REPORT FROM THE DIRECTOR: TECHNICAL SERVICES

PURPOSE OF THE REPORT

The purpose of the report is to inform Council of the progress made with the water usage in the different zones.

Previous resolutions

T03/02/18 WATER ZONE CONSUMPTION: PROGRESS REPORT

UNANIMOUSLY RECOMMENDED

[a] That the progress report on water zone consumption, be noted.

[b] That further report regarding water zone consumption be submitted to the next Technical Service Committee meeting in April 2018.

BACKGROUND

The Section 80 committee requested the department to submit a report on the areas that had the highest water demand per household. A report was submitted to the committee in February 2018. This is an update of the previous report and includes zones not covered by the previous report.

DISCUSSION

### Table 1a: Summary of Zone Consumptions

<table>
<thead>
<tr>
<th>Area</th>
<th>Households (as per finance department water consumer records and statistical information)</th>
<th>Zone Consumption</th>
<th>HH Consumption</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Average KL/d</td>
<td>Average KL/mnth</td>
<td>HH avg KL/d</td>
</tr>
<tr>
<td>Khayalethu whole zone</td>
<td>3 260</td>
<td>1411</td>
<td>42524</td>
<td>0,432</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High for a 6 KL/mnth zone. Includes informal HH</td>
</tr>
<tr>
<td>Krystalina North Reservoir zone</td>
<td>4 320</td>
<td>2405</td>
<td>73143</td>
<td>0,555</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High for a 6 KL/mnth zone. Includes informal HH</td>
</tr>
<tr>
<td>Northern Areas - All</td>
<td>7 594</td>
<td>3733</td>
<td>113549</td>
<td>0,492</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High for a 6 KL/mnth zone. Includes informal HH</td>
</tr>
<tr>
<td>Thesen Island</td>
<td>566</td>
<td>35</td>
<td>1074</td>
<td>0,062</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Average HH Consumption too low. Meter appears faulty and must be checked and repaired or replaced.</td>
</tr>
<tr>
<td>Eastford zone</td>
<td>425</td>
<td>239</td>
<td>7283</td>
<td>0,566</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>Simola zone</td>
<td>36</td>
<td>55</td>
<td>1677</td>
<td>1,531</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High, but also includes high water user such as the hotel. Hagadashi Estate and Part of Eastford Country Estate must added to the zone. More in depth study required to give a true reflection.</td>
</tr>
<tr>
<td>Leisure Isle zone</td>
<td>446</td>
<td>200</td>
<td>6080</td>
<td>0,448</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>Samsbeamish zone</td>
<td>270</td>
<td>198</td>
<td>6020</td>
<td>0,709</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>Pezula zone</td>
<td>102</td>
<td>56</td>
<td>1706</td>
<td>0,550</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>Heads zone</td>
<td>164</td>
<td>164</td>
<td>4980</td>
<td>0,998</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High in terms of current water situation but still within the design consumption of 33.3 KL/mnth for the suburb. Note that there are many water breaks in Zone and will lead to skewed results. More in depth study required to give a true reflection.</td>
</tr>
<tr>
<td>Honnilee Zone</td>
<td>2360</td>
<td>45635</td>
<td>0,636</td>
<td>19,3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Slightly high. Needs to be split into smaller zones as it includes different design consumption areas and the boundary valves must be investigated. The zone also experience many water breaks. More in depth study required to give a true reflection.</td>
</tr>
<tr>
<td>Krystalina Town / CBD zone</td>
<td>710</td>
<td>1055</td>
<td>32076</td>
<td>1,485</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High, but Thesen Island consumption (meter faulty) to be deducted. It also includes high water users such as shops, businesses, hotels and schools.</td>
</tr>
</tbody>
</table>
PROGRESS ON WATER SUPPLY ZONES NOT YET COMPLETE

The following zones needs more in depth investigation and certain infrastructure need to be replaced or repaired to isolate the zones in order to complete the zones.

Simola Zone

The Simola Zone is a pump and supply system and the following areas need to be incorporated into the zone and verified:

- Part of Eastford Country Estate;
- Hagadashi Estate; and
- Off take to new reservoir

Heads Zone

The zones consumption is very high and must be further investigated. The bulk meters must be calibrated to verify the accuracy. The high consumption can currently only be attributed to the high water loss in the network but must be verified through above procedure.

Hornlee Zone

i) Bigai Reservoir Zone

The water meter that supplies this zone was repaired by the service provider in February 2018. The meter will now be added to the monthly bulk water meter reading list done by the water department.

ii) Hornlee High Level Zone
The water meter that supplies this zone was repaired by the service provider in February 2018. The meter will now be added to the monthly bulk water meter reading list done by the water department. The one boundary valve will be replaced in the next few months.

iii) Sunridge Reservoir Zone

The meter will now be added to the monthly bulk water meter reading list done by the water department. The boundary zone valves must be replaced to isolate the area completely.

Old Place / Industrial / Hunters Home Low Level Zone

These areas do not have individual zone meters and some boundary valves need to be replaced. This will require assistance from a professional services provider to assist with the drafting of contract documents.

Rexford/ Hunters Home High Level Zone

The Rexford bulk meter was replaced. The meter readings are now included in the monthly bulk water meter reading cycle by the water department. The department still needs to investigate whether there are any zone valves open which causes water to enter another zone.

Fernwood Zone

The reservoir zone feeds also the Rexford Area. To achieve accurate readings in the zone the Rexford water meter must first be replaced. The difference between the two meters will give the water usage in the zone. The Rexford meter will be replaced shortly and the correct readings will then reflect the zone water balance in the zone.

Sedgefield Reservoir Zone

The Sedgefield reservoir zone will be split into smaller zones once the three vandalised bulk meters at the reservoir have been replaced. Further reports will be forwarded to the Section 80 Committee as the above-mentioned challenges are being addressed.

UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

[a] That the contents of the progress report on the water zones consumption, be noted; and

[b] That a final report be submitted at the next Technical Committee meeting when interventions for excessive water use will be discussed.

APPENDIX / ADDENDUM

File Number: 9/1/2/1
Execution: Manager Water & Sewer
ITEMS SUBMITTED TO THE COMMUNITY SERVICES COMMITTEE MEETING HELD ON 10 APRIL 2018

9.2.17

| C02/04/18 | DETAILED CAPITAL BUDGET REPORT FOR THE 2017/2018 FINANCIAL YEAR AS AT 20 MARCH 2018 |

REPORT FROM THE DIRECTOR : FINANCIAL SERVICES

PURPOSE OF THE REPORT

For comments to the Executive Mayor in order to provide political guidance as is envisaged in Section 52(a) of the Local Government: Municipal Finance Management Act 56 of 2003.

BACKGROUND

As requested by the Executive Mayoral committee this report will be submitted monthly to each portfolio committee in order to facilitate discussions on any issues that may arise with the responsible directors.

See annexure A for full details of all Capital Projects

Capital budget YTD progress per directorate as at 20 March 2018

<table>
<thead>
<tr>
<th>DIRECTORATE</th>
<th>Original Approved Budget</th>
<th>Adjusted Budget</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Annual Variance</th>
<th>% Annual Budget Utilized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive &amp; Council</td>
<td>3 860 000.00</td>
<td>2 727 052.00</td>
<td>6 99 277.00</td>
<td>1 706 367.00</td>
<td>2 027 775.00</td>
<td>26%</td>
</tr>
<tr>
<td>Corporate</td>
<td>0</td>
<td>10 000.00</td>
<td>0</td>
<td>4 931.00</td>
<td>10 000.00</td>
<td>0</td>
</tr>
<tr>
<td>Finance</td>
<td>2 570 000.00</td>
<td>3 237 529.00</td>
<td>806 502.00</td>
<td>2 452 496.00</td>
<td>2 157 583.00</td>
<td>25%</td>
</tr>
<tr>
<td>Planning &amp; Development</td>
<td>22 968 310.00</td>
<td>36 850 040.00</td>
<td>21 461 616.00</td>
<td>29 556 187.00</td>
<td>7 807 116.00</td>
<td>58%</td>
</tr>
<tr>
<td>Community</td>
<td>28 206 570.00</td>
<td>30 308 910.00</td>
<td>12 900 748.00</td>
<td>19 404 904.00</td>
<td>24 628 088.00</td>
<td>43%</td>
</tr>
<tr>
<td>Electrical</td>
<td>22 940 000.00</td>
<td>28 560 825.00</td>
<td>3 900 339.00</td>
<td>17 407 076.00</td>
<td>22 350 277.00</td>
<td>14%</td>
</tr>
<tr>
<td>Technical</td>
<td>56 967 214.00</td>
<td>64 904 849.00</td>
<td>26 548 828.00</td>
<td>42 711 052.00</td>
<td>53 888 100.00</td>
<td>41%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>137 512 094.00</td>
<td>166 599 205.00</td>
<td>66 317 309.00</td>
<td>113 243 013.00</td>
<td>113 907 789.00</td>
<td>40%</td>
</tr>
</tbody>
</table>
FINANCIAL IMPLICATIONS

Any over expenditure of the approved budget will be classified as an unauthorized expenditure.

RELEVANT LEGISLATION

MFMA Act 56 of 2003
Section 32 Unauthorized, irregular or fruitless and wasteful expenditure
Section 52(a) The Mayor of the municipality must provide general political guidance over the fiscal and financial affairs of the municipality

UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

That the Detailed Capital Budget Report: 2017/2018 as submitted in terms of Section 52(a) of the Local Government : Municipal Finance Management Act 56 of 2003, be noted.

APPENDIX / ADDENDUM

Detailed Capital Report 2017/2018

File Number: 9/1/2/10
Execution: Director : Financial Services
9.2.18

C12/04/18 WHITE LOCATION MULTI PURPOSE CENTRE STATUS REPORT AND SAFA SAFE HUB CAMPAIGN AGREEMENT

REPORT FROM THE ACTING DIRECTOR : COMMUNITY SERVICES

PURPOSE OF THE REPORT

STRATEGIC PURPOSE

To create an enabling environment for social and community development in the Northern Areas of Knysna through provision of a multi-purpose centre and the SAFA Safe Hub Campaign programme.

To provide Council with a project update on the White Location Multi-Purpose Centre Project and request Council for additional project funding requirements and to provide in principle approval for Knysna Municipality to enter into an agreement with the SAFA Safe Hub Campaign as recommended by National Treasury’s NDPG unit, for operational management of the facility and related sport and youth development programmes.

UNANIMOUSLY RECOMMENDED

(by the Mayoral Committee on 24 May 2018)

[a] That the White Location Multi-Purpose Centre status report and SAFA Safe Hub Campaign Agreement, be noted;

[b] That the White Location Multi-purpose centre status report and SAFA Safe Hub Campaign Agreement be submitted to the Mayoral Committee Meeting to be held in May 2018 to consider additional project funding requirements and to provide in principle approval to enter into an agreement with the SAFA Safe Hub Campaign; and

[c] That the Director : Financial Services be requested to submit a comprehensive report to the Mayoral Committee Meeting to be held in May 2018 on the Financial Implication.

APPENDIX / ADDENDUM

White Location Multi-Purpose Centre status report and SAFA Safe Hub Campaign Agreement.

File Number: 9/1/2/5
Execution: Acting Director : Community Services
WHITE LOCATION MULTI PURPOSE CENTRE STATUS REPORT AND SAFA SAFE HUB CAMPAIGN AGREEMENT

File number: 9/1/2/5
Meeting date: 10 April 2018
Report by: Acting Director: Community Services

STRATEGIC PURPOSE
To create an enabling environment for social and community development in the Northern Areas of Knysna through provision of a multi-purpose centre and the SAFA Safe Hub Campaign programme.

PURPOSE OF REPORT
To provide Council with a project update on the White Location Multi-Purpose Centre Project and request Council for additional project funding requirements and to provide in principle approval for Knysna Municipality to enter into an agreement with the SAFA Safe Hub Campaign as recommended by National Treasury’s NDPG unit, for operational management of the facility and related sport and youth development programmes.

BACKGROUND AND DISCUSSION
The Minister of Finance in his budget speech of 15 July 2006 announced the Neighbourhood Development Partnership Grant (NDPG) fund. The focus of the grant is to stimulate and accommodate investment in poor underserviced residential neighbourhoods by providing technical assistance grants (for planning) and capital development grants (for construction of projects and services) that encourage or enable private sector investment to occur simultaneously.

The Knysna Municipality originally submitted an application for funding for the Regeneration of the Masifunde Node to the Neighbourhood Development Partnership Grant Unit of National Treasury. The application was submitted during the first round of applications, and was conditionally approved. A second application was submitted for the Nekkies-Hornlee Gateway as part of the fourth round of applications, and was also conditionally approved. A conditional funding agreement was signed between Knysna Municipality and the NDPG in November 2013, however National Treasury has over the years reduced the NDPG grant allocations to local municipalities outside metropolitan areas and informed Knysna Municipality to only focus on project approval submissions for the White Location Multi-Purpose Centre which- one of the projects listed in the overall NDPG business plan submitted by the Municipality.

The White Location node is located on a very prominent site, as it is here, for the first time, where one can see quite far into the Northern Corridor without the obstruction of winding roads or vegetation, if one enters the Northern Corridor from the CBD. The site has quite a distinct character due to its exposed nature as one looks down towards the sports fields from the road, which makes it a landmark type space. The condition of the current sports fields, however, is
in a poor state of repair and the necessary supporting facilities are non-existing. The
development site is located on Erf Number 214.

Initial costing for the White Location MPC was roughly R 52 million. However, National
Treasury NDPG, only conditionally approved a R30 million allocation over three years for the
White Location project in 2015/2016 and after project approval submissions in 2016/2017 only
approved a capped amount of R 20 million for the project. Despite numerous representations
by Knysna Municipality to the NDPG unit the grant allocation was reduced to R 20 000 000
which has had a major impact on reducing the project scope and revising planning and
construction management. The reasons for reduction in the grant allocation by National
Treasury NDPG is cited by them as the type of project does not fall within the grant
programme’s change is focus.

Following a meeting between Knysna Municipality and the Chief Director of the Neighbourhood
Development Partnership (NDP) grant programme in Pretoria on 11th May 2017 it was agreed
that this project needs to be split into 2 components. The civil works represents Phase 1 which
has been approved and is in final stages of completion (refer to Annexure A project report
attached). Phase 2 of the overall project is the construction of a Multi-purpose centre which
must accommodate a Safe Hub facility which the SAFA Safe Hub Campaign will manage. The
SAFA Safe Hub is a project partner of National Treasury and therefore the Phase 2 capital
grant approvals will be based on a commitment of Knysna Municipality to change the Phase 2
construction to accommodate a SAFA Safe Hub facility. Phase 1 & 2 go together and timing
and grant monitoring and transfers are thus essential for this project to succeed.

Location

![Map of White Location sports facility](image)

Figure 1: Location of the white location sports facility within the corridor (left) and a closer view
of the area (right)

The project includes the upgrade of the existing White Location sports field which will comprise
a combination astroturf soccer and/or rugby field and a three storey multi-purpose centre,
which will comprise: (A.) on the 1st floor a SAFA access controlled, SAFE HUB consisting of:
a boardroom, open plan offices, spectator balcony, reception lounge, coffee bar and kitchen,
computer lab, training workshop, toilet facilities, and a spectator roof terrace. (B.) At ground
floor level, a separate indoor SPORTS HALL / court allowing for: indoor cricket, netball, volleyball,
badminton, basketball, matt sports, action sport and/or arts and culture: function hall,
dancing, drama area, arts and crafts, and (C.) also at ground floor level, support services for e.g. tuck shop, ablution facilities for players, and sports gear stores, as well as external spectator pavilion and public toilets (Refer to Annexure B Site Development Plan attached). Administrative provision for an office for the facility caretaker / centre manager, and maintenance is also included in the building. Due to the reduction in the grant allocation the extent to which all of the abovementioned facilities can be incorporated might vary based on additional MIG and capital budget availability to top-up any shortfall.

This sports node will support community oriented sporting events and forms part of various other activity pulses within the Northern Corridor, strengthening the corridor as a whole, which would in turn attract further investment in the area. The first NDPG submission was for the recently completed Phase 1 civil works component of the overall project; also with R 1 million of MIG funding spent by the Municipality to upgrade the pump station on the same site as this is required for the rest of the civil works and project to succeed from a water infrastructure perspective. Please refer to attached site development plan.

The project is currently reaching the end of Phase 1 and planning for Phase 2 and Phase 2 project approval submissions to National Treasury has been made. Approval is subject to Council agreeing to support the operational cost implications for the facility and concluding an agreement with the SAFA Safe Hub campaign.

SAFA SAFE HUB CAMPAIGN/AMANDLA EDUFOOTBALL BACKGROUND & AGREEMENT

The SAFA Development Agency (SDA) is in partnership with AMANDLA EduFootball (AMANDLA) to develop and roll out SAFA Safe-Hubs that will promote a comprehensive approach to youth-focused football and social development in South Africa.

