back-office personnel;

54.3. Harmonisation of current law-enforcement systems used by various municipalities; and

54.4. Funding.

55. The Department also stated that it would soon publish a new proclamation with new staggered implementation dates, with 1 July 2026 as the official implementation date.

56. This public statement is significant for three reasons. First, it is an admission by the Department that municipal readiness, training, systems harmonisation and funding were material preconditions to implementation. Secondly, it confirms that the deferral to 1 July 2026 was intended to allow those matters to be addressed. Thirdly, it confirms that a new proclamation with staggered implementation dates was required.

57. At that stage, SALGA had not been furnished with the final financial model, replacement Regulations, the new proclamation, or a complete municipality-by-municipality readiness assessment.

58. On 27 November 2025, a Special AARTO Steering Committee meeting was held between RTIA, the Department and SALGA concerning preparations for rollout.

59. SALGA again raised concerns regarding the AARTO Regulations. The Regulations had not been shared with SALGA in a manner that enabled proper review and comment before publication.

60. On 28 November 2025, the Minister withdrew the notice that had published the 2025 Regulations. A copy of the withdrawal notice is annexed marked **"SG 8"**.

61. The effect was that the 2025 Regulations could not serve as the operative legal foundation for Phase 2 and all staggered phases implementation unless valid replacement Regulations have since been made and published.

62. As at that stage, SALGA had not been furnished with any replacement draft or final Regulations for comment. That created a serious legality problem. The Department could not implement AARTO Phase 2 and all staggered phases by administrative preparation alone. It had to identify the valid operative Regulations and the proclamation or commencement instrument authorising implementation in the affected municipal areas.

63. In April 2026, detailed correspondence was addressed to the Department by an affected metropolitan municipality, namely, the City of Cape Town, concerning AARTO implementation. A copy is annexed marked **"SG 9"**.

64. This correspondence is significant because it gives concrete detail to the concerns raised by SALGA on behalf of local government.

64.1. The City of Cape Town recorded that its officials had attended an engagement with the Department, RTIA, RTMC, the relevant provincial department and other municipalities on 8 April 2026.

64.2. The issues discussed included the status of withdrawn draft Regulations, hardware and equipment, training, integration into the national system, municipal revenue and reliance on SAPO for service of notices.

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64.3. The correspondence records that a response document had been received only on 6 April 2026 and that written comments on the response document and draft Regulations were requested by 15 April 2026.

64.4. The municipality expressly recorded that this period was plainly insufficient and that the draft Regulations required proper public participation before being brought into effect.

64.5. The correspondence then identified several pressing concerns.

64.5.1. First, it recorded that municipalities must be properly equipped to implement AARTO. RTMC is responsible for providing NaTIS access equipment, including workstations for high-volume traffic centres. The municipality recorded that repeated requests for additional stations since November 2023 had not been resolved.

64.5.1.1. The correspondence further recorded that RTMC had adopted the position that it could not provide more equipment because it lacked the budget to do so.

64.5.1.2. The municipality also recorded that RTMC could not download the NaTIS system onto existing municipal IT infrastructure because municipalities lacked the mandate for that arrangement, and that municipalities did not have the mandate or budget to acquire the equipment themselves.

64.6. Second, the correspondence recorded that AARTO would reduce municipal revenue. Under the current system, municipalities collect traffic fines. AARTO changes that position and creates a model under which fine amounts are shared between RTIA and local government.

64.6.1. The Department's apparent answer was that municipalities would not be worse off because fine amounts would be doubled. The municipality disputed this and recorded that this was not consistently reflected in the draft regulatory scheme. In a sample of non-speeding infringements, a significant portion of AARTO discounted fines were lower than the current CPA fines.

64.7. Third, the correspondence recorded that the regulatory regime was not fully in place to enable all enforcement officers to issue infringement notices. Related National Road Traffic Act amendments and Regulations were not yet in force. The result was that many municipal enforcement officers would not be able to obtain infrastructure numbers necessary to issue AARTO notices.