The SDA, a separate Trust established by SAFA to ensure the implementation of the ten year VISION 2022 Football Development Plan, has embarked on a programme to roll out what Bobby Godsall, Patron of the Agency, has called the “largest and most likely to succeed youth development programme in the country”. The aim of the SAFA Safe-Hub is to support high impact, proven youth development interventions and talent hubs, through partnerships with local schools, clubs and NGO's, using football as a platform for coaching, training, life skills and mentoring. The programme will strengthen the standard of football in South Africa by encouraging mass participation at grassroots level and providing pathways towards professional development.

SAFA Safe-Hubs provide a comprehensive, integrated set of youth development services in collaboration with the local community, using football as the key driver of engagement and retention. It is envisioned that each centre acts as a multi-purpose community hub where people can access a range of education, health and enterprise development services, providing a viable and attractive alternative for young people to get involved in positive activities.
AMANDLA is the founder and owner of the international Safe-Hub social franchise model. SDA has obtained and owns the SAFA Safe-Hub Master License rights for South Africa. SDA and AMANDLA have partnered and will build on the successful methodologies from the internationally acclaimed AMANDLA Safe-Hub model, which has established sound models yielding exceptional results for using football as a platform for youth development and positive social intervention. The positive socio-economic impact achieved in a short period by AMANDLA Safe-Hub programmes has been exceptional. Based on the active engagement of 2,000 young people on a weekly basis; it has yielded a 44% reduction in incidents of violent crime within a 600m radius of the centre since 2008; and a 49% increase in educational results among school students in the programme.

On 28 June 2017 Council approved that the Community Services directorate proceed with establishing of the SAFA Safe Hub as part of the White Location MPC project (Reference resolution number C03/06/17).

A meeting was held between Knysna Municipality and the CEO of the SAFA Safe Hub Campaign Dr Robin Petersen on Thursday 22 March 2018 to discuss the operational requirements for the SAFA Safe Hub/MPC, budget implications and process to conclude the agreement going forward. It was requested that Knysna Municipality should budget an amount of R500 000 toward the operational management of the facility, whereas SAFA will manage the start-up and programmes of the SafeHub at an estimated cost of R 4 million per annum. The Safe Hub campaign will take responsibility for raising R3,5 million from other government funds and private sector contributions and also assist in establishing a revenue making operational model for the facility to reduce the operational cost over time.

FINANCIAL IMPLICATIONS

The priority for the 2018/19 financial year is to spend the remaining NDPG funds & MIG funding on the remaining civil works and installation of the synthetic field, high mast lighting, access roads & parking. This Phase will take an estimated 5 months and is planned to start in August 2018. Phase 2 B its construction of the MPC & Youth Hub will take an estimated 12 months to be constructed and is planned to start in September 2018 and be completed in August 2019. The following table depicts the CAPEX budget with funding sources.

### Capital Budget for White Location Safe Hub

<table>
<thead>
<tr>
<th>Capital Expenditure</th>
<th>FUNDING SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Works &amp; Sewerage</td>
<td></td>
</tr>
<tr>
<td>Pump Stations</td>
<td>R 9.5 million</td>
</tr>
<tr>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td></td>
<td>NPDG</td>
</tr>
<tr>
<td>Phase 2 A</td>
<td></td>
</tr>
<tr>
<td>Earth Works &amp; Sport field</td>
<td>R 10.2 million</td>
</tr>
<tr>
<td></td>
<td>NDPG &amp; MIG</td>
</tr>
<tr>
<td></td>
<td>Funding</td>
</tr>
<tr>
<td>Phase 2 B</td>
<td></td>
</tr>
</tbody>
</table>
Phase 2 B Estimated additional capital budget requirements (Refer to Attached Project Budget Annexure C).

Funding received from NDPG for Phase 1 and 2 is R20 million. Funding recieved from MIG for Phase 1 and 2 is R5.5 million. Therefore the project requires an additional R 13.7 million to complete phase 2 B into the construction of the MPC and safe hub. This funding needs to be confirmed by council as the NDPG grant was decreased with R10 000 000 in 2017 which has resulted in the increase in own funding required. The remaining MIG and NDPG funding has to be spent in the 2018/2019 financial year or else this funding will be lost and the impact will be if own funding is not secured that the phase 2 B (Building) will not be completed.

Operational Budget Requirements
Municipal budget for opertaional management of R 500 000 per annum will be required for the MPC/Safe Hub facility and needs to be budgeted for by Community Services Directorate in the 2019/2020 financial year. This OPEX will be utilised for caretaking, facility management & maintetance, water and electricity, cleansing and gardening services, security etc. The total OPEX budget per annum is estimated to be R4 million which partners like SAFA will contribute to. SAFA will source the additional budget requirements.

RELEVANT LEGISLATION
RECOMMENDATION / AANBEVELING

The following is recommended:

a) That Council notes the content of the report from the Acting Director Community Services.

b) That Council approves the budget requirement for the additional shortfall for the completion of the project over two financial years and that budget is made available for this in the 2018/2019 and 2019/2020 financial years.

c) That Council resolves to enter into a Memorandum of Understanding (MoU) with the SAFA Safe Hub Campaign for the for the management of the multi-purpose centre and administration of the White Location Safe Hub and roll-out of youth development programmes.

d) That council delegates the responsibility to the Accounting officer to enter into a MoU with SAFA for the White Location Safe Hub.

AGENDA ITEM APPROVED BY / AGENDA ITEM GOEDGEKEUR DEUR:

ATTACHMENTS / STAWENDE DOKUMENTE

Annexure A: Phase 1 Construction Progress Report
Annexure B: Site Development Plan White Location MPC
Annexure C: Project Budget
ITEMS SUBMITTED TO THE PLANNING AND INTEGRATED HUMAN SETTLEMENTS COMMITTEE MEETING HELD ON 23 APRIL 2018

9.2.19

P07/04/18 WAIVER OF CONTRAVENTION LEVIES: PORTION 84 OF FARM ELANDSKRAAL NO. 203, KNYSNA DIVISION

REPORT FROM THE DIRECTOR: PLANNING AND DEVELOPMENT

PURPOSE OF THE REPORT

To present Council with relevant factors towards a decision pertaining to a request to waive a contravention levy in respect of illegal building work. The application is not supported.

BACKGROUND

On the 19 May 2016 Council issued approval for the determination of a contravention levy in terms of Section 40(1)(d) of the Land Use Planning Ordinance (Ordinance 15 of 1985) that would, upon payment of the levy, have the effect of the condonation of illegal structures constructed on the property's building restriction area (Annexure A). The amount was quoted at R49 828,00 and was payable to Council within 30 days of the date of registration of the approval notification.

No proof of payment was received during the 30-day period. Instead, a request was received from Mrs Adri Smit, the property owner, to have the contravention levies waived (Annexure B). The property owner cited inexperience (or ignorance) on the part of herself and her partner (who managed the construction work) as a key factor that contributed to the illegal construction. The property owner indicates that she has, since, approached a professional draughts person to legalise all existing building work, hence an application for a contravention levy was considered and approved.

DISCUSSION

Council has an adopted policy in terms of which all requests for waiver of contravention levies are to be handled (Policy in respect of waiver of As-built Fees and Non-impositions of Contravention Levies in respect of Transferred Properties and Buildings Undertaken before 22nd September 2000) (Annexure D). According to Council's delegations register (approved on the 6th December 2016), the writing off of fees or penalties that exceed R10 000 is not delegated.

According to the abovementioned policy, the circumstances in which a waiver of fees can be granted are the following:

1. The building work took place before the owner applying for the concession took ownership of the property, provided that:
   a. The transfer took place before 11 May 2011;
   b. The transfer was an “arm's length” transaction i.e. the owner is not related to the previous owner and they have no common financial interest;
   c. The owner is able to provide satisfactory evidence that the building work took place before the transfer. In the absence of other evidence this would require
a sworn affidavit from the owner and from the other person such as the previous owner, the agent who arranged the transfer, or a neighbour;

2. The building work was completed before 22 September 2000, provided that the owner is in a position to provide satisfactory evidence of this fact.

The view of this department having regard to the background, and the fact that the request does not satisfy the above criteria, it is this department's view that the request for waiver cannot be entertained. In view of the foregoing, it is this department's recommendation that Council recovers the monies owed in terms of its debt collection policy.

FINANCIAL IMPLICATIONS

The recovery of an amount (R49 828,00) due to Council in the form of building contravention levies.

RELEVANT LEGISLATION

Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985)

UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

[a] That, the request for the waiver of the Contravention Levy as determined by Council on 27 May 2010, be refused;

[b] That the original imposition of the contravention levy be enforced in respect of the recovery of the monies owed in respect of the Contravention Penalty imposed.

APPENDIX/ ADDENDUM

Annexure A: Approval letter
Annexure B: Request for waiver of contravention levy
Annexure C: Information letters
Annexure D: Waiver of contraventions policy

File Number: Kny 203/84 Vol 1
Execution: Director: Planning and Development Manager: Town Planning and Building Control
Collab Number: 5524972
Application Number: 1239
Responsible Official: SOLOMONR
Date: 2016-05-19
A SMIT
FARM 203 PORTION 84
ELANDS KRAAL

EMAIL: henry@hgsdesign.co.za

Application accepted by Council

Dear Sir / Madam

APPLICATION TYPE: Contravention levy application, FARM NUMBER: 203/84, ELANDS KRAAL

APPLICATION NUMBER: 1239

Your application dated 2016-04-08 in respect of the abovementioned property, has reference.

In terms of the Policy on the Enforcement of Land Use Planning Ordinance (Ordinance 15 of 1985) and Knysna Municipality's Zoning Scheme Regulations which was adopted by Council on 27th May 2010 it has been determined that the contravention on your property is not such that a rectification order must be issued. Nor, does it qualify for granting of a Departure.

Therefore, in terms of Section 40(1)(d) of the land Use Planning Ordinance (Ordinance 15 of 1985), having regard to all the relevant facts, it has been determined that a contravention levy may be paid in respect of the house and related agricultural outbuildings over the building line, constructed without the necessary approvals.

The amount of the contravention levy is R49 828.00 (Forty Nine thousand, Eight hundred and Twenty Eight rand) as calculated, based on the affidavit supplied by yourself as the owner.

In terms of Section 40(3)(b) of the Land Use Planning Ordinance, the levy is payable within 30 days of the date of registration of this letter.

Upon production of proof of payment of the contravention levy paid into Vote Number 35-85-50-58-8202, to the Town Planning Department, Knysna Municipality, it shall be deemed that the house and related agricultural outbuildings over the building line has been granted Land Use approval as depicted in the application. This will be subject to the following conditions:

a) This approval is granted with the plan drawn by Henry Greyling, drawing number KNY203-052-84_Smit_Rev1, Dated 15-03-2016;
b) The building line relaxation on current foot print only, no additional rights/approval granted;
c) Any future alterations/extensions of any structure on this erf shall comply with the prescribed building lines for this erf;
d) This land use approval is to accompany the building plan submission;
e) The plan to be submitted for building plan approval is not to be substantially altered in any way or differ from the plan submitted for the approval of this land use application;
f) Any discrepancies or changes could lead to the building plan being rejected or cause delays;
g) Any changes to the plan submission would result in the re-submission of the land use application;

h) Pruning or removal of protected tree species requires a permit in terms of the National Forest Act (Act No. 84 of 1998) as issued by the Department of Agriculture, Forestry and Fisheries;

i) This approval applies to the building line relaxation application as outlined and may not be construed as authority to deviate or ignore any other legal requirements; and Normal building plan approval in terms of the National Building Regulations and Building Standards Act No 103 of 1977 shall be obtained.

The above decision was taken by the Manager: Town Planning and Building Control under authority delegated by (and in compliance with) a Resolution of the Council of the Knysna Local Authority taken on 22 June 2012 and sub-delegated by the Director: Planning and Development on 1 October 2013.

Please be advised as from the 4th April 2014 that you, the applicant no longer have the right to appeal to the Minister of Local Government, Environmental Affairs and Development Planning, Western Cape on this decision. The right to appeal in terms of Section 44(1)(a), (b), (c) or (d) of the Land Use Planning Ordinance has been declared unconstitutional as stipulated in Circular EAD 0011/2014, dated 05-05-2014.

Your attention is drawn to the provisions of Section 16 and/or Section 27 of the Land Use Planning Ordinance (No 15 of 1985), regarding the lapsing of unutilized land use approvals (2 years in terms of Departures and Rezoning, 5 years in respect of subdivision).

Please do not hesitate to contact the Principal Town Planning Technician, R. Solomon at Tel: 044 302-6342 during office hours should you have any queries or require further information

Yours faithfully

Grant Easton
Municipal Manager
The City Council
Knysna
Responsible Official: Randall Solomon
Application number: 1239
Re: Contravention levy, farm Number: 203/84 Elandskraal

Dear Sir/Madam

Thank you for your letter regarding the application for contravention for farm 203 (portion 84 of portion 52), dated 2016/05/19.

I humbly request your favorable consideration for the waiver of the contravention levy of R49828.00. If it cannot be waived, I furthermore request a possible reduction of this amount, which is beyond my ability to pay. I am retired and everything that I have worked for my entire life is invested into the property.

I would like to make sure that everything on my property is legal and I am sincerely sorry for building over the building line. There is a natural border line to the south of the property (consisting of an established forest of Gumtrees) but no existing fence; I falsely assumed that the trees indicated the boundary line and built with that in mind.

I was involved in banking and finance and have had no previous experience in plan approval processes. I used to live in a town house in Bloemfontein. I naively assumed that I was building my house in the correct position. The construction was managed by my partner and took approximately a year to complete. I have a good relationship with all my neighbours and at no point did anyone raise even the slightest possibility that I was over the building line;

I decided almost impulsively to buy and settle in the area and regret not researching and following procedure. I was staying in a guest house in Sedgefield at the time, with limited funds and unfortunately rushed things;

I decided to contact Henry Greyling at the end of 2015 to assist me to legalize all building work. I wanted to be fully compliant and on the recommendation of Mr Greyling had the property surveyed by Mr Pat Tarboton. It came as quite a shock to discover that I was over the building line;

I would like to do everything possible to comply and ask for your benevolent assistance in this matter.

Thanks in advance

Mrs Adri Smit
TO WHOM IT MAY CONCERN

This is to certify that Mrs Adriaan Smit retired from the Bank's services with effect from 01 October 2014. She is in receipt of a pension from FNB Pension Fund to the value of R4 741.84 per month.

If any further information is required, please contact Beverley Alexander on telephone number 087 577 9769 or by e-mail: beverley.alexander@firstrand.co.za

Beverley Alexander
PENSIONER LIAISON OFFICE

20 October 2017

Trustees: DE Armstrong, J Jahn, P Lachman, M Malov, S Needles, R Naicker, GL Pela, JS van der Walt (Chairperson), Principal Officer: E Nieuwoudt, Registration Number: 128/3 130

FNB
WesBank
FIRSTRAND
2016-11-04

A SMIT
PORTION 84 OF FARM 203 ELANDSKRAAL
KNYSNA
6570

Dear Madam,

PORTION 84 OF THE FARM ELANDSKRAAL NO. 203, KNYSNA DIVISION: REQUEST FOR WAIVER OF CONTRAVENTION LEVIES

Reference is made to the attached undated letter addressed to Mr Randall Solomon of our offices requesting a waiver of a contravention levy.

We would like to bring to your attention the fact that Council has a policy that deals with the waiver of levies titled *Policy in respect of the Waiver of As-Built Fees and non-imposition of Contravention Levies in respect of Transferred Properties and Buildings Undertaken before 22nd September 2000*. The policy is attached herewith for ease of reference. According to paragraphs F.i and F.ii you do not qualify for a waiver of the levy.

Council also has policy titled *Policy on the Enforcement of Land Use Planning Ordinance (Ordinance 15 of 1985) And Knysna Municipality’s Zoning Scheme Regulations*. According to this policy the only instance where a contravention levy cannot be imposed on structure that transgress zoning scheme is when an owner can prove that the contravention was a result of a bona fide error. Although it still remains entirely a Council decision to impose or waiver a contravention levy, we would like to advise that the proof contemplate in the policy is submitted prior to an item being submitted to Council. The proof, we suggest, should be in the form of a sworn statement from your partner who managed the construction and from yourself. In that way we will be in a position to take our request to Council.
It is advised that you provide us with a response within 30 days from the date of registration of this letter failing which we will take the necessary steps to recover the monies due.

I trust that you will find the above in order and should you require further information kindly contact the Senior Planner, Mr S Mthembu at Tel: (044) 302 6341 or alternatively by e-mail at smthembu@knysna.gov.za during working hours and quote the above reference number.

Yours faithfully,

[Signature]

BEVAN R. ELLMAN
ACTING MUNICIPAL MANAGER

Cc  
the Director: Corporate Services  
Building Control Officer  
The Director: Technical Services
2016-12-23

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PORTION 84 OF FARM 203 ELANDSKRAAL
KNYSNA
6570

Dear Madam,

PORTION 84 OF THE FARM ELANDSKRAAL NO. 203, KNYSNA DIVISION: REQUEST FOR WAIVER OF CONTRAVENTION LEVIES

We refer to our letter dated 4 November 2016, in the above regard, the contents of which are self-explanatory.

Please revisit the implication of the Waiver of Contraventions Policy on your request at your earliest opportunity and provide us with your response by the 22nd February 2017. Failure to respond will result in the matter being tabled before Council for a final decision. Please note that the decisions of Council are functus officio and can therefore not be reversed without a decision of a court of law.