64.8. Fourth, the correspondence raised concern regarding obligations apparently imposed on municipalities in relation to SAPS training, registration and infrastructure numbers. The municipality's position was that this was ultra vires and inconsistent with the empowering legislation.

64.9. Fifth, the correspondence recorded that standard operating procedures had not been provided to issuing authorities. Those SOPs are necessary for training, uniform implementation, processing infringements, compliance with statutory timelines, back-office operations and administrative accountability.

64.10. Sixth, the correspondence raised serious concerns regarding reliance on SAPO for service of infringement notices, including SAPO's financial and operational difficulties, its business rescue status, and the risk that municipalities may be required to contract with an insolvent entity in a manner inconsistent with municipal financial-management obligations.

65. The correspondence concluded that the apparent approach of implementing AARTO first and resolving practical issues during implementation was wrong because it would affect the effective functioning of traffic management in municipalities, with attendant risks to the public.

66. SALGA adopts that concern. It captures SALGA's central complaint that AARTO should not be implemented on the basis that foundational defects will be corrected after implementation.

67. SALGA understands that the Minister accepted those concerns in relation to the City of Cape Town and six other Western Cape municipalities, but proceeded with implementation in respect of other municipalities facing the same or materially similar difficulties.

68. That differentiation has not been explained to SALGA.

69. SALGA's concern is that the same financial, legal and operational concerns applied, or may have applied, to other municipalities. If those concerns justified differentiated treatment for one group of municipalities, SALGA required an explanation why similarly affected municipalities were nevertheless expected to proceed on 1 July 2026.

70. On 11 May 2026, SALGA attended a further engagement with the Department concerning the AARTO Regulations of 2025 to the extent that the Department has intentions of proclaiming similar Regulations and again presented its concerns. The presentation is annexed marked **"SG 10"**.

71. On 25 May 2026, an AARTO workshop was held to assess readiness for Phase 2 and all staggered phases implementation. The presentation is annexed marked **"SG 11"**.

71.1. The workshop did not establish complete readiness.

71.2. It showed that issues remained regarding equipment, procurement, training, SAPO or service arrangements, financial matters and systems.

71.3. Some municipalities were partially equipped. Some still required training. Some required SAPO or service-level arrangements. Some required clarity on pricing, systems and financial reporting.

72. On 10 June 2026, SALGA engaged the Minister and again raised concerns regarding the financial model, consultation, readiness, operational implications and implementation date.

73. On 11 June 2026, the Acting Director-General of the Department addressed correspondence to SALGA concerning the implementation of AARTO. A copy of the letter is annexed hereto marked “**SG 12**”.

73.1. The letter expressly refers to the engagements held on 11 May 2026, 25 May 2026 and 10 June 2026. It confirms that the Department was aware of SALGA’s concerns and had considered SALGA’s presentation.

73.2. The letter also records that, at the meeting of 25 May 2026, it was resolved that the Minister should finalise and publish the AARTO proclamation and regulations to enable the 1 July 2026 rollout. This is important because, as at the date of the letter, the operative regulations and proclamation had still not been furnished to SALGA.

73.3. The letter further records that a dedicated financial workshop should be convened with municipal finance teams to clarify revenue-sharing arrangements, reporting processes and the financial implications of AARTO implementation. This confirms SALGA's complaint that, even by 11 June 2026, the financial model and financial implications had not been finally resolved.

73.4. The same letter records that RTIA and RTMC were still required to prioritise outstanding equipment, installation, SAPO arrangements, service-level agreements, training, officer registration and readiness requirements before rollout. These are not peripheral issues. They are essential implementation requirements.

73.5. Despite this, the Department concluded that the Minister had taken a decision to proceed with the implementation of AARTO. The Department also stated that engagements with issuing authorities and other stakeholders would continue in order to address and resolve operational challenges that may arise during implementation.