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Yours faithfully,

MR D. ADONIS
ACTING MUNICIPAL MANAGER
/sm
Cc the Director: Corporate Services
Building Control Officer
The Director: Technical Services
Policy in Respect of Waiver of As Built Fees and Non Imposition of Contravention Levies in respect of Transferred Properties and Building Undertaken Before 22nd September 2000.

Background

1. In terms of the law, liability for non compliance with town planning regulations or building control regulations attaches to a property and is transferred from one property owner to another as a “defect” in the property. In other words if a person buys a property on which the previous owner has acted unlawfully in respect of town planning regulations or building control regulations the buyer of the property becomes liable for any penalties that are payable in order to legalise the improvements to the property.

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3. This has changed to an extent with the new Consumer Protection Act and some people people wishing to sell their property find themselves obliged to ensure that there are no such defects.

4. This has resulted in a very greatly increased number of requests for waiver of “as built” building application fees on the grounds that either

   [i] the current owner of the house was unaware of the fact that improvements on the property had been built without the submission of building plans by previous owners; or

   [ii] That the building took place long ago, often when the property fell under the jurisdiction of a different entity and that there were different policies, procedures and levels of implementation under different entities.
Collab Number: 6524672
Application Number: 1239
Responsible Official: SOLOMONR
Date: 2016-05-19
A SMIT
FARM 203 PORTION 84
ELANDS KRAAL

EMAIL: henry@hgdesign.co.za

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PENSIONER LIAISON OFFICE

20 October 2017
2016-11-04

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Bevan R. Ellman
Acting Municipal Manager

Cc the Director: Corporate Services
Building Control Officer
The Director: Technical Services
2016-12-23

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4. This has resulted in a very greatly increased number of requests for waiver of “as built” building application fees on the grounds that either

[i] the current owner of the house was unaware of the fact that improvements on the property had been built without the submission of building plans by previous owners; or

[ii] That the building took place long ago, often when the property fell under the jurisdiction of a different entity and that there were different policies, procedures and levels of implementation under different entities.
[ii] the issue of an occupation certificate where occupation has taken place without such certificate

E. In addition, all other things being equal, under the circumstances set out in Section F below, and without derogating from any of its rights and responsibilities, Council authorises a deviation from the Policy on the Enforcement of Land Use Planning Ordinance (Ordinance 15 of 1985) and Knysna Municipality's Zoning Scheme Regulations as regards the requirement to apply for a contravention levy, instead of a departure in terms of Section 40(1)(a)(ii) of the Land use Planning Ordinance in cases where a building has been erected in contravention of Section 39(2)(a) of the ordinance.

F. The circumstances in which this policy is applicable are the following:

i. The building took place before the owner applying for the concession took ownership of the property, provided that:
   a. The transfer occurred before 1st May 2011
   b. The transfer was an "arms length" transaction. i.e. the owner is not related to the previous owner and they have no common financial interest;
   c. The owner is able to provide satisfactory evidence that the building took place before the transfer. In the absence of other evidence this would require at minimum a sworn affidavit from the owner and from one other person such as the previous owner, the agent who arranged the transfer, or a neighbour.

ii. The building work was completed before 22nd September 2000, provided that the owner is in a position to provide satisfactory evidence of this fact
REPORT FROM THE MUNICIPAL MANAGER

PURPOSE OF THE REPORT

The audit of this assessment area was conducted in terms of the Knysna Municipality’s Internal Audit Charter and Internal Audit Plan as approved by the Knysna Municipality’s Audit Committee.

The objectives were as follows:

1. To confirm compliance with applicable legislation and regulations in respect of Housing Administration.
2. To assess the current internal controls relating to housing administration processes and procedures to identify any gaps and required areas of improvement, so that management can develop Standard Operating Procedures (SOPs) that can be approved by Council.
3. To confirm that houses were sold to valid beneficiaries who obtained housing subsidies.
4. To confirm that the transfers of ownership to beneficiaries were performed timely and completely.
5. To identify municipal risks and to recommend internal controls relating to the “illegal” sale of state-subsidised houses.
6. To obtain and report on the implementation status of the recommendations raised in the Housing – May 2013 Internal Audit report issued on 22 July 2013.

BACKGROUND

Council at its special meeting held on 23 March 2018 resolved as follows;

SC01/03/18  AUDIT COMMITTEE REPORT ON THE AUDIT COMMITTEE MEETING ON 1 FEBRUARY 2018 INCLUDING HOUSING REPORT

UNANIMOUSLY RESOLVED

[b] That the matters mention in the report mentioned in [a] above referred to the relevant Portfolio Committees for perusal and recommendations.

In addition;

SC07/03/18  INTERNAL AUDIT REPORT HOUSING ADMINISTRATION : FY17

UNANIMOUSLY RESOLVED

[a] That the recommendations contained in the Internal Auditor’s Report on Housing Administration FY17, issued on 23 February 2018, be implemented and;
That the matters mention in [a] above be referred to the relevant Portfolio Committees for perusal and recommendations to the implementation thereof.

Testing was performed on all housing projects for the period 1 July 2013 to 31 January 2016. This was due to the fact that housing projects take a number of years, from the date of commencement of the housing projects to the date that the houses are legally transferred to the beneficiaries.

The identification of UISP housing projects was determined through the following processes:

1. Review of the SDBIP for each period.
2. Review of the IDP for each period.
5. Review of the Western Cape Department of Human Settlements (WCDHS): Housing Subsidy System (HSS).
6. Confirmation through discussion with management in the Housing Section.

The following UISP housing projects were in progress:

The current UISP project is called: Vision 2002. The objective is to establish 2002 top structures. The following phases of the Vision 2002 UISP project were in progress during the 2013/2014, 2014/2015 and 2015/2016.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Name of project</th>
<th>Additional information</th>
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| Phase 4 | Vision 2002: 476 | • The project was in progress between 2013/2014 and 2014/2015.  
• The top structures were completed in 2014/2015 and the houses were handed over to the beneficiaries.  
• The title deeds are in the process of being registered. |
• The top structures were expected to be completed in 2016/2017.  
• The allocation of the sites to beneficiaries had commenced in 2015/2016. |

RELEVANT LEGISLATION

Municipal Finance Management Act 56 of 2003, sections 165 and 166.

UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

That the Internal Audit Report on housing Administration be referred back to the Municipal Council for final decision.

APPENDIX

Annexure A - Internal Audit Report Housing Administration: FY17.  
Annexure B – Report on Audit Committee Meeting 1 February 2018
Internal audit findings: Housing Administration: FY17

Dear Sir

We attach our report in respect of our findings relative to the Housing Administration: FY17 Internal Audit project. The work performed in this report is subject to the terms and conditions set out in our letter of engagement. Should you have any queries or should you require expansion on any of the issues raised please do not hesitate to contact us.

Yours sincerely

Mark Biggs
Director

Copies to:

<table>
<thead>
<tr>
<th>Responsible Person</th>
<th>Title</th>
<th>Action</th>
<th>Follow-up and action</th>
<th>Information only</th>
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<tr>
<td>Mr R Barrell</td>
<td>Chairman: Audit Committee</td>
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<td>Mr J Roux</td>
<td>Member: Audit Committee</td>
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<td>Mr M Hennessy</td>
<td>Member: Audit Committee</td>
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<td>Mr R Thorpe</td>
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<td>Member: Audit Committee</td>
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<tr>
<td>Mr W McCartney</td>
<td>Manager: Performance, Internal Audit and Risk Management</td>
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<td>Ms M Boyce</td>
<td>Director: Planning and Development</td>
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Knysna Municipality

Internal Audit Report

Housing Administration: FY17
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Restriction

This report is strictly private and confidential, and is intended solely for the information and use of the Audit Committee and Krynica Municipality’s Management. It is the responsibility of Krynica Municipality’s Management to ensure adherence to good corporate governance practices, to assess potential risks within their operations and to implement an appropriate system of internal control to address such risks. Furthermore, it is the responsibility of Krynica Municipality’s management to ensure that there is an effective control system in place to prevent and detect fraud.
1. Background

The audit of this assessment area was conducted in terms of the Knysna Municipality’s Internal Audit Charter and Internal Audit Plan as approved by the Knysna Municipality’s Audit Committee.

2. Objectives of review

The objectives were as follows:

1. To confirm compliance with applicable legislation and regulations in respect of Housing Administration.

2. To assess the current internal controls relating to housing administration processes and procedures to identify any gaps and required areas of improvement, so that management can develop Standard Operating Procedures (SOPs) that can be approved by Council.

3. To confirm that houses were sold to valid beneficiaries who obtained housing subsidies.

4. To confirm that the transfers of ownership to beneficiaries were performed timely and completely.

5. To identify municipal risks and to recommend internal controls relating to the “illegal” sale of state-subsidised houses.

6. To obtain and report on the implementation status of the recommendations raised in the Housing - May 2013 Internal Audit report issued on 22 July 2013.

3. Scope of review

This internal audit assessment focused on key areas of concern which were identified through the following processes:

- Enquiry and confirmation with management in planning meetings.
- Inspection of Council minutes of meetings.
- Inspection of risk registers.
- Inspection of the Service Delivery and Budget Implementation Plan (SDBiP).
- Inspection of Knysna Municipality Integrated Development Plan (IDP).
- Inspection of the Annual Report.
- Internal audit knowledge and experience gained through similar housing projects done.
- Inspection of External Audit reports.
- Inspection of Fraud Hotline reports.
- Inspection of social media.
- Inspection of legislation, regulations and policies.
This internal audit assessment covered the following areas:

<table>
<thead>
<tr>
<th>Table 1: Business process analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mega process</td>
</tr>
<tr>
<td>1. Upgrading of informal settlement projects (UISP).</td>
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<tr>
<td>1.7. “Illegal” sales of subsidy houses.</td>
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</table>

2. Obtained management responses regarding the status of implementation of internal audit recommendations (i.e., management letter points (MLPs)) raised in the Housing - May 2013 Internal Audit report issued on 22 July 2013. The scope was limited to a self-assessment performed by the relevant responsible officials.

<table>
<thead>
<tr>
<th>Table 2: Excluded from the scope of the project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Greenfields projects.</td>
</tr>
<tr>
<td>2. Transit relocation areas (TRAs).</td>
</tr>
<tr>
<td>5. Supply chain management.</td>
</tr>
<tr>
<td>7. Budgeting process.</td>
</tr>
<tr>
<td>8. Grants and funding.</td>
</tr>
<tr>
<td>9. Accounting treatment of housing projects.</td>
</tr>
</tbody>
</table>
4. Methodology employed

In order to address the objectives set out above we performed the following:

1. Considered specific guidance material, relative to the area subject to assessment, i.e. prior audit reports and leading practice.

2. Scoped and documented the underlying business processes to be covered in this report.

3. Set and agreed the strategic, operational, reporting and compliance objectives of the function subject to assessment.

4. Performed a “walkthrough” of each significant type and flow of transaction and related operational activities.

5. Considered the allocated risks, as documented in the outputs of the Detailed Risk Assessment exercise.

6. Generated an audit program to evaluate the adequacy of the design of related controls and procedures.

7. Executed the audit program.

8. Created a business process, risk and control matrix addressing in respect of each objective:
   - potential risk;
   - compensating internal controls - prevention, detection, IT or manual;
   - who performed;
   - effectiveness of the control design;
   - operational effectiveness of control; and
   - comments.

9. Documented the internal audit findings.

10. Generated recommendations for improvements.

11. Self-assessment procedures to determine the implementation status of MLPs raised from the Housing: 2013 Internal Audit report issued on 22 July 2013:
   11.1 Obtained the MLPs raised from the report.
   11.2 Compiled a MLP Register comprising all the MLPs and their corresponding recommendations.
   11.3 Distributed the MLP Register and relevant detail of audit findings to the responsible officials.
   11.4 Requested the responsible officials to perform a self-assessment on the implementation status of the MLPs and to provide reasons for the implementation status as indicated.
   11.5 Through a workshop with responsible officials obtained their self-assessment responses.
   11.6 Updated the master MLP Register with the implementation status indicated and any specific comments for the implementation status as obtained by the responsible officials.
   11.7 Included the results of the self-assessment MLP follow-up in an appendix to the Internal Audit Report.

12. Issued Internal Audit Report.
5. Results and recommendations

5.1 Summary of results

Testing was performed on all housing projects for the period 1 July 2013 to 31 January 2016. This was due to the fact that housing projects take a number of years, from the date of commencement of the housing projects to the date that the houses are legally transferred to the beneficiaries.

The identification of UISP housing projects was determined through the following processes:
1. Review of the SDBIP for each period.
2. Review of the IDP for each period.
5. Review of the Western Cape Department of Human Settlements (WCDHS): Housing Subsidy System (HSS).
6. Confirmation through discussion with management in the Housing Section.

The following UISP housing projects were in progress

The current UISP project is called: Vision 2002. The objective is to establish 2002 top structures. The following phases of the Vision 2002 UISP project were in progress during the 2013/2014, 2014/2015 and 2015/2016:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Name of project</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 4</td>
<td>Vision 2002: 476</td>
<td></td>
</tr>
</tbody>
</table>
|        |                 | - The project was in progress between 2013/2014 and 2014/2015.  
|        |                 | - The top structures were completed in 2014/2015 and the houses were handed over to the beneficiaries.  
|        |                 | - The title deeds are in the process of being registered. |
| Phase 5 | Vision 2002: 459 |  
|        |                 | - The project commenced in 2015/2016.  
|        |                 | - The top structures were expected to be completed in 2016/2017.  
|        |                 | - The allocation of the sites to beneficiaries had commenced in 2015/2016. |
Refer to the table below for a summary of the findings and recommendations that were noted during the assessment (kindly refer to Appendix 2: Management letter points for the detailed summary of findings and recommendations):

<table>
<thead>
<tr>
<th>Summary of findings</th>
<th>Main risks:</th>
<th>Root causes / Recommendations:</th>
<th>Processes / main areas:</th>
</tr>
</thead>
<tbody>
<tr>
<td>NLP: Summary of findings: Focus on the main risks, main root causes, main recommendations and processes/main areas affected</td>
<td>Finding will affect future projects</td>
<td>Lack of SOPs</td>
<td>Inadequate managerial control / review procedures and supervision</td>
</tr>
<tr>
<td>1</td>
<td>The Housing Selection Policy was not approved by the WCDHS nor by Council before the deadline date of 30 June 2014, as required per the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects (August 2012).</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Lack of policies and SOPs to facilitate the housing administration process.</td>
<td>C</td>
<td></td>
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</tbody>
</table>
| 3 | Internal control gaps with regards to the identification of beneficiaries:  
  - Inadequate internal controls with regards to the UISP beneficiary lists.  
  - The validity of beneficiaries could not be confirmed.  
  - Compliance with the “acceptable procedures for |
| | | | |
### ORDINARY COUNCIL MEETING

#### AGENDA

**27 JUNE 2018**

<table>
<thead>
<tr>
<th>Process / main areas</th>
<th>Root causes / recommendations</th>
<th>Main risks</th>
<th>Summary of findings</th>
<th>Rating</th>
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**Summary of findings**: Focus on the main risks, main control gaps identified, and recommendations to address these.

1. **Identification of beneficiaries**: As per the policy, housing needs could not be established.
2. **Ongoing control gaps** identified with regards to the process of determining housing needs.
3. **Transfer of ownership** to beneficiaries is lengthy and requires additional documentation.
4. Internal control gaps identified with regards to the ongoing process of identifying beneficiaries.
5. **Identification of beneficiaries**: The identification process could not be established.
6. **Residential maintenance**: Housing maintenance was not prioritised.

**Rating**: C, C, C, C
<table>
<thead>
<tr>
<th>Process / main areas</th>
<th>Root causes / Recommendations</th>
<th>Prevention / Control Measures</th>
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<tr>
<th>Main risks</th>
<th>Root causes / Recommendations</th>
<th>Prevention / Control Measures</th>
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<thead>
<tr>
<th>Summary of findings</th>
<th></th>
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<tbody>
<tr>
<td><strong>8</strong></td>
<td>Exceptions identified with regards to the housing subsidy approvals as per the HPS.</td>
<td></td>
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<tr>
<td><strong>9</strong></td>
<td>Exceptions identified with regards to the agreements of sale.</td>
<td></td>
</tr>
<tr>
<td><strong>10</strong></td>
<td>Agreement to propose to officials involved in the proposal for the sale of social housing units.</td>
<td></td>
</tr>
<tr>
<td><strong>11</strong></td>
<td>“Negot” sale of social subsidies houses.</td>
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5.2 Compliance with applicable legislation and regulations with regards to Housing Administration

Management were requested to present the housing related municipal policies so that they could be reviewed for compliance with applicable legislation and regulations. Management confirmed that there were no municipal policies relating to the housing administration processes.

It was further noted that there was a lack of an approved municipal policy for the selection of beneficiaries. A Housing Selection Policy was not approved by the WCDHS nor by Council before the deadline date of 30 June 2014, as required per the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects (August 2012).

Management confirmed that a Housing Selection Policy was in the process of being finalized and will be submitted to both the WCDHS and Council for approval.