74. On 15 June 2026, SALGA addressed a further letter to the Minister of Transport following the bilateral meeting held on 10 June 2026. A copy of the letter is annexed hereto marked "**SG 13**".

74.1. In that letter, SALGA recorded that although it acknowledged the preparation undertaken in respect of infrastructure issues, local government's concerns, particularly the funding model, had not been addressed through meaningful consultation or practical implementation solutions.

74.2. SALGA further recorded that the implementation date had been moved to 1 July 2026 precisely in order to address and resolve those concerns. The funding model remained SALGA's primary concern because municipalities operate in a constrained fiscal environment and because the proposed arrangements would place additional financial burdens on municipalities.

74.3. SALGA stated, in clear terms, that the current financial model would result in municipalities spending more on AARTO implementation than they would earn from it. SALGA also recorded that this would undermine municipal financial sustainability and divert limited resources from essential service delivery.

74.4. SALGA expressly demanded an undertaking from the Department and the Minister that Phase 2 would not be implemented pending resolution of the funding model issue and pending an opportunity for stakeholders to make meaningful and substantial input into the content of the Regulations.

74.5. SALGA further demanded that implementation should not occur until the intergovernmental dispute had been implemented and resolved. SALGA requested the undertaking by close of business on Wednesday, 17 June 2026, failing which SALGA would approach the Court on an urgent basis.

75. On 15 June 2026, the Acting Director-General of the Department issued an invitation to all provincial, metropolitan and municipal accounting officers and SALGA to attend an AARTO Financial Workshop on 18 June 2026. A copy is annexed marked **"SG 14"**.

75.1. The invitation expressly recorded that, following the AARTO workshop held on 25 May 2026, it had been resolved that a dedicated financial workshop be convened to address financial matters in preparation for AARTO implementation on 1 July 2026. This is significant.

76. It shows that, as late as 15 June 2026, financial matters remained unresolved and required a dedicated workshop with Chief Financial Officers and senior finance officials from Phase 2 and all staggered phases issuing authorities.

77. A financial workshop on 18 June 2026, less than two weeks before implementation, could not cure the absence of a final financial model, municipality-specific costing, council-approved budget allocations, procurement planning, revenue-disbursement arrangements, financial-reporting mechanisms, and the final operative Regulations.

78. SALGA attended the workshop without prejudice to its position that Phase 2 and all staggered phases should be postponed pending proper consultation, finalisation and disclosure of the operative Regulations and proclamation, completion of the financial model, resolution of the intergovernmental dispute, and confirmation of municipal readiness.

79. At the workshop held on 18 June 2026, SALGA and the affected municipalities were provided with a presentation concerning the state of readiness for AARTO Phase 2 implementation. Although the workshop took place on 18 June 2026, the presentation itself was dated 8 May 2026. A copy of the presentation is annexed hereto marked "**SG 15** ".

79.1. In that presentation, the Department sought to convey the impression that municipalities were ready for Phase 2 implementation. That impression was not borne out by what occurred at the workshop.

79.2. Various municipalities, including Buffalo City Metropolitan Municipality, Gert Sibande District Municipality and Steve Tshwete Local Municipality, expressly indicated that they were not ready for implementation of Phase 2. In particular, it was pointed out that what was being presented as a financial model appeared to be no more than a revenue-sharing arrangement and did not address the full cost of service delivery across the AARTO value chain. Municipalities therefore remained unable to determine the true cost of implementation as against the anticipated revenue.

79.3. SALGA reiterated its concerns regarding the state of readiness. Those concerns included the absence of a final financial model, the absence of municipality specific costing, the lack of clarity regarding the revenue-distribution mechanism, and the absence of proof that municipalities had the necessary systems, equipment, training, service arrangements and budgetary authority to implement AARTO Phase 2 and all staggered phases lawfully and effectively.

80. Despite these concerns, the Director-General of the Department of Transport stated, in substance, that the Department would proceed with implementation of Phase 2 on 1 July 2026. Mr Seana Nkhahle, who attended the workshop, is able to confirm what occurred.

81. The attendees were also informed that, as at the date of the workshop, the Regulations had not yet been signed by the Minister and the relevant provisions had not yet been proclaimed by the President. This confirmed that, less than two weeks before the intended implementation date, the legal foundation for implementation had still not been finalised or disclosed.

82. During the workshop, the Director-General further requested municipalities to provide the Department with information on their own understanding of readiness. <u>This request is significant</u>. It demonstrated that the Department's readiness assessment was, at best, incomplete. If the Department was still requesting municipalities to provide readiness information on 18 June 2026, it could not rationally maintain that all affected municipalities were ready for implementation on 1 July 2026.

83. In the circumstances, the readiness statistics reflected in the Department's presentation were inaccurate, incomplete or at least unreliable. The costing exercise and financial model remained outstanding. The workshop therefore confirmed, rather than resolved, SALGA's concern that implementation on 1 July 2026 would be premature and irrational.

84. Following the financial workshop of 18 June 2026, and in light of the Department's stated intention to proceed with implementation on 1 July 2026 notwithstanding the concerns raised, SALGA formally lodged an intergovernmental dispute on 19 June 2026. The dispute was lodged in terms of section 41 of the Constitution, read with the Intergovernmental Relations Framework Act 13 of 2005. A copy of the dispute notice is annexed hereto marked "**SG 16**".

SALGA'S PRIOR URGENT APPLICATION

85. SALGA previously instituted an urgent application in this Honourable Court under case number 2026-143399.

86. That application sought interim relief restraining the implementation, operationalisation, enforcement or giving effect to AARTO Phase 2 and the further staggered phases pending the finalisation of the intergovernmental dispute-resolution process and, if necessary, review proceedings.

87. The urgent application was set down for hearing on 30 June 2026 before Her Ladyship Acting Judge Mboweni.

88. The matter was opposed by the Minister of Transport and RTIA. The South African Post Office sought leave to intervene, which intervention was granted.

89. The answering affidavits filed by the Minister and RTIA revealed contradictory versions on the applicable legal framework. RTIA's version was that replacement Regulations would be published for purposes of implementation. The Minister's version was that no replacement Regulations were required because the 2008 Regulations remained applicable. The answering affidavits is annexed hereto marked "**SG 17**" and "**SG 18**".

90. These versions could not both be correct. The contradiction was material because AARTO is a statutory enforcement regime and its lawful implementation depends upon a clear, final and operative legal framework.

91. On the night before the hearing, the President proclaimed the implementation of AARTO. The proclamation is attached to OUTA's founding affidavit as annexure "**FA 8**".

92. On 30 June 2026, the Minister published the Administrative Adjudication of Road Traffic Offences Regulations, 2026 in Government Gazette No. 54922 under Government Notice No. R.7646. The Regulations are attached to OUTA's founding affidavit as annexure "**FA 9**".

93. The publication of the 2026 Regulations on the same day as the urgent hearing contradicted the version advanced on behalf of the Minister that no new or replacement Regulations were required.

94. The urgent application was struck from the roll for lack of urgency. It was not dismissed on the merits. The Court did not determine the substantive legality of the implementation decision, the validity of the 2026 Regulations, the adequacy of consultation, the financial model, or municipal readiness.

95. SALGA's substantive complaints therefore remain alive.

RELEVANCE TO THE PRESENT PROCEEDINGS

96. SALGA places these facts before this Honourable Court because they are relevant to the present proceedings.

97. The timing of the President's proclamation and the Minister's publication of the 2026 Regulations demonstrates that the legal framework for implementation was finalised only at the last minute.

98. It confirms that the final regulatory framework was published only after SALGA had launched the urgent application and immediately before the intended implementation date of 1 July 2026.

99. This is important for at least five reasons.

99.1. First, it confirms that SALGA was correct to raise concerns about the absence of a final operative legal framework before implementation.