Management were recommended to draft policies to address the main housing administration processes. Once the policies have been approved by Council, the policies should be placed on the municipal website.

For further details please refer to MLP 1 in Appendix 2: Management letter points.

5.3 Assessment of the current internal controls relating to housing administration processes and procedures

Management were requested to present documented processes and procedures relating to housing administration so that the current internal controls could be assessed. It was noted that there were no documented internal control processes and procedures.

It was recommended that management should draft SOPs to address each process and sub-process relating to housing administration. Management were further recommended to hold training workshops with all officials involved in the housing administration process, so that they would understand their roles and responsibilities once the SOPs were approved. Please refer to MLP 2 in Appendix 2: Management letter points for further details.

System descriptions, walkthroughs and detailed testing were performed on the housing administration processes and procedures. Internal control gaps were identified as detailed below.

5.3.1 Identification of beneficiaries and finalization of beneficiary lists

Internal controls were reviewed for the processes relating to the identification of individuals living in the informal settlement areas at the commencement of the UISP projects, through to the finalization of beneficiary lists.

(a) Legislation and regulations

The following legislation and regulations provide guidance relating to the identification and selection of beneficiaries in UISP projects:
- Policy Addendum on Transfer of Title in Upgrading Informal Settlements Programme Projects (March 2015).

As per sub-section 4 of Part A in The National Housing Code, 2009, it is recommended that UISP projects should be undertaken based on the following development phases:

- Phase 1: Application.
- Phase 2: Project initiation.
- Phase 3: Project implementation.
- Phase 4: Housing Consolidation.

Further guidelines are provided for the implementation of UISP projects, in Part B of The National Housing Code, 2009. The table below illustrates only the sections which are relevant to the identification of beneficiaries in UISP projects:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activities</th>
<th>Milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 2: Project initiation</td>
<td>Surveying and registration of households within the settlement, in order to develop a clear socio-economic and demographic profile of the settlement.</td>
<td>Various milestones for Phase 2 include:</td>
</tr>
<tr>
<td></td>
<td>Conclude an agreement between the municipality and the community on the participation process.</td>
<td>Social surveys and beneficiary registration, participation facilitation and project information flow. The beneficiary lists should be compiled and textual data should be gathered and recorded on a register.</td>
</tr>
<tr>
<td>Phase 3: Project implementation</td>
<td>The Final Business Plan must be submitted.</td>
<td>Various milestones for Phase 3 include:</td>
</tr>
<tr>
<td></td>
<td>The Final Business Plan must address:</td>
<td>Planning and land surveying including:</td>
</tr>
<tr>
<td></td>
<td>The planning, commencement and the time frame for Phase 4 (Consolidation for House Construction Phase).</td>
<td>Finalisation and approval by the Municipality of base plan, site investigations, contour survey, land survey (final Environmental Impact Assessment (EIA), geotechnical details), layout planning and approval.</td>
</tr>
<tr>
<td></td>
<td>The Final Business Plan must include:</td>
<td>Submission of General Plan for approval.</td>
</tr>
<tr>
<td></td>
<td>Total number of households within the settlement as per the beneficiary survey and registration process, indicating the beneficiary profiles.</td>
<td>Approval of General Plan, pegging of stands and opening of township register.</td>
</tr>
<tr>
<td></td>
<td>Details for the agreed community participation process.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Township layout and design, with an indication of the sizes of the stands, road access arrangements and the provision of stands for social amenities, institutional needs and economic opportunities.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Details on physical participation by the community.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Plans and strategies for management of the settlement to prevent re-invasions and informal settlement growth, the movement of people and the strategy for the demolition of shack and the process addressing roles and responsibilities.</td>
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</tr>
</tbody>
</table>
As noted in the table above, the beneficiary lists should be compiled during Phase 2: Project initiation. The General Plan (which includes beneficiary details, the township layout and design as well as the pegging of stands) should be approved in Phase 3: Project Implementation.

**Policy Addendum on Transfer of Title in Upgrading Informal Settlements Programme Projects (March 2015)**

The Western Cape Government issued the above named Policy Addendum so that municipalities would be able to achieve timeous transfer of property to qualifying beneficiaries of UISP projects. Useful key UISP concepts are detailed in Section 1.4 of the Policy Addendum.

As noted in Section 1.4.2:

"the people who will benefit from the [UISP, i.e. the beneficiaries]... are “pre-selected” by virtue of the fact that they reside on the land/parcel targeted for upgrade.”

The recommended project phases for UISP are detailed in Section 1.4.1. A summary of these phases is documented in the table below.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1 &amp; 2: Pre-formalisation</td>
<td>Interim services, technical investigations, planning the formal layout of the project site and obtaining planning approval.</td>
</tr>
<tr>
<td></td>
<td>Shacks are numbered and the municipality collects information about those residing in shacks and on the informal plots.</td>
</tr>
<tr>
<td></td>
<td>There is no formalisation of erven yet, therefore, “blocked sites” in an informal settlement cannot be transferred. (They therefore fall out of the scope of this Policy Addendum)</td>
</tr>
<tr>
<td>Phase 3 &amp; 4: Formalisation</td>
<td>Key step in the upgrade process and is the starting point of subsidy product differentiation within an UISP project.</td>
</tr>
<tr>
<td></td>
<td>Individual sites are demarcated, and each plot is supplied with services.</td>
</tr>
<tr>
<td></td>
<td>From the point of formalisation onwards, UISP projects provide products that can be owned by individuals.</td>
</tr>
<tr>
<td></td>
<td>The transfer of property to beneficiaries becomes relevant at Phase 3 onwards.</td>
</tr>
</tbody>
</table>

As noted in the table above, the identification of beneficiaries commences in the "pre-formalisation" phase.

(b) Internal control gaps and exceptions noted with regards to beneficiary identification and final UISP beneficiary lists

System descriptions, walkthroughs and detailed testing were performed on the UISP beneficiary lists presented by management, to determine whether the beneficiary lists and beneficiaries were valid, accurate and complete. The findings are documented below.

(i) Exceptions identified with regards to the UISP beneficiary lists

For each UISP project tested, beneficiary lists were obtained from management. The following exceptions were identified:

> There was inadequate evidence presented that the beneficiary lists received were the final approved lists. It was noted that each beneficiary list provided by management was in an Excel Spreadsheet format. There was no evidence presented to confirm that the beneficiary lists were approved by an authorized official, and therefore, the validity of the beneficiary lists could not be confirmed.

> The beneficiary lists provided by management only included details of beneficiaries who
qualified for a “top structure” through the approval of a housing subsidy, confirmed by the HSS. No lists were presented including the details of all the beneficiaries who were allocated an alternative UISP product (such as “enhanced serviced site” or a “serviced site”). Therefore, the beneficiary lists presented for testing were not complete.

- There was an inadequate audit trail with regards to the drafting and finalization of the beneficiary lists. No supporting documentation was presented to confirm who compiled the lists, who reviewed the lists, and who authorized the lists, throughout the beneficiary identification and selection process.

(ii) The validity of beneficiaries who were allocated top structures could not be confirmed

In order to determine the validity of beneficiaries included on the UISP beneficiary lists received from management, a limited sample of 25 beneficiaries were tested to confirm that the beneficiaries had resided on the land parcel targeted for upgrade. As per legislation and regulations, individuals living on the land would have been identified in Phase 2 and Phase 3 of the UISP projects.

The following exceptions were identified:

- Management confirmed that no initial beneficiary lists had been drawn-up at the commencement of the UISP projects.
- There was therefore an inadequate audit trail to confirm that the beneficiaries who were allocated top structures were residents living in the area targeted for upgrade.

(iii) Compliance with the “acceptable procedures for the identification of beneficiaries” as per the Terms of Reference for the UISP projects could not be assessed

Beneficiary lists were attached to the People’s Housing Process Business / Application Plan submissions to the Department of Human Settlements. The following exceptions were identified:

- As per the Terms of Reference of the Knysna Vision 2002 Project Committee Forum, it was noted that the Project Committee is responsible to “advise on acceptable procedure[s] for the identification of beneficiaries”. It was noted that no further information was presented to confirm that all the beneficiaries were identified as per the “acceptable procedures”.

Through discussion with management it was noted that the implementation of UISP projects was complex and various challenges impacted the identification and finalization of beneficiary lists. The main challenges faced by management when implementing the UISP projects included the finalization of the General Plan (in which the beneficiary lists are determined):

- Challenges are faced when trying to capture a “fluid situation into a rigid plan”. Residents and structures in an informal settlement area are constantly changing, resulting in difficulties when mapping the area.
- The surveying and pegging of stands is a challenge due to the changes in demand for stands.
- The finalisation of the General Plan was time consuming and costly to finalise. If the General Plan needs to be changed, this results in additional time and expenses.
- Once a General Plan is finalised, it is costly to make changes to it as there are both financial implications and time constraints.

It was noted that other housing administration processes are impacted by the lack of final beneficiary lists, including:

- The applications for housing subsidies.
- The timely transfers of ownership to beneficiaries.

Management were recommended to implement the following:

(i) Policies in respect of the selection of beneficiaries should be drafted and approved to facilitate the processes relating to the selection of beneficiaries (where applicable).
(ii) **SOPs** should be developed to facilitate efficient, effective and economic beneficiary identification, selection and finalization processes.

(iii) **Residents and informal structures should be identified at the commencement of the UISPs.**

The following recommendations could be considered:

- Surveys.
- Photographs.
- Aerial photographs.

Management were further recommended to comply with the National Housing Code, 2009 with regards to the “surveying and registration of households within the settlement, in order to develop a clear socio-economic and demographic profile of the settlement.”

(iv) **Implementation of UISPs**

It was recommended that management should implement UISPs in accordance with the National Housing Code, 2009. The recommendations included:

- The General Plan should be approved by the end of Phase 3: Project implementation, before commencing Phase 4: Housing consolidation.
- The pegging of stands should be finalised and those plots should be registered with the Surveyor General as soon as possible to so that the erven can be registered. This will facilitate the allocation of erven to beneficiaries (for both the housing subsidy application process as well as for the transfer of title.)
- It was further recommended that the Municipality should continue to monitor and prevent land invasion throughout the UISP project.

(v) It was recommended that management should maintain an adequate audit trail throughout the implementation of the UISPs, for all processes including the following:

- Identification of residents at the commencement of the UISP.
- Selection of beneficiaries and finalisation of beneficiary lists.

An audit trail should be maintained as evidence of the following:

- Who performed the duty and the date of performance.
- Who reviewed and the date of review.
- Who authorized and date of authorization.

All documentation together with supporting schedules and information should be filed and stored in a secure location. (It was recommended that documentation should be uploaded to Collaborator.)

(vi) It was recommended that the final beneficiary lists should be signed and dated by the authorized municipal management.

All spreadsheets which are used by management to monitor the progress of the housing processes, should be compared regularly to the finalized and approved beneficiary lists.

Management should compare all submissions listed below, to the approved beneficiary lists:

- Subsidy applications.
- Sale agreements.
- Happy Letter documentation.
- Transfer of title documentation.

Management agreed to implement the recommendations.

For further details regarding the exceptions identified relating to the identification and selecting of beneficiaries, please refer to MLP 3 in Appendix 2: Management letter points.
5.3.2 Application process for housing subsidies

(a) Legislation and regulations

Both the Policy Addendum on Transfer of Title in UISP Projects (March 2015) and the Housing Code, 2009 stipulate that “only households with certain characteristics are eligible to receive ownership based benefits.” The Policy Addendum on Transfer of Title in UISP Projects (March 2015) provides useful guidance with regards to the two different types of beneficiaries in an UISP project.

In an UISP project, although all households occupying the land parcel will benefit from the project in some way, the level of state provision they receive is determined by their housing subsidy eligibility status. There are two types of beneficiaries:

(i) **Qualifier**: These beneficiaries are eligible to receive a “top structure”. As detailed in the Housing Code, only households with certain characteristics are eligible to receive ownership based benefits (i.e., they meet the qualification criteria applicable to the Housing Subsidy Scheme):
   - A resident,
   - 18 years old or older,
   - Has not yet benefitted from government assistance,
   - Has not previously owned fixed residential property,
   - Is married / cohabiting,
   - Single with financial dependents.

(ii) **Non-qualifier**: These beneficiaries are not eligible to receive a top structure, however, they may qualify to receive other products such as a serviced site, an enhanced serviced site or a site with communal or interim services. These beneficiaries are the individuals who do not meet the qualification criteria applicable to the Housing Subsidy Scheme.

(b) Internal control gaps and exceptions identified with regards to the application for housing subsidies

A system description and walkthrough was performed on the application process for housing subsidies. The following internal control gaps were identified:

(i) **Inadequate review procedures over both the manual housing subsidy application forms and the electronic housing subsidy application forms**

There was no evidence presented to confirm that both the manual and electronic housing subsidy application forms, together with the relevant supporting documentation, are reviewed for accuracy, completeness and validity before being submitted to the WCDHS.

The lack of review procedures resulted in the following:

- A significant number of housing subsidy application forms were returned to the municipality by the WCDHS.
- The housing subsidy application process was delayed, especially when further documentation was required.
- Wasted resources, inefficiencies and increased pressure was placed on the already stretched municipal officials, especially when the applicant had to be re-contacted and documentation had to be corrected and re-submitted.
- Possible reputational damage as the municipal officials may be seen to be incompetent by the public.
- Possible reputational damage as the WCDHS may be concerned with Knysna Municipality’s processes where there are a high number of returned application forms.
(ii) Storage concerns and safekeeping of housing subsidy application forms

Throughout the housing subsidy application process, the manual housing subsidy application forms are transferred between offices, until they are eventually sent to the WCDHS. It was noted that there was not a register to track the movements of the manual housing subsistence application forms, which increases the risk that the application forms may get lost. This in turn increases the risk of delays to the housing subsidy application process.

(iii) Lack of evidence to confirm that all housing subsidy application forms were for valid and authorized beneficiaries

Due to the lack of an approved beneficiary list for UISP projects, there was insufficient evidence presented to confirm that housing subsidy application forms were only submitted for valid and authorized beneficiaries (i.e. people who were residents in the informal settlement project area).

(iv) Excessive housing subsidy application forms were submitted

It was noted that the municipality submits more housing subsidy application forms than the number of expected even available. This may increase the risk of public unrest due to an expectation of being awarded a house when the housing subsidy is approved.

Through discussions with management it was noted that the officials in the housing administration processes will require training. It was further noted that the above findings indicate operational control gaps, due to the fact that directive, preventive and detective controls are not adequate and focused on achieving efficient resource usage and effectiveness as measured by the extent to which specific control objectives are achieved. It was further noted that ongoing monitoring and supervision is not undertaken to enable management to determine whether internal controls over processes are present and functioning.

Management agreed to implement the following recommendations:
- SOPs relating to the housing subsidy application process will be developed and workshops to officials.
- In order to complete manual housing subsidy application forms accurately and completely the following would be implemented:
  - Housing subsidy application form checklists.
  - Housing subsidy application forms will be reviewed by an independent person.
  - The electronic housing subsidy application forms on HSS will be reviewed and information confirmed to the manual application forms and supporting documentation.
  - Management will consider developing performance targets and monitoring the instances of returned housing subsidy application forms.
- Improved internal controls with regards to storage of housing subsidy application forms.
- Improved audit trail for the housing subsidy application process.
- Management agreed that all housing subsidy application forms submitted should be agreed to the authorised beneficiary lists, before being submitted.

Please refer to MLP 4 in Appendix 2: Management letter points for further details.

5.3.3 Occupation of houses by beneficiaries including the handover of houses

A system description, walkthrough and detailed testing were performed on the processes relating to the occupation and handover of houses to beneficiaries. It was noted that once the top structure is finished and available for occupation, the house is handed over to the beneficiary. On the date that the beneficiary takes occupation of the house, the beneficiary signs and dates a Happy Letter to confirm that:
- The beneficiary has occupied the house on the date of signing the Happy Letter.
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- All defects identified at the date of occupation were identified and listed.
- The beneficiary agrees to inform the builder of any defects identified within the three month guarantee period.
- The beneficiary commits to remove the temporary housing structure and will not rent it out.

It was further noted that the contractor and municipality signs an Inspection Declaration, to confirm that the top structure is ready to be occupied.

For the sample of beneficiaries tested, the Happy Letters and Inspection Declarations were reviewed to confirm that the houses were ready to be occupied, and to confirm that only valid beneficiaries were handed-over the houses and that the houses were handed over timely. The following exceptions were identified:
- Not all Happy Letters and Inspection Declarations were presented for testing.
- Not all Happy Letters and Inspection Declarations were completed accurately or completely.
- Not all Happy Letters and Inspection Declarations were signed and dated.
- The validity of beneficiaries who were handed over houses could not be confirmed due to the inadequate beneficiary lists presented for testing (refer to MLP 3 for further details).

Management agreed to implement the following internal controls:
- Review procedures will be implemented to confirm that the Happy Letters and Inspection Declarations have been completed accurately.
- Happy Letters and Inspection Declarations will be scanned into Collaborator.
- Training will be provided to relevant officials.
- SOPs will be developed for these processes.

Please refer to MLP 5 in Appendix 2: Management letter points for further details.

5.3.4 Sale of houses to beneficiaries (including the transfer of ownership)

(a) Legislation and regulations

As per The Housing Code, 2009, Phase 4: Housing consolidation includes the following activities:
- Township Establishment.
- Finalisation.
- Ownership registration (where appropriate).
- House construction.
- Outstanding social amenities constructed.

As per the Policy Addendum on Transfer of Title in UISP Projects (March 2015), it was noted that the transfer of property to beneficiaries becomes relevant from Phase 3 onwards. The following policy rules came into effect for all UISP projects without UISP Phase 3 project approvals by 1 April 2015:
- Rule 1: Only projects fit for habitation should be transferred to qualifiers.
- Rule 2: Only an approved beneficiary should be given occupation of a unit intended for ownership.
- Rule 3: The qualifier and developer should enter into a signed sales agreement which references the property correctly before the end-point product is occupied.
(b) Internal control gaps and exceptions identified with regards to the sale of houses to beneficiaries (including the transfer of ownership)

System descriptions, walkthroughs and detailed testing were performed on the processes relating to the sale of houses to beneficiaries. The following internal control gaps were identified:

(i) Lack of review procedures performed to confirm that Agreements of Sale and supporting documentation were accurate

The Agreements of Sale together with the supporting documentation were reviewed, and it was noted that there was a high rate of errors including the below:

- Agreements of Sale had not been signed by the Municipal Manager.
- A previous Municipal Manager’s (Ms L Waring) details were included in the Agreements of Sale. It was noted that these Agreements of Sale had not been signed at the date of testing.
- The previous Municipal Manager’s ID number was inaccurate.
- The supporting affidavits were not always complete or accurate.
- Agreements of Sale were not always completed accurately.
- Agreements of Sale were not always signed by the buyer’s witnesses.
- Required supporting documentation was not always attached to the Agreements of Sale.
- Agreements of Sale did not always include the required property erf number.
- Agreements of Sale were not signed timely (at or before the date of occupation), as they were signed on a date later than the date of the Happy Letter.
- Beneficiary details included in the Agreements of Sale could not always agree to the HSS, and therefore the validity of the beneficiary could not be confirmed.
- The beneficiary details per the Agreements of Sale did not always agree to the Happy Letters, therefore the accuracy and validity of the beneficiary could not be confirmed.

(ii) Inadequate storage / filing of supporting documentation

It was noted that some Agreements of Sale were missing from the beneficiary files, and were not presented for testing.

(iii) Lack of review procedures performed to confirm that all documentation lodged for title transfers were accurate

Correspondence was reviewed between the Legal Section and the Housing Section with regards to the lodging of title transfers. It was noted that there was a high rate of returned documentation from the Legal Section, mainly due to inadequate Agreements of Sale and supporting documentation. It was further noted that there were instances in which the buyers’ names in the Agreements of Sale did not agree with the supporting documentation.

The following risks were identified with regards to missing, invalid, inaccurate and incomplete Agreements of Sale and title transfer documentation:

- Inefficiencies and delays in various housing processes including the registration of ownership titles to beneficiaries. The following additional risks were identified:
  - The longer the time-delay in effecting the transfer to the beneficiary, the higher the risk of the transfer becoming more complex.
  - Financial consequences: the more complex the transfer the more costly the legal fees become.
  - Transfer of house to an unauthorized beneficiary.
  - Reputational damage or a lack of confidence in the municipality as the municipal officials may be seen to be incompetent by the public.

Management agreed to implement the recommended internal controls including the following:

- The approval and finalization of beneficiary lists timely for all future UISP projects.
- Development of SOPs.
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• Implementation of review and monitoring procedures.
• Improvement to file storage and document management, including uploading all
documentation to Collaborator.
• The signing of the Agreement of Sale by the beneficiary on occupation.

Please refer to MLP 6 and MLP 9 in Appendix 2: Management letter points for further details.

5.4 Sale of houses to valid beneficiaries who have obtained housing subsidies

Management presented the beneficiary lists for the relevant UISP projects, for all beneficiaries who
would be allocated a top structure. A limited sample of 25 beneficiaries was tested to confirm that
the beneficiaries had been approved to receive a housing subsidy for a top structure. Management
noted that all HSS approvals were printed and placed in the beneficiary files.

It was noted that HSS approvals were not found in all beneficiary files. No further documentation
was presented by management to confirm that these beneficiaries had been approved on the HSS.
Therefore it could not be confirmed that all beneficiaries who were allocated a top structure were
valid and authorized.

It was further noted that there were internal control gaps with regards to the allocation of serviced
erven to non-qualifying beneficiaries, due to the lack of SOPs and policies with regards to the
allocation of serviced erven to non-qualifying beneficiaries.

Please refer to MLP 8 in Appendix 2: Management letter points for further details.

5.5 The timely and complete transfer of ownership to beneficiaries

As per the Policy Addendum on Transfer of Title in UISP Projects (March 2015), the benchmark for
monitoring timely transfer is “A period of 150 days between occupation and transfer of a subsidy
unit”.

Detailed testing was performed on a sample of beneficiaries who took occupation of their houses
during the period being reviewed. It was noted that the houses had not been transferred to the
beneficiaries timely. Out of a limited sample of 25 beneficiaries it was confirmed that the title of
transfer had not been finalized for all 25 beneficiaries (100%). It was further noted that the
beneficiaries had taken occupation of their houses for periods exceeding 150 days.

It was noted that the longer the time-delay in effecting the transfer to the beneficiary, the higher
the risk of the transfer becoming more complex and costly.

Please refer to MLP 6 in Appendix 2: Management letter points for further details.

5.6 Identification of risk and recommendation of internal controls that can be
implemented to reduce the risk to the municipality regarding “illegal” sales of
subsidy houses.

Management raised concerns regarding social media advertisements relating to the sale of subsidy
houses to the general public. In order to identify the risks to the municipality, the legislation and
regulations were reviewed.

(a) Legislation and regulations

The Housing Act, 1997 provides guidance with regards to the selling of state-subsidised houses.
Voluntary sale of state-subsidised houses

As per Section 10A(2) of the Housing Act, 1997:
"... such person shall not sell or otherwise alienate his or her dwelling or site within a period of eight years from the date on which the property was acquired by that person unless the dwelling or site has first been offered to the relevant provincial housing department."

As per Section 10A(4) of the Housing Act, 1997:
"No purchase price or other remuneration shall be paid to the person vacating the property but such person will be eligible for obtaining another state-subsidised house, should he or she qualify therefor."

Involuntary sale of state-subsidised houses

As per Section 10B(1) of the Housing Act, 1997:
"... such person's successors in title or creditors in law... shall not sell or otherwise alienate his or her dwelling or site unless the dwelling or site has first been offered to the relevant provincial housing department at a price not greater than the subsidy which the person received for the property."

As per Section 10B(5) of the Housing Act, 1997:
"An MEC [member of the Executive Council of a province responsible for housing matters in the province in question] may grant exemption... either conditionally or unconditionally, in respect of any dwelling or site..."

As per Section 10B(6) of the Housing Act, 1997, it is noted that the Registrar of Deeds must make endorsements on the title deeds to indicate the restrictive conditions relating to the transfer of ownership of the property.

As per Section 10B(7) of the Housing Act, 1997, it is noted that the dwelling or site may not be passed to a person other than the provincial government unless the Registrar of Deeds is provided with the following:
- A certificate signed by the head of department which states that the dwelling or site was offered for sale to the provincial department and that the offer was rejected.
- An exemption was granted under Section 10B(5).

The applicable law relating to the transfer and registration of land, is, in the first instance, the Deeds Registry Act 47 of 1937. The following was noted:
- "Ownership of land is evidenced by a title deed issued by the deeds registry, which will record the owner's details and the conditions under which the land is held..."
- "If ownership is not registered in a deeds registry, it is most likely that ownership of the property has not passed. Transfer of ownership of property is also evidenced by registration in the deeds registry..."

As per an article published on 19 April 2016 by Ray Mahlaka for Moneyweb [https://www.moneyweb.co.za/investing/property/resale-rdp-houses-teething-problems/] the following was noted:
- "It is believed that [state-subsidised houses] are largely sold below market value and without any formal transfer of the title deed to the new owner in the informal market..."
- The Human Settlements Minister, Ms L Sisulu, provided insights into the illegal sales of state-subsidised houses. She noted that the Department of Human Settlements was in the process of identifying actions to reduce the illegal sale of state-subsidised houses. She noted further that illegal sales of properties are sold at "cheap rates before the eight years has lapsed..."
- It was noted further that the Housing Act, 1997 "does not have punitive measures for individuals who sell their properties, leaving a wide lacuna in the law."
(b) Risk identification and recommendations

In summary the following was noted:

- In order for a subsidy house to be sold legally to the public, the title deed would need to be transferred from the seller to the buyer, after the B-year restriction has lapsed.
- The buyer of the state-subsidised house is at risk if the title deed is not registered in the buyer’s name.

The effective design and operational effectiveness of internal controls around the selling of state-subsidised houses were assessed, to confirm that Knysna Municipality complied with legislation and regulations.

The following internal controls were implemented by the Knysna Municipality:

(i) Restrictive conditions are included the Agreement of Sale contract entered into between the municipality and the approved housing beneficiary. A special condition clause, which restricts the transfer of ownership of the property in terms of Section 10A of the Housing Act, 1997. The Registrar of Deeds documents all endorsements on the title deed to indicate the restrictive conditions relating to the transfer of ownership of the property, as per the sale agreements.

The following internal control gaps were identified:

(i) Occupation of property: It was noted that the Municipality has not implemented any internal controls to monitor the occupation of property, in compliance with the Agreement of Sale contract entered into between the Municipality and the approved housing beneficiary. As per a clause relating to the occupation of property, it is noted that the Purchaser and his family must physically occupy the property and may not allow any subletting. The Municipality “reserves the right to reclaim the property immediately” if the property is not occupied by the Purchaser.

Management were recommended to continue with public education and awareness campaigns, so that the public become aware of the risks regarding the purchase of state-subsidised houses without obtaining a title deed.

Management were further recommended to obtain legal advice with regards to the identification of “Illegal” sales of state-subsidised houses.

Please refer to MLP 11 in the Appendix 2: Management letter points for further details.
5.7 The implementation status of the recommendations raised in the Housing - May 2013 Internal Audit report issued on 22 July 2013.

The key to Management Letter Points (MLPs) are as follows:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Suggested management action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Critical (C)</td>
<td>Significant control weaknesses requiring immediate management action.</td>
</tr>
<tr>
<td>Significant (S)</td>
<td>Control weaknesses that are regarded as serious and require management action within a short period of time.</td>
</tr>
<tr>
<td>Housekeeping (H)</td>
<td>These control weaknesses do not represent a significant risk to the control environment and can normally be corrected at a minimal cost. The correction of these control weaknesses will have the effect of an improved control environment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implemented</td>
<td>Action/s recommended by Internal Audit has been successfully implemented.</td>
</tr>
<tr>
<td>Implementation in progress</td>
<td>Action/s recommended by Internal Audit has commenced and is still in the process of being fully implemented.</td>
</tr>
<tr>
<td>Not implemented</td>
<td>Action/s recommended by Internal Audit has not commenced.</td>
</tr>
</tbody>
</table>

The table and graph below illustrate the implementation status of the recommendations raised in the Housing - May 2013 Internal Audit report issued on 22 July 2013. A self-assessment was performed by management. Further testing was performed for all sections included in the scope of the project. Where necessary the implementation status was revised based on the results of further testing. A summary of the implementation status of findings that were noted during the assessment include the following:

<table>
<thead>
<tr>
<th>Follow-up of Internal Audit Report findings: Housing - May 2013</th>
<th>Rating</th>
<th>Self-assessment implementation status</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Upgrading of informal settlements exceptions</td>
<td>S</td>
<td>Implementation in progress</td>
<td>Re-reported: Implementation in progress</td>
</tr>
<tr>
<td>2. Monitoring of illegal invasion of land</td>
<td>S</td>
<td>implementation in progress</td>
<td>N/a: not included in scope of the project</td>
</tr>
<tr>
<td>3. Monitoring of inventory issued to small contractors</td>
<td>S</td>
<td>implementation in progress</td>
<td>N/a: not included in scope of the project</td>
</tr>
<tr>
<td>4. Inadequate monitoring of sale agreement specifications</td>
<td>S</td>
<td>implementation in progress</td>
<td>Re-reported: Implementation in progress</td>
</tr>
<tr>
<td>5. Individual subsidy exceptions</td>
<td>S</td>
<td>implementation in progress</td>
<td>Re-reported: Implementation in progress</td>
</tr>
<tr>
<td>6. Waiting lists not utilized</td>
<td>S</td>
<td>Not implemented</td>
<td>Re-reported: Implementation in progress</td>
</tr>
<tr>
<td>7. Inadequate monitoring of housing costs and materials used</td>
<td>S</td>
<td>implementation in progress</td>
<td>N/a: not included in scope of the project</td>
</tr>
<tr>
<td>8. Duplications identified on Progress Reports</td>
<td>S</td>
<td>Implemented</td>
<td>Re-reported: Implementation in progress</td>
</tr>
<tr>
<td>9. Registration of property in name of applicant</td>
<td>S</td>
<td>implementation in progress</td>
<td>Re-reported: Implementation in progress</td>
</tr>
</tbody>
</table>
The above table and graph depicts the implementation status of MLPs per rating. In total there were 9 MLPs raised which were all rated significant.

The implementation status of MLPs is summarized as follows:
- Per managements' self-assessment, only 1 MLP was implemented (11%). 7 MLPs (78%) were in the process of being implemented and 1 MLP (11%) was not implemented.
- The implementation status of MLPs was revised based on the results of further testing which was performed. It was noted that only 3 MLPs (33%) were not included in the scope of the project and therefore no further testing had been performed. 6 MLPs (67%) were still in the process of being implemented.

Kindly refer to Appendix 1: Management letter point follow-up, for a detailed list of findings, recommendations and management comments.
6. Recommendations

1. Further to the recommendations noted above, it is recommended that the Chief Financial Officer and the other Directorate Heads and their management teams:
   • Review the outcome of the implementation status for each MLP.
   • Prioritize the implementation of recommendations with due regard to ratings (critical, significant and housekeeping) as well as their own views on items that will assist them most significantly in achievement of their objectives, related targets and desired outcomes as well as in improving the control environment.
   • Create a standing agenda item for monthly / periodic directorate meetings: “Internal Audit Findings and Recommendations”.
   • Minute the progress with regard to implementation under this agenda item.
   • Report periodically to the Municipal Manager on the progress with implementation of these recommendations.
   • Follow-up on any items around which they have any doubt.

2. It is further recommended that the Municipal Manager:
   • Takes note of the process followed and the outcomes.
   • Monitors implementation progress with reference to minutes of Directorate Meetings as well as by reference to his own control register of Internal Audit reports; and
   • Reports to the Audit Committee and the Council on:
     • Process followed.
     • Outcomes.
     • Actions taken to implement outstanding recommendations.
     • Progress made against baseline data.

7. Appreciation

We wish to express our appreciation to the Planning and Development Services directorate for the courtesy and kind assistance rendered during the course of our review.

Appendices

Appendix 1: Management letter point follow-up
Appendix 2: Management letter points
Appendix 3: Standard operating procedures (SOPs) step by step diagram
Appendix 4: Summary of exceptions with regards to Agreements of Sale
Appendix 5: List of beneficiary files which were not presented for testing
Appendix 6: Exceptions resulting from the fact that more than one beneficiary was linked to the same erf
Appendix 7: Discrepancies between the beneficiary lists and supporting documentation
Appendix 8: Summary of exceptions with regards to Happy Letters and Inspection Declarations
Appendix 9: Summary of exceptions with regards to housing subsidy applications
## Appendix 1: Management Letter Point Follow-up

The key to management letter points (M,L) are as follows:

<table>
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</tr>
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</table>

The correction of these control weaknesses will have the effect of an improved control environment.
### Follow-up of Internal Audit Report findings: Housing - May 2013

<table>
<thead>
<tr>
<th>Opportunity for improvement (Audit findings, risk, recommendations)</th>
<th>Rating: C/S/H</th>
<th>Previous management response Due date</th>
<th>Implementation status</th>
<th>Current management response</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Upgrading of informal settlements exceptions</td>
<td>S</td>
<td></td>
<td>Implementation in progress</td>
<td></td>
<td>Re-reported: Implementation in progress</td>
</tr>
</tbody>
</table>

**Background:**

The National Housing Code of 2009 suggests that an UISP be undertaken in 4 phases as follows:
- Phases 1 to 3 focuses on community participation, supply of basic services and security for all residents.
- Phase 4 constitutes the Housing Consolidation Phase and providing access to the Government’s housing assistance programme, undertaken in terms of the provisions of the specific programme opted for.

Furthermore, a Township should first be established. This is essential for the application of funding under Phase 4 where the houses are built. Establishing a Township consists of at least the following:
- Approval of the General Plan of the settlement.
- The surveying and pegging of stands.
- The approval of the design and standards of engineering services by the Municipality.
- The proclamation of the township.