99.2. Second, it confirms that the Minister's version in the urgent application was, at minimum, incomplete and inconsistent with later events.

99.3. Third, it confirms that municipalities were not afforded a proper period before implementation to consider, assess, budget for, train on and operationalise the final Regulations.

99.4. Fourth, it confirms that SALGA, municipalities and the public were not afforded meaningful consultation before the publication and implementation of the final Regulations.

99.5. Fifth, it confirms that the legality and rationality of the implementation process remain live issues.

100. The publication of Regulations on 30 June 2026 did not retrospectively cure the concerns raised by SALGA. A lawful implementation process required more than publication of Regulations on the eve of implementation. It required meaningful consultation.

101. It required sufficient time for municipalities to understand the final legal framework. It required system readiness. It required training of officials on the final Regulations. It required proper intergovernmental engagement before implementation.

102. SALGA's concern is that these matters were not completed before implementation.

SCHEDULE 2 OF THE 2026 REGULATIONS CONFIRMS SALGA'S FINANCIAL-MODEL CONCERN

103. I have also considered Schedule 2 to the 2026 Regulations. Schedule 2 is material because it deals with the monetary value of penalty units, penalty amounts, discounts, fees, payments, disbursements and penalties.

104. These matters go directly to SALGA's longstanding concern regarding the financial implications of AARTO implementation for municipalities. In SALGA's urgent application, SALGA pleaded that the dispute implicated municipal budgets, revenue sharing, implementation costs, procurement and funding.

105. SALGA further pleaded that municipalities were being expected to implement a statutory enforcement regime without clarity on the operative Regulations, without confirmed funding, and without the required NaTIS access, back-office systems and service mechanisms being available. Schedule 2 of the 2026 Regulations does not answer those concerns. It confirms them.

106. Schedule 2 does not contain a complete financial model for municipalities. It contains a payment, retention, apportionment and transfer mechanism. It regulates how penalties, discounts, fees and payments are calculated, retained, deposited, apportioned and transferred.

107. SALGA remains concerned that this mechanism was published without the prior consultation necessary for municipalities to assess its implications under the Municipal Finance Management Act, their approved budgets and their existing financial systems.

108. The timing is also important. The 2026 Regulations were published on 30 June 2026, while implementation was intended to commence on 1 July 2026. Municipalities were therefore given no meaningful period to assess Schedule 2, consider its financial consequences, align their budgets, adjust systems, train officials or prepare their financial administration.

109. Schedule 2 also places financial consequences on issuing entities. It provides that postage fees for notices and other documents required to be posted in accordance with the Regulations are payable by the issuing entity, including fees for electronic service of notifications and other AARTO-related documentation. For municipalities acting as issuing entities, this creates a direct cost exposure.

110. It is unclear whether those costs will be fully recoverable. Because there was no meaningful prior consultation, it is also unclear whether municipalities budgeted for those costs or how such costs will be funded where existing municipal budgets do not provide for them.

111. Schedule 2 further provides for a receiving fee for receiving entities. That fee is limited to 3% of the transaction fee. It does not compensate municipalities for the broader AARTO value chain, including enforcement administration, notices,

representations, public queries, systems, back-office work, equipment, training and compliance.

112. Schedule 2 also creates different payment consequences depending on where payment is made, when payment is made, who issued the original notice, and whether the notice was linked to SAPS.

112.1. In some circumstances, a municipality may retain a portion of the penalty. In other circumstances, it may retain only the receiving fee.

112.2. In other circumstances, it must deposit penalties and fees into the AARTO bank account for later apportionment.

113. These distinctions are financially material. They affect municipal revenue. They affect cash flow. They affect budgeting. They affect financial planning. They affect whether municipalities can lawfully and practically perform the functions expected of them under AARTO.

114. Schedule 2 further requires receiving authorities to deposit payments into the AARTO bank account within the prescribed monthly timeframe. RTIA then verifies, apportions and transfers funds due to issuing authorities.