The Municipality is currently busy with the following housing projects:
- Construction of 220 top structures via small contractors in Concordia and surrounding Areas.

**Previous management response:**

Due to the complexity of the UISP development if is in many instances not possible to register a general plan from the outset. However, the Department of Human Settlements gave Knysna permission to use Development Plans until the area is developed as such to implement Phase 4.

The complexity of the process to change a general plan from a planning perspective will result in fruitless and wasteful expenditure.

To mitigate the risks as outlined in this report the following procedures have been instituted:

(i) The Municipality appointed VPM Town Planners to do a survey of all the areas in the Northern Township to

**Current management response:**

Management noted the following:

(i) Implemented
- The National Department of Human Settlements appointed MDP Consultancy in May 2016 to look into all informal settlements.

(ii) Implementation in progress
- VPM Town Planners is still in the process of performing this.
- Dummy numbers were used.
- In the process of registering the erven.
- Upad: is the first project to start with this.

The following concerns were re-raised:

MLP 3:
- Internal control gaps with regards to the identification of beneficiaries.

MLP 6:
- Transfer of ownership to beneficiaries
### Follow-up of Internal Audit Report findings: Housing - May 2013

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<th>Previous management response</th>
<th>Implementation status</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Construction of rafts and retaining walls for 170 units.</td>
<td></td>
<td>do a beneficiary identification.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Bulk earthworks, top structures, civil engineering services and toilets.</td>
<td></td>
<td>Due date:</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>• Process has started during April 2013.</td>
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<td></td>
<td></td>
<td>• Currently + 50% completed.</td>
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<tr>
<td></td>
<td></td>
<td>• Due date: 31 December 2013.</td>
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<tr>
<td></td>
<td></td>
<td>(i) The General Plan was not approved prior to the Upgrading of Informal Settlements programme being commenced but only after the development is finished (this was pointed out to Department of Housing during the grant application process).</td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) Stands were not pegged and allocated to specific individuals. A consulting firm, VPM Town Planners, was appointed to do the Township layouts. The layouts have not been registered with the Surveyor-General due to constant changes that need to be made.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iii) A register of members of the community is not made prior to the upgrade process.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iv) A list of beneficiaries who received serviced stands is not obtained at the culmination of the Upgrading of Informal Settlements Programme,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit Finding:</td>
<td></td>
<td>(iii) Implementation in progress</td>
<td></td>
<td>The following conveyancing service providers were appointed and this process is still in progress:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• C.J. Bellan.</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>• Loghin Martin.</td>
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<td></td>
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<td></td>
<td>• Harkertins.</td>
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<td></td>
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<td></td>
<td></td>
<td>• Moster and Palmer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iv) Implementation in progress</td>
<td></td>
<td>Mikuseli Civils monitors illegal invasions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(v) Implementation in progress</td>
<td></td>
<td>Refer to note (iii) above.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Current responsibility:</td>
<td></td>
<td>Manager: Integrated Human Settlements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mr M Penxa</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Follow-up of Internal Audit Report findings: Housing - May 2013

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<th>Previous management response</th>
<th>Implementation status</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resulting in inconsistencies and problems during Phase 4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Beneficiaries who do not qualify for a subsidy to build a house receive a serviced stand, but they do not sign an agreement of sale for their tenure right directly after the upgrading of the plot to a serviced stand but only once the beneficiary has applied for a subsidy and it came back as not approved. No management controls could be identified to ensure these serviced stands are indeed transferred from the Municipality to the beneficiary.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk:</td>
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<tr>
<td>• The above-mentioned result in various problems with the Housing process going forward e.g. erven numbers not registered with the Surveyor-General, multiple applicants applying on the same erf number etc.</td>
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<tr>
<td>• Non-compliance with the Housing Code of 2009.</td>
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<tr>
<td>• Two dwellings built on one erf due to the fact that application is done on Development.</td>
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<tr>
<td>• Plan or site number and not on the erf number as registered at the Surveyor-General.</td>
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<tr>
<td>• The illegal sale of serviced erven by beneficiaries to third parties. This beneficiary could then move to another informal settlement and receive another serviced erf as his name is not on a central</td>
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<tr>
<td>• Appointed November 2012.</td>
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<tr>
<td>• Comprehensive exercise.</td>
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<tr>
<td>• Due date to be determined</td>
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<tr>
<td>• A service provider has been appointed to do the monitoring of illegal invasions.</td>
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<tr>
<td>Due date:</td>
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<tr>
<td>• Implemented.</td>
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<tr>
<td>• The Key Performance Indicator (KPI) for conveyancing of erven has been moved to the Manager Legal Services for better co-ordination with Conveyances.</td>
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<tr>
<td>Due date:</td>
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<tr>
<td>• 2013/2014 financial year.</td>
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<tr>
<td>Previous responsibility:</td>
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<tr>
<td>Manager: Integrated Human Settlements</td>
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<tr>
<td>Mr D Adonis</td>
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Follow-up of Internal Audit Report findings: Housing - May 2013

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</tr>
</thead>
<tbody>
<tr>
<td>beneficiary list for cross-reference and monitoring purposes.</td>
<td></td>
<td>Previous responsibility Due date</td>
<td>Current management response</td>
<td></td>
</tr>
<tr>
<td>• Illegal sales of serviced erven by Housing officials without the knowledge of the Municipality.</td>
<td></td>
<td>Previous responsibility</td>
<td>Current responsibility</td>
<td></td>
</tr>
<tr>
<td>• Subsidies linked to dwelling numbers in the past, makes it difficult to monitor the validity of subsidy approvals, as non-existent dwellings may have been used to apply for subsidies, and the funds misappropriated.</td>
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</tbody>
</table>

Recommendations:

(i) The Municipality should approve a General Plan prior to commencing with the programme.

(ii) The pegging of stands should be finalised and those plots should be registered with the Surveyor-General as soon as possible to enable the Municipality to obtain the erf number. The above-mentioned will result in the application being made on the proper erf number and not the dwelling number. This will also address the risk of multiple applicants applying for a subsidy on the same erf.

(iii) A list of beneficiaries should be compiled at the culmination of the upgrading programme in order to prevent individuals who obtain the serviced erf by illegal means, from applying for a housing subsidy. This should include a detailed survey indicating per household the following details:
<table>
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</thead>
<tbody>
<tr>
<td>▶ Names of all individuals per household.</td>
<td></td>
<td>Previous responsibility</td>
<td>Current management response</td>
<td></td>
</tr>
<tr>
<td>▶ ID numbers of all individuals.</td>
<td></td>
<td>Due date</td>
<td>Current responsibility</td>
<td></td>
</tr>
<tr>
<td>▶ Applicable area.</td>
<td></td>
<td>Previous responsibility</td>
<td></td>
<td>N/a: not included in project scope</td>
</tr>
<tr>
<td>▶ Applicable site/dwelling number - this should be linked to the proper erf number after pegging of stands and registration at the Surveyor-General's office.</td>
<td></td>
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<tr>
<td>(iv) The Municipality should consider implementing controls to monitor the illegal invasion of land to prevent further expansion of areas identified for upgrading.</td>
<td></td>
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<tr>
<td>(v) Management controls should be implemented to ensure serviced stands are indeed transferred from the Municipality to the beneficiary on a timely basis.</td>
<td></td>
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</tbody>
</table>

2. Monitoring of Illegal Invasion of Land S Implementation in progress

Audit finding:
Management noted that they have a problem with individuals illegally invading the informal areas where upgrading of informal settlements and housing projects in terms of approved subsidies are in process.

This results in various problems arising when the Municipality commences with the various housing projects. An accurate and complete survey of the area is

<table>
<thead>
<tr>
<th>Previous management response:</th>
<th>Current management response:</th>
<th>The scope of the current project did not include the following processes, and therefore no further testing was performed:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A service provider has been appointed to do the monitoring of illegal invasions and to break down illegal structures.</td>
<td>The service provider Mkuseli Civils was appointed to monitor illegal invasions and to break down illegal structures.</td>
<td>▶ Monitoring of illegal land invasions.</td>
</tr>
<tr>
<td>Due date: Implemented.</td>
<td>Due date: Implemented.</td>
<td>This is a continuous process.</td>
</tr>
</tbody>
</table>
### Follow-up of Internal Audit Report findings: Housing - May 2013

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<tbody>
<tr>
<td>almost impossible as it changes all the time, which in turns results in difficulty in drawing up of the general plan indicating the layout of the properties for that specific area and project.</td>
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<td><strong>Risk:</strong></td>
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<tr>
<td>• Unfairness towards law abiding citizens.</td>
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<tr>
<td>• Unrest in the informal areas.</td>
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<tr>
<td><strong>Recommendations:</strong></td>
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<tr>
<td>• Individuals in need of housing should approach the Municipality for assistance.</td>
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<tr>
<td>• The Municipality should consider establishing an anti-land invasion unit who will be responsible for stopping people who attempt to illegally occupy state owned land that has been identified for UIJP or erection of houses in terms of an approved housing subsidy for the current dwellers/owners.</td>
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<tr>
<td>• The unit should monitor areas regularly, enforcing the rule of law when land is illegally occupied, stopping illegal shack building, and providing backup to housing officers during evictions, relocations and the demolition of illegal structures.</td>
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<tr>
<td>• The unit should report unlawful invasions to the Municipality without delay who in turn should inform the courts for an eviction order in terms of the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act.</td>
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</tbody>
</table>

**Previous responsibility:**
Manager: Integrated Human Settlements
Mr D Adonis

**Current responsibility:**
Manager: Integrated Human Settlements
Mr M Penxa
### Follow-up of Internal Audit Report findings: Housing - May 2013

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</tr>
</thead>
<tbody>
<tr>
<td>3. Monitoring of inventory issued to small contractors</td>
<td>S</td>
<td>Implementation in progress</td>
<td></td>
<td></td>
<td>N/a: not included in project scope</td>
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</table>

#### Audit finding:

Sintec was appointed by the Municipality as a Consulting Engineer. Their responsibility is to manage the housing project as well as the support centres which serve as a central store from which small builders can sign out materials for the houses being built.

There were the following exceptions identified:

- Sintec informed Internal Audit that regular stock counts and reconciliation of stock on hand to that received and signed out is not performed. Only at the end of the project is a reconciliation done to account for stock that still remains.
- The Municipality tendered for the delivery and provision of sand and blocks directly to the building sites of the housing projects. There is a concern that controls implemented to minimise losses/theft of these building controls are lacking.

#### Risk:

- Theft, wastage or misappropriation of stock and materials.

#### Previous management response:

- The recommendation to offload sand and blocks in a fenced area will result in exorbitant costs to the Municipality. The Municipality instructed the services provider of blocks to manufacture the blocks with a unique colour code in order to identify stolen blocks. We successfully retrieve stolen blocks.
- The Municipality in collaboration with Sintec has developed a system that will automatically perform a stock take on a daily basis and reconciliation of stock will be performed on a monthly basis.

#### Current management response:

- The inventory is secure - it is controlled by Sintec, who have good security.
- Sintec performs regular reconciliations of stock.
- Any inventory at the building sites is considered safe. The beneficiaries within the community have taken an active role in the security of the inventory. The community alerts the municipality to any known theft or misuse.

#### Current responsibility:

Manager: Integrated Human Settlements
Mr M Penxa

#### Due date:

Stock reconciliations: August 2013.

The scope of the current project did not include the following processes, and therefore, no further testing was performed:

- Contact management,
- Inventory management.

It is noted that the findings will be considered in the following proposed Internal Audit projects:

1. Housing administration: expenditure review FY18:
   - The management of contractors will be reviewed, including Sintec and other contractors relevant to the housing administration process.
## Follow-up of Internal Audit Report findings: Housing - May 2013

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<tr>
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<th>Previous responsibility</th>
<th>Implementation status</th>
<th>Current management response</th>
<th>Current responsibility</th>
<th>Internal Audit comments</th>
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</thead>
<tbody>
<tr>
<td>Recommendations:</td>
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<tr>
<td>• Sand and blocks should be offloaded in a securely fenced location that is locked on site. This would be easy to assemble and dismantle upon completion of surrounding houses.</td>
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<tr>
<td>• Monthly stock reconciliations should be performed combined with a stock count at the support centre.</td>
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<tr>
<td>4. Inadequate monitoring of sale agreement specifications</td>
<td>S</td>
<td>Implementation in progress</td>
<td></td>
<td>Re-reported:</td>
<td></td>
<td>Implementation in progress</td>
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</table>

### Audit finding:

Amongst others, the Agreement of Sale contract entered into between the Municipality and the approved housing beneficiary regarding the property to be transferred to the beneficiary contains the following clauses:

(i) **Rate**

The purchaser shall be liable for the payment of all Municipal rates in respect of property from the date of registration of transfer of the property in the name of the purchaser.

(ii) **Service fees**

Purchaser shall be liable for payment of all Municipal services (water, electricity, availability, refuse etc.)

### Previous management response:

- The Municipality requested tenders for earthworks, platforms, rafts, material, labour and project coordination. This process enables us to establish the unit cost upfront. We do provide reconciliations per plot with beneficiary names to the Provincial Department of Human Settlements on a monthly basis.
- A web-based programme has been developed which will cover all the

### Current management response:

Management is in the process of implementing the recommendations.

(i) **Rate**

This is an area of concern as the majority of erven have not yet been registered.

(ii) **Services fees**

Management noted that services fees are billed to

The following processes were not included in the scope of the current project, and therefore no further testing was performed:

- Completeness of billings,
- Costing of the subsidised housing,
- Recovery of amounts owing by the purchaser in terms of the Agreement of Sale clauses,
- Monitoring non-compliance of the Agreement of Sale with regards to the keeping
### Follow-up of Internal Audit Report findings: Housing - May 2013

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</thead>
<tbody>
<tr>
<td><strong>(iii) Purchase price</strong>&lt;br&gt;The purchase price is subsidised in terms of the improved extended rebate beneficial scheme applicable to government subsidised housing. The remainder will be payable to the Seller (the Municipality) by the Purchaser (the Beneficiary).</td>
<td></td>
<td>Due date: August 2013. Previous responsibility: Manager: Integrated Human Settlements Mr D Atonis</td>
<td>beneficiaries from the date of possession. &lt;br&gt;(iii) Purchase price Management confirmed that there are no controls implemented yet.</td>
<td>It is noted that the findings will be considered in the following proposed internal audit projects:&lt;br&gt;(i) <em>Billing System FY18:</em>&lt;br&gt;• Completeness of billings of rates for even transferred to beneficiaries.&lt;br&gt;• Completeness of billings of services from date of occupation or possession of the property.&lt;br&gt;The following concerns were re-raised in the current Internal Audit Housing Administration project:&lt;br&gt;(i) <em>MLP 11:</em>&lt;br&gt;• &quot;Illegal&quot; sales of properties.&lt;br&gt;(ii) <em>MLP 11:</em>&lt;br&gt;• Non-occupation of the property by the Purchaser and his</td>
</tr>
<tr>
<td><strong>(iv) Transfer and other costs</strong>&lt;br&gt;Purchaser shall pay all transfer and bond registration costs to finalise transfer of property.</td>
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<tr>
<td><strong>(v) Selling property within a period of 8 years</strong>&lt;br&gt;Purchaser may not sell or otherwise alienate his dwelling or site within a period of 8 years, unless the dwelling was first offered to the provincial housing department.</td>
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<tr>
<td><strong>(vi) Animals kept on the property</strong>&lt;br&gt;No animal, including poultry and or pigeons may be kept on the erf, except with prior written consent of the seller, signed by the Municipal Manager.</td>
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</table>
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</thead>
<tbody>
<tr>
<td>(vii) Owner occupied property</td>
<td></td>
<td>Previous responsibility</td>
<td>Current responsibility</td>
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</tr>
<tr>
<td>The Purchaser and his family must physically occupy the property and may not allow any subletting. Should the property not be occupied by the Purchaser, the Seller reserves the right to reclaim the property immediately and to deal with it as it deems fit.</td>
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<tr>
<td>Internal Audit was not satisfied that the above-mentioned requirements are appropriately monitored by the Municipality due to the following reasons:</td>
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<tr>
<td>(i) Rates</td>
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<tr>
<td>Management noted that the valuator will work from the title deeds and very little of the properties have been transferred to the individual’s names and therefore no valuation is performed and no rates are charged. The Progress Report dated 28 February 2013 regarding the Vision 2002 Knysna 600 Ervon Project was obtained. A selection of completed houses was made from this report and followed through to the Promun financial system to confirm that these individuals have an account and services and rates are being charged. For none of the 25 completed houses selected any services were charged regarding rates or services.</td>
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<tr>
<td>(vi) Animals kept on the property</td>
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<tr>
<td>Management has no controls implemented to identify and take action against property owners who keep animals on the property without the necessary pre-approval.</td>
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<tr>
<td>(vii) Owner occupied property</td>
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<tr>
<td>Management has no controls implemented to identify and take action against property owners who sublet properties, or who do not stay on the property.</td>
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Current responsibility:
Manager: Integrated Human Settlements
Mr M Penxa

family, including the concerns regarding sub-letting.
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<tr>
<td>(ii) Service fees</td>
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<tr>
<td>Management noted that pre-paid water and electricity meters are installed for beneficiaries. Internal Audit could however not find any meter information or billings for a selection of beneficiaries selected on the Promun financial system.</td>
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<tr>
<td>(iii) Purchase price</td>
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<tr>
<td>Internal Audit could not establish that sufficient controls are implemented to monitor the costs incurred for each house constructed. No schedule could be provided indicating the cost of each house linked to the subsidy approved for each house to confirm that the difference between the subsidy amount and the cost is identified and recovered from the Purchaser.</td>
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<tr>
<td>(iv) Transfer and other costs</td>
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<tr>
<td>Management noted that this will partially be covered by the subsidy received and the remainder will be covered by the Municipality. This is in contradiction to what the sale agreement states and at the time of the internal audit no Council resolution could be provided to us to substantiate management’s claim.</td>
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</table>
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<tr>
<td>(v) Selling property within a period of 8 years</td>
<td></td>
<td>Previous responsibility</td>
<td>Current management response</td>
<td>Current responsibility</td>
</tr>
<tr>
<td>There is no process in place to ensure management identify properties being sold within 8 years.</td>
<td></td>
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<tr>
<td>(vi) Animals kept on the property</td>
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<tr>
<td>No process in place to ensure management identifies properties where animals are kept.</td>
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<tr>
<td>(vii) Owner occupied property</td>
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<tr>
<td>No process in place to identify any subletting by the Purchaser.</td>
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</tbody>
</table>

**Risk:**
- Non-compliance with contract requirements.
- Loss of income due to services not being charged.
- Individuals may unduly benefit under an UISP programme resulting in them receiving a serviced stand as well as owning a government subsidised house.

**Recommendations:**
- The Municipality should ensure that an account is created for the owners all completed and transferred houses on the Promun financial system.
- When the accounts are created, management should ensure that the following details are captured:
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<td>Valuation - the appointed valuator should be sent to perform valuations on all completed properties.</td>
<td></td>
<td>Previous responsibility</td>
<td>Current management responsibility</td>
<td></td>
</tr>
<tr>
<td>Pre-paid meter details for water and electricity - ensure that billings take place for water and electricity is billed.</td>
<td></td>
<td>Due date</td>
<td>Current responsibility</td>
<td></td>
</tr>
<tr>
<td>A responsible official should be appointed to keep record of all expenditure incurred per house, for the construction of the structure to complete the house and costs incurred for transferring the property to the beneficiary’s name. The following should be indicated:</td>
<td></td>
<td>Previous responsibility</td>
<td>Current responsibility</td>
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<tr>
<td>Erf number.</td>
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<tr>
<td>Area.</td>
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<td>Contractor used.</td>
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<td>Order number.</td>
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<tr>
<td>Tender reference.</td>
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<tr>
<td>Expense amount.</td>
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<tr>
<td>Vote Number.</td>
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<tr>
<td>Approved subsidy amount.</td>
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<tr>
<td>Beneficiary name and ID number.</td>
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<tr>
<td>After completion of the house, management should determine the total cost spent per house and compare it to the total approved subsidy received for each house to determine the difference. Management should then ensure that this money is recovered from the Purchaser and indicated in the sale agreement.</td>
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</tbody>
</table>
### Follow-up of Internal Audit Report findings: Housing - May 2013

<table>
<thead>
<tr>
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<th>Implementation status</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>S. Individual subsidy exceptions</td>
<td>S</td>
<td>Implementation in progress</td>
<td>Re-reported: Implementation in progress</td>
<td></td>
</tr>
</tbody>
</table>

#### Audit finding:

The National Housing Code states the following regarding Individual Subsidies:

- In the case of an applicant who has acquired a vacant serviced site from his/her own resources or from the Restitution Programme and the subsidy is then used to finance the building of a house, payment will be made upon certification that the house has been completed in accordance with the prescripts in this Programme.
- Subsidy applications must be submitted to the Provincial Department together with a conditional deed of sale for the relevant property for evaluation and acquiring of the approval from the Member of the Executive Council (MEC).
- Applicant should submit application form and relevant supporting documentation required to the MEC for approval.

In a limited selection of 25 completed houses from the Vision 2002 project Scheme 600 houses, the following was noted:

1. None of the **Agreements of Sale contracts** entered into with the beneficiaries were signed by the Municipal Manager and a witness of the Seller.

#### Previous management response:

At the time of the audit the files were on their way to the Municipal Manager for signature.

#### Current management response:

1. Implemented

   Prior to occupation of the property (and the key hand-over) the beneficiary signs a Happy Letter. The Inspection Declarations are signed by the Contractor prior to this date.

2. Implementation in progress

   Sale agreements are signed and dated and submitted when the subsidy application form is submitted. It is noted, however, that many of the sale agreements have not yet been completed (e.g. not yet signed by the Municipal Manager or by the witness of the Seller).

The findings were considered in the current housing administration project.

The following concerns were re-raised:

1. **MLP 5:**
   - Inspection Declarations were not signed timely.
   - Not all Happy Letters were presented for review.

2. **MLP 9:**
   - Not all sale agreements were valid (there were many exceptions identified with regards to validity, accuracy and completeness of sale agreements).

3. **MLP 7:**
   - Not all beneficiary files were presented for testing.
## Follow-up of Internal Audit Report findings: Housing - May 2013

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</thead>
<tbody>
<tr>
<td>(ii) None of the Inspection Certificates were signed and dated.</td>
<td></td>
<td></td>
<td>A copy of all new subsidy applications is kept on file.</td>
<td>(iii) Implemented</td>
</tr>
<tr>
<td>(iii) The subsidy application forms with supporting documentation were only available for 3 of the 25 houses selected. For the rest only a print out from the Housing Subsidy Portal Western Cape was on file.</td>
<td></td>
<td></td>
<td>Previously the housing administration was done by SC Contractors (Turnkey contractor) and no copies of the applications were kept. Some of the applications were approved more than eight years ago but the construction of the houses only commenced during 2012.</td>
<td></td>
</tr>
<tr>
<td>(iv) The details of 5 individuals indicated on the Progress report submitted to Provincial Department differed from the details on the relevant Site Number’s file, resulting in the possibility of individuals being able to apply for a house more than once.</td>
<td></td>
<td></td>
<td>For applications approved during the past two years, however, documentation is in order.</td>
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<tr>
<td>(v) At the time of the internal audit there were many files could not be presented for inspection.</td>
<td></td>
<td>Due date: August 2013.</td>
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</tbody>
</table>

**Risk:**

- Inadequate management and administration of housing subsidy projects and relevant files with supporting documentation.

**Recommendations:**

1. Inspection declarations should be signed timely
   - Prior to handing over the keys and occupation of the property by the qualifying beneficiary, the inspection declaration should be signed.
Follow-up of Internal Audit Report findings: Housing - May 2013

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</thead>
<tbody>
<tr>
<td>(ii) Sale agreements should be signed and dated timely</td>
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<tr>
<td>When the applicant submits the subsidy application form the supporting sale agreement should be signed and dated by the applicant and a witness of the Purchaser and also by the Municipal Manager and a witness of the Seller of the property prior to any application being submitted to the MEC for approval.</td>
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<tr>
<td>(iii) Completeness of beneficiary files</td>
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<tr>
<td>Management should confirm that all relevant supporting documentation is kept on each beneficiary’s file, including the following:</td>
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<tr>
<td>• Sale Agreement signed by Purchaser and Seller.</td>
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<tr>
<td>• Signed Inspection declaration.</td>
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<tr>
<td>• Signed Happy Letter.</td>
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<tr>
<td>• Copy of completed subsidy application form with all relevant supporting documentation required (e.g., certified copies of IDs, birth certificate etc.).</td>
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<tr>
<td>• Proof of approval of the subsidy by the MEC (e.g., Printout from the Western Cape Housing subsidy portal).</td>
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<tr>
<td>• Proof of registration of property in beneficiary’s name.</td>
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<tr>
<td>• Letter sent to inform beneficiary to collect keys after completion of house.</td>
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</table>
## Follow-up of Internal Audit Report findings: Housing - May 2013

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<th>Implementation status Current management response Current responsibility</th>
<th>Internal Audit comments</th>
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</thead>
<tbody>
<tr>
<td>(iv) Custody of records</td>
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<tr>
<td>Management should ensure proper safekeeping of the above-mentioned records.</td>
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</tbody>
</table>

### 6. Waiting lists not utilized

**Audit finding:**

As per management confirmation, waiting lists are not currently utilised in the housing allocation process, as the Municipality does not have any vacant land available to begin a project for building houses.

Management also confirmed that according to their estimate up to 70% of all subsidies allocated in the Knysna area are to individuals from other provinces and not from the original residents who applied for housing.

**Risk:**

- Social unrest by residents who have been unfairly treated.
- Loss of income for the Municipality if these individuals damage municipal property as result of social unrest.

**Previous management response:**

- A Housing Allocation Policy has been drafted and it is anticipated that the policy will be submitted for approval by Council before September 2013.
- The web-based program will ensure allocation of houses is in accordance with the Housing Allocation Policy.

**Due date:**

September 2013.

**Previous responsibility:**

Manager: Integrated Human Settlements
Mr D Adonis

**Current management response:**

Waiting lists are not utilized. Due to the nature of the UISPs it is not necessary to utilize the Housing Demand Database waiting list.

It was noted that there was a lack of an approved Housing Selection Policy.

**Current responsibility:**

Manager: Integrated Human Settlements
Mr M Penxa

The following concerns were re-raised:

**MLP 1:**

Lack of an approved Housing Selection Policy
## Ordinary Council Meeting

### Agenda

**27 June 2018**

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### Follow-up of Internal Audit Report findings: Housing - May 2013

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<th>Current responsibility</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recommendation:</strong></td>
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<tr>
<td>• Waiting lists should be utilised in the housing allocation process.</td>
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### 7. Inadequate monitoring of housing costs and materials used

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<tbody>
<tr>
<td><strong>Audit finding:</strong></td>
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<tr>
<td>The Project Co-ordinator maintains a spreadsheet in which a summary is made of grant income received and expenditure incurred for a few months at a time and attached is also a printout of the status of the grant.</td>
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<tr>
<td>A progress report spreadsheet is also maintained containing the names, identity number and even number of the beneficiaries. This spreadsheet also contains columns showing where the building process currently is e.g. at foundation level or at 95% complete.</td>
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<tr>
<td>The head of expenditure maintains individual spreadsheets for each of the Small builders and Contractors containing a summary of all the fees paid to the builders for labour.</td>
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<tr>
<td>Internal Audit could however not determine at the time that the Municipality monitors the costs per house built, including materials used, to determine whether this is reasonable and whether there is any indication of fraud or misuse of materials.</td>
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<td><strong>Previous management response:</strong></td>
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<tr>
<td>With the new web-based programme that was developed all recommendations mentioned above will be covered.</td>
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<td><strong>Due date:</strong></td>
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<tr>
<td>August 2013.</td>
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<td><strong>Previous responsibility:</strong></td>
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<tr>
<td>Manager: Integrated Human Settlements Mr D Adonis</td>
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<td><strong>Current management response:</strong></td>
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<tr>
<td>Housing costs and materials used are monitored.</td>
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<td>There may be internal control improvements required.</td>
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<td>The previous Project Coordinator resigned and a new Project Coordinator will be appointed in July 2017.</td>
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<td><strong>Current responsibility:</strong></td>
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<tr>
<td>Manager: Integrated Human Settlements Mr M Penxa</td>
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<tr>
<td>The scope of the project did not include the following processes, and therefore, no further testing was performed:</td>
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<tr>
<td>• Contract management.</td>
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<tr>
<td>• Expenditure management.</td>
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<tr>
<td>• Budget management.</td>
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<tr>
<td>It is noted that the findings will be considered in the following proposed Internal Audit projects:</td>
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<tr>
<td>• Housing administration: expenditure review FY18:</td>
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<tr>
<td>• Contract management.</td>
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</table>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Due date</td>
<td>Current management response</td>
<td>(ii) Division of Revenue Act (DoRA) FY18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Previous responsibility</td>
<td>Current responsibility</td>
<td>Grant allocations received and expenditure incurred in terms of purpose and subject to conditions.</td>
</tr>
<tr>
<td>During an internal audit review on Supply Chain Management, various housing tenders awarded were selected and exceptions were noted regarding overspending of the total contract amount as well as payments made not in line with the approved tender's pricing schedule.</td>
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<tr>
<td>It was therefore not possible for internal audit to determine whether all costs incurred were valid and whether all costs that could have been recovered by the Municipality were indeed identified and recovered e.g. differences between cost to build the house and the subsidy received from Province.</td>
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<tr>
<td>Risk:</td>
<td></td>
<td></td>
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<td>(iii) Annual stock count FY17:</td>
</tr>
<tr>
<td>• Misappropriation of funds and losses incurred by the Municipality.</td>
<td></td>
<td></td>
<td></td>
<td>• The custody of inventory will be reviewed.</td>
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<tr>
<td>Recommendation:</td>
<td></td>
<td></td>
<td></td>
<td>• The maintenance of perpetual records will be reviewed.</td>
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<tr>
<td>A spreadsheet should be kept indicating the following information per erven/house that was built:</td>
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<tr>
<td>• Erf Number,</td>
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<tr>
<td>• Location,</td>
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<tr>
<td>• ID Number &amp; name of owner,</td>
<td></td>
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<tr>
<td>• Subsidy approved (yes or no),</td>
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<tr>
<td>• Amount approved.</td>
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<tr>
<td>• Name of contractor.</td>
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<tr>
<td>▪ Order numbers, invoice numbers, EFT numbers and amounts of expenditure incurred (including conveyance fees for the transfer of the property).</td>
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<tr>
<td>▪ Materials used by the contractor.</td>
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<tr>
<td>▪ Commencement date.</td>
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<tr>
<td>▪ Completion date.</td>
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<tr>
<td>▪ Inspection date.</td>
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</tbody>
</table>

Management can use the above spreadsheet as a monitoring tool to identify any anomalies in amounts or materials incurred per house as well as identify any monies to be recovered from third parties.

<table>
<thead>
<tr>
<th>B. Duplications identified on Progress Reports</th>
<th>Implemented</th>
<th>Re-reported: Implementation in progress</th>
</tr>
</thead>
</table>

**Audit finding:**

The National Housing Code states that the following people will qualify for a subsidy:

- **Not yet benefited from Government assistance** - neither that person nor his or her spouse has previously derived benefits from the housing subsidy scheme, or any other state funded or assisted housing subsidy scheme which conferred benefits of ownership, leasehold or deed of grant or the right to convert the title obtained to either ownership, leasehold or deed of grant.
- **Such previous beneficiaries may, however, qualify for the purchase of a vacant serviced site.**

<table>
<thead>
<tr>
<th>Current management response:</th>
<th>The Progress Reports were not reviewed in the current project.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Due date:</strong></td>
<td>The following concerns were however re-raised:</td>
</tr>
<tr>
<td>▪ August 2013.</td>
<td><strong>MLP B:</strong></td>
</tr>
<tr>
<td>▪ Implemented</td>
<td>▪ Internal control gaps with regards to the monitoring of beneficiaries who receive a serviced erf.</td>
</tr>
<tr>
<td><strong>Previous responsibility:</strong></td>
<td>▪ Internal control gaps with regards to the</td>
</tr>
<tr>
<td>Manager: Integrated Human Settlements</td>
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<th>Internal Audit comments</th>
</tr>
</thead>
</table>
| The following Progress Reports were obtained:  
  - 28 February 2013 regarding the Vision 2002 Knysna 600 Erven.  
  - 30 September 2011 regarding the Vision 2002 551 Erven. | | | | |
| The above-mentioned reports are sent to the Provincial Department to inform them of progress made on approved Housing Subsidy projects and indicate the following information:  
  - Area.  
  - Site number.  
  - Applicant’s name.  
  - ID Number.  
  - Stage of completion (e.g. foundation, 90%, completed etc.) | Settlements  
Mr D Adonis | Mr M Penxa | allocation of houses to those who have already benefited from the housing subsidy scheme. |
| However, we scrutinised the Progress Report for any duplication of ID numbers and found that there were numerous duplications. | | | |
| Risk:  
  - Individuals obtaining more than one house. | | | |
| Recommendation:  
  - The Municipality should implement controls regarding the progress reports compiled to ensure that no duplicate entries regarding beneficiaries exist. | | | |
## Follow-up of Internal Audit Report findings: Housing - May 2013

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<th>Current responsibility</th>
<th>Internal Audit comments</th>
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<tbody>
<tr>
<td>• When duplicate entries are identified this should be reported to management and resolved as soon as possible.</td>
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</table>

### 9. Registration of property in name of applicant

- **Rating:** S
- **Previous management response:** Implementation in progress
- **Current management response:** Re-reported: Implementation in progress

### Audit finding:

According to the National Housing Code - Individual Subsidies, in case of a Non-Credit Linked subsidy, if the property has not been transferred to the beneficiary within three months from the date of approval of the subsidy, the MEC will also be entitled to withdraw the subsidy approval. Beneficiaries must not apply for the subsidies, if, at the time they apply, the properties cannot be transferred to them.