115. This creates cash-flow consequences for municipalities. Municipalities may incur costs immediately, while receipt of funds depends on later verification, apportionment and transfer by RTIA.

116. Schedule 2 also provides that interest earned on credit balances in the AARTO bank account is retained by the Authority and not by municipalities. That too is financially material. It affects who benefits from funds held in the AARTO bank account pending transfer.

117. These are precisely the types of matters on which SALGA and municipalities required meaningful consultation before publication. Municipalities needed an opportunity to consider whether Schedule 2 was affordable, rational, workable and consistent with their approved budgets.

118. They also needed an opportunity to assess whether the Schedule 2 mechanism would create unfunded mandates, revenue shortfalls, cash-flow constraints or MFMA risks. The publication of Schedule 2 on 30 June 2026 deprived municipalities of that opportunity.

119. For that reason, the publication of the 2026 Regulations did not cure SALGA's financial-model complaint. It confirmed it.

SALGA'S CONTINUING CONCERNS AND PRIMA FACIE BASIS FOR INTERIM RELIEF

120. SALGA remains concerned that AARTO implementation proceeded in circumstances where the final legal and financial framework was settled only at the last minute.

121. SALGA accepts that courts exercise caution when interdicting the exercise of statutory power. SALGA nevertheless places these facts before the Court because they may provide a prima facie basis for interim relief when considered together with OUTA's founding affidavit.

122. The City of Cape Town's correspondence further demonstrates that draft Regulations were being dealt with in 2026 and that the time afforded for comment was insufficient.

123. The Department's own letter dated 11 June 2026 recorded that, at the meeting held on 25 May 2026, it was resolved that the Minister should finalise and publish the AARTO proclamation and Regulations to enable the 1 July 2026 rollout. These facts were inconsistent with the suggestion that the 2008 Regulations were simply being applied and that no new regulatory framework was under consideration.

124. The Minister and RTIA therefore advanced inconsistent versions on the legal framework. RTIA said replacement Regulations were to be published. The Minister said the 2008 Regulations applied and that no new Regulations were required.

125. These inconsistencies go to the heart of SALGA's concern regarding legality and rationality. The legal framework was not in place when SALGA launched its urgent application. It was also not in place when RTIA delivered its answering affidavit.

126. SALGA's concern is that municipalities were required to operate under a legal framework that had not been disclosed, consulted upon or operationalised in time.

127. The prejudice to municipalities and the public remains serious. Municipalities were required to prepare for implementation without proper time to consider the final Regulations, assess the financial consequences, align their systems, train officials and determine the budgetary implications.

128. SALGA accepts that AARTO implementation must occur. SALGA's position is that it must occur lawfully, rationally, after meaningful consultation, on the basis of a clear legal framework, and when municipalities are properly prepared.

CONCLUSION

129. SALGA reiterates that it does not oppose the lawful implementation of AARTO. SALGA supports road safety, effective traffic law enforcement and the proper administration of road traffic infringements.

130. SALGA's concern is that implementation must occur lawfully, rationally, after meaningful consultation, on the basis of a clear and operative legal framework, with a workable financial model, and when municipalities are properly prepared.

131. The facts set out above demonstrate that SALGA's concerns are not abstract. They arise from the experience of municipalities, SALGA's engagements with the Department and RTIA, the late publication of the 2026 Regulations, the

unresolved financial model concerns, and the practical implications of Schedule 2 for municipalities.

132. SALGA accordingly places these facts before this Honourable Court to assist it in determining whether interim relief is warranted.

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DEPONENT

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I hereby certify that the deponent knows and understands the contents of this affidavit and that it is to the best of the deponent's knowledge both true and correct. This affidavit was signed and sworn to before me at PRETORIA on this the 29th day of July 2026 and that the Regulations contained in Government Notice R.1258 of 21 July 1972, as amended by R1648 of 19 August 1977, and as further amended by R1428 of 11 July 1989, having been complied with.

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29th July 2026

37