From the Progress Report sent to the Provincial Department a selection of 25 houses was made that was indicated as "completed". Internal Audit could not verify that for any of the houses selected if it has been registered in the name of the beneficiary due to the following reasons:

- **No erf number available, only a development plan number.**
- **No proof of title deed on the relevant beneficiary’s file with all supporting documentation.**

### Previous management response:

- **Response:**
  - Four conveyancing service providers have been appointed to address the backlog of transfer of properties into the names of beneficiaries.
  - **Due date:** Continuously.
  - **Previous responsibility:**
    - Manager: Integrated Human Settlements
    - Mr D Adonis

### Current management response:

- **Response:**
  - The registration of properties into the name of the applicants is still in progress. The process is very challenging and time consuming.
  - **Current responsibility:**
    - Manager: Integrated Human Settlements
    - Mr M Pexa

### Internal Audit comments:

- The following concerns were re-raised:
  - **MLP 6:**
    - Exceptions were identified with regards to the transfer of ownership of erven.
## Follow-up of Internal Audit Report findings: Housing - May 2013

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<th>Rating: C/S/H</th>
<th>Previous management response</th>
<th>Implementation status</th>
<th>Internal Audit comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management noted that very few houses have been registered at the Deeds Office as to date due to the following reasons:</td>
<td></td>
<td>Previous responsibility</td>
<td>Current management response</td>
<td></td>
</tr>
<tr>
<td>• Some of the plots have not been registered at the Office of the Surveyor-General yet. Therefore an erf number has not been allocated and the registration at the Deeds Office cannot commence prior to the process being finalised; and</td>
<td></td>
<td>Due date</td>
<td>Current responsibility</td>
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<tr>
<td>• There is a backlog in registration of properties at the Deeds Office.</td>
<td></td>
<td>Previous responsibility</td>
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<tr>
<td>The above-mentioned also affects the following areas of the Municipality:</td>
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<tr>
<td>• Non-billing of services for the beneficiaries who are already occupying the property as no valuations are performed until the property has been registered in the beneficiary’s name.</td>
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<tr>
<td>• Removal of property from the Housing Inventory register kept.</td>
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<tr>
<td>Risk:</td>
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<tr>
<td>• Loss of income due to services not charged.</td>
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<td>• Inaccurate reporting by the Municipality.</td>
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</table>

**Recommendations:**
The Municipality should firstly ensure that the plots for each housing project are registered at the Surveyor-
### Follow-up of Internal Audit Report findings: Housing - May 2013

<table>
<thead>
<tr>
<th>Opportunity for improvement (Audit findings, risk, recommendations)</th>
<th>Rating: C/S/H</th>
<th>Previous management response</th>
<th>Implementation status</th>
<th>Internal Audit comments</th>
</tr>
</thead>
</table>
| General's office to obtain the proper erf number of the plot.  
  - The erf number should be documented in the progress report next to the Development Plan number.  
  - The Municipality should implement procedures to ensure that the backlog of registrations is addressed and all occupied properties are indeed registered in the relevant beneficiary's name.  
  - Proof of registration should then be filed on each beneficiary's file with the other relevant supporting documentation. | | | | |
Appendix 2: Management Letter Points

The key to management letter points (MLPs) are as follows:

<table>
<thead>
<tr>
<th>Rating</th>
<th>Suggested management action</th>
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<tbody>
<tr>
<td>Critical (C)</td>
<td>Significant control weaknesses requiring immediate management action.</td>
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<tr>
<td>Significant (S)</td>
<td>Control weaknesses that are regarded as serious and require management action within a short period of time.</td>
</tr>
<tr>
<td>Housekeeping (H)</td>
<td>These control weaknesses do not represent a significant risk to the control environment and can normally be corrected at a minimal cost. The correction of these control weaknesses will have the effect of an improved control environment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
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<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>1. The Housing Selection Policy was not approved by the WCDHS nor by Council before the deadline date of 30 June 2014, as required per the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects (August 2012)</td>
<td>C</td>
<td>It is recommended that the approval process of the Housing Selection Policy should proceed: • The Housing Selection Policy should comply</td>
<td>Management has noted the recommendations. The Housing Selection Policy will be finalized as soon as possible.</td>
<td>Manager: Integrated Human Settlements Mr M Penxa Director: Planning and Development</td>
<td>31 December 2017</td>
</tr>
<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
<td>Action recommended</td>
<td>Management response</td>
<td>Responsibility</td>
<td>Date</td>
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<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>(August 2012).</td>
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<tr>
<td><strong>Legislation/regulations background:</strong></td>
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<tr>
<td>Per the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries in ownership-based subsidy projects (August 2012):</td>
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<tr>
<td>Section 1.1 stipulates that the policy covers the following types of project components:</td>
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<td>• Greenfield, non-relocation projects.</td>
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<td>• Relocation of a portion of informal settlement in the process of upgrade (applicable to UISP projects).</td>
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<td>• Institutional and affordable housing projects.</td>
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<td>Section 2.3:</td>
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<tr>
<td>“All municipal selection policies must be consistent with the core elements and principles contained in section 4 of this policy. Municipalities have until 30 June 2014 to approve selection policies that are compliant. Project applications submitted by municipalities which are not compliant may not be approved.”</td>
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<td>Section 2.4:</td>
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<tr>
<td>“Municipalities must submit their draft selection policies for comment to the Western Cape Department of Human with the core elements as per the WCDHS.</td>
<td></td>
<td></td>
<td>Management noted that all beneficiary selections are performed in compliance with legislation and regulations stipulated by the Department of Human Settlements.</td>
<td>Ms M Boyce</td>
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<td></td>
<td></td>
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<td></td>
<td>Previous Director: Planning and Development</td>
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<td></td>
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<td></td>
<td>Mr M Maughan-Brown</td>
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</table>
### Integrated Human Settlements Section: Housing administration process

**Settlements before submitting them to their council for adoption.**

**Section 2.5:**

"The resultant policy must be compliant with the core principles and elements laid out in section 4 and passed by the council before 30 June 2014."

**Risk:**

- There is a risk that housing project applications submitted may not be approved.
- There is a risk that housing allocations may not be performed according to regulations and legislation.
- Lack of guidance to municipal officials when making beneficiary selections.
- Reputational damage for the Knysna Municipality due to perceived corruption / unfair housing selections.

**Root cause:**

- Difficulties were experienced to include into the policy one of the core elements for the selection of beneficiary households as stipulated in the Western Cape Provincial Framework Policy for the Selection of Housing Beneficiaries: to include households that are located...
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
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<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<td>outside of towns in which housing projects tend to be concentrated.</td>
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<td>- Management oversight.</td>
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<tr>
<td>2. Lack of policies and SOPs to facilitate the housing administration process</td>
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**Audit Finding:**
During the system description and walkthrough testing performed on the housing administration processes, the following exceptions were noted:
- There were no Council approved policies with regards to the housing administration process.
- There were no SOPs to facilitate the housing administration processes.

**Risk:**
- Unclear assignment of roles and responsibilities for municipal officials.
- Inefficient and ineffective management of the housing administration processes.
- Political interference.
- Reputational damage for the Knysna Municipality due to perceived corruption/unfair housing selections.

<p>| | The following is recommended: | Management has noted the following: | | | |
| | C | | | | |
| Audit Finding: | (i) Development of housing related policies | The Housing Selection Policy will be finalized as soon as possible. | | | |
| | It is recommended that policies should be developed to address the main housing administration processes. | Management noted that all beneficiary selections are performed in accordance with the guidance and policies available on the website of the National Department of Human Settlements. | | | |
| | The policies should be tabled for Council’s approval and placed on the municipal website. | | | | |
| | | Manager: Integrated Human Settlements Mr M Penxa | | | |
| | | Director: Planning and Development Ms M Boyce | | | |
| | | Previous Director: Planning and Development Mr M Maughan-Brown | | | |
| | | 31 December 2017 | | | |</p>
<table>
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<td><strong>Integrated Human Settlements Section: Housing administration process</strong></td>
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<tr>
<td><strong>Root cause:</strong></td>
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<td>- Staff capacity constraints within the Integrated Human Settlements Section.</td>
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<tr>
<td>- Training is required for officials in the Integrated Human Settlements Section.</td>
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<tr>
<td>- Management requires assistance in the development of SOPs.</td>
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<tr>
<td>- Insufficient guidelines and assistance from the WCDHS with regards to changes in legislation and regulations.</td>
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<tr>
<td></td>
<td>(i) Development of SOPs relating to housing administration processes</td>
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<td></td>
<td>(a) Definition</td>
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<td></td>
<td>A SOP is a set of written instructions that document a routine or recurring activity followed by the municipality. The development and use of SOPs are a fundamental part of a successful quality system as it makes available information to employees to perform a job effectively and efficiently. An SOP facilitates consistency in the quality and integrity of an end project or an end result.</td>
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<td></td>
<td>It is noted that there may be exceptional cases where it is necessary or appropriate to work</td>
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<td></td>
<td>(ii) Development of SOPs relating to housing administration processes</td>
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<td></td>
<td>Management agreed that SOPs should be developed, however, management cautioned that the SOPs should provide the flexibility for exceptional circumstances which may require management judgement.</td>
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<td></td>
<td>Management noted the following additional considerations:</td>
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<td></td>
<td>- Although Council is not required to approve SOPs, it may be beneficial to workshop them with Council.</td>
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<td></td>
<td>- Management would consider tabling the SOPs for Council’s approval which may reduce the risk of political interference in the housing administration</td>
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<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/3/H</td>
<td>Action recommended</td>
<td>Management response</td>
<td>Responsibility</td>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td></td>
<td>outside a SOP. In these situations the professional judgement of the manager in charge must remain paramount.</td>
<td>processes. With regards to the development of SOPs, management noted the following:</td>
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<tr>
<td></td>
<td></td>
<td>(b) Development of SOPs</td>
<td>▶ The skills and expertise of each official in the Integrated Human Settlements Section will need to be assessed.</td>
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<tr>
<td></td>
<td></td>
<td>It is recommended that management should develop SOPs for all housing related processes and procedures.</td>
<td>▶ The vacant posts will need to be filled.</td>
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<tr>
<td></td>
<td></td>
<td>The following should be considered:</td>
<td>▶ The job roles and responsibilities of all officials in the Integrated Human Settlements Section will need to be assessed.</td>
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<tr>
<td></td>
<td></td>
<td>▶ Processes and sub-processes.</td>
<td>▶ Through the development of SOPs, process efficiencies should be determined.</td>
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<tr>
<td></td>
<td></td>
<td>▶ Risks associated with each process and sub-process.</td>
<td>▶ Assistance will be required to develop the SOPs.</td>
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<td></td>
<td></td>
<td>▶ Staff considerations:</td>
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<td></td>
<td></td>
<td>▶ Capacity.</td>
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<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
<td>Action recommended</td>
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</tbody>
</table>
| **Integrated Human Settlements Section: Housing administration process** | | - Training requirements.  
- Documentation.  
- Types of information.  
- Legal considerations.  
- Existing SOPs within the department, and other municipal departments.  
- Contractors and service providers.  
- Storage.  
- Filing.  
- Communication.  
- Municipal Standard Chart of Accounts (mSCOAs) related requirements.  
- Co-ordination between different sections and departments.  
It is recommended that management should consider obtaining further guidance relating to the development of SOPs from the Toolkit on Standard Operating | | | | |
## Integrated Human Settlements Section: Housing Administration processes

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
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<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>(d) The development of SOPs for the main housing administration processes</td>
<td>C/SH</td>
<td>Management should develop SOPs for all activities and processes of the housing administration sector of the municipality. The main housing administration processes relevant to the City of Cape Town, the City of George and the WCMAH and also to be considered.</td>
<td>Consider contacting the following:  - City of Cape Town  - City of George  - WCMAH</td>
<td>City of Cape Town, City of George, WCMAH</td>
</tr>
<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
<td>Action recommended</td>
<td>Management response</td>
<td>Responsibility</td>
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<tr>
<td>3. Internal control gaps with regards to the identification of beneficiaries</td>
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<tr>
<td>Legislation and regulations:</td>
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<tr>
<td>The process of identifying beneficiaries in UISP projects was assessed for compliance to</td>
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<tr>
<td>relevant legislation and regulations.</td>
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<tr>
<td>As per the Policy Addendum on Transfer of Title in UISP Projects (March 2015) “UISP</td>
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<td>projects must cater for all residents living in the informal settlement targeted by the</td>
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<td>project”.</td>
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<tr>
<td>The National Housing Code of 2009 recommends that UISP projects should be</td>
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<td>implemented in a 4 phase process.</td>
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<tr>
<td>The Policy Addendum on Transfer of Title in UISP Projects (March 2015) notes that the “Pre-formalisation” step includes Phase 1: Application and Phase 2: Project initiation. “At this stage, shacks are numbered and the municipality collects information about those residing in shacks and on the informal plots.”</td>
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<tr>
<td>The National Housing Code of 2009 notes</td>
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<tr>
<td>C</td>
<td></td>
<td>The following is recommended:</td>
<td></td>
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<tr>
<td>(i) Policies in respect of the selection of beneficiaries</td>
<td></td>
<td>Management confirmed the challenges experienced with regards to the planning and implementation of UISP projects.</td>
<td>Management noted the following:</td>
<td></td>
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<tr>
<td>It is recommended that management should draft and approve a policy to facilitate the</td>
<td></td>
<td>• A policy for the selection of beneficiaries will be finalized and approved as</td>
<td>• SOPs will be developed.</td>
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<tr>
<td>processes involved in the selection of beneficiaries.</td>
<td></td>
<td>soon as possible.</td>
<td>• All future UISP projects will be implemented using the guidelines of the</td>
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<tr>
<td>Refer to MLP 1 for further details.</td>
<td></td>
<td></td>
<td>National Housing Code, 2009.</td>
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<tr>
<td>(ii) Development of SOPs</td>
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<tr>
<td>It is recommended that management should develop SOPs to</td>
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<tr>
<td>Management confirmed the challenges experienced with regards to the planning and</td>
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<tr>
<td>implementation of UISP projects.</td>
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<tr>
<td>Management noted the following:</td>
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<tr>
<td>• A policy for the selection of beneficiaries will be finalized and approved as soon as</td>
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<td>possible.</td>
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<tr>
<td>• SOPs will be developed.</td>
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<tr>
<td>• All future UISP projects will be implemented using the guidelines of the National</td>
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<tr>
<td>Housing Code, 2009.</td>
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<tr>
<td>Manager: Integrated Human Settlements Mr M Penxa</td>
<td></td>
<td>31 December 2017</td>
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<tr>
<td>Director: Planning and Development Ms M Boyce</td>
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<tr>
<td>Previous Director: Planning and Development Mr Maughan-Brown</td>
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<tr>
<td>Opportunity for improvement</td>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td></td>
<td>facilitate efficient, effective and economic beneficiary selection processes. Refer to MLP 2 for further details.</td>
<td>• An experienced Project Coordinator has been appointed and will commence employment in July 2017. • Additional training will be provided to the staff involved in the housing administration process. • The recommended improvements relating to the audit trail, identification of residents living in informal settlement areas at the commencement of the UISP, and the finalization and approval of beneficiary lists will be implemented.</td>
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<td>(iii) Identification of residents and households at the commencement of UISPs</td>
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<td>It is recommended that all residents and informal structures should be identified at the commencement of the UISP. This could be done through the following processes: • Surveys. • Photographs. • Aerial photos. Management are recommended to comply with the National Housing Code, 2009 with regards to the &quot;surveying and</td>
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<td></td>
<td></td>
<td>inadequate internal controls with regards to the UISP beneficiary lists</td>
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<td>Opportunity for improvement</td>
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<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>For each UISP project tested, beneficiary lists were obtained from management. The following exceptions were identified:</td>
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<td>• It was noted that management presented Excel spreadsheets listing the beneficiaries. No supporting documentation was presented to confirm that all the beneficiaries included on the list had been approved by municipal management.</td>
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<tr>
<td>• The beneficiary lists presented only included details of beneficiaries who qualified for a &quot;top structure&quot; through the approval of a Housing Subsidy, confirmed by the Housing Subsidy System. There was no list presented which included details of all beneficiaries who were allocated an &quot;enhanced serviced site&quot;. Therefore, the beneficiary lists presented for testing were not complete.</td>
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<tr>
<td>• There is an inadequate audit trail with regards to the processes of drafting and finalising the beneficiary lists. No supporting documentation was presented to confirm who compiled the lists, who reviewed the lists, and who authorized the lists. Throughout the beneficiary identification and registration of households within the settlement, in order to develop a clear socio-economic and demographic profile of the settlement.”</td>
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<tr>
<td>One of the milestone activities identified in Phase 2 of the National Housing Code, 2009 includes “Compiling beneficiary list and gathering of textual data and record data on register. Facilitate community participation and ensure project information flow.”</td>
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<tr>
<td>(iv) Implementation of UISPs</td>
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<tr>
<td>It is recommended that management should implement UISPs in accordance with the National Housing Code, 2009. The following is recommended:</td>
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</table>
Integrated Human Settlements Section: Housing administration process

(ii) The validity of beneficiaries could not be confirmed

A sample of 25 beneficiaries was selected from the beneficiary lists received from management. In order to determine the validity of beneficiaries, testing was performed to confirm that the beneficiaries had resided on the land parcel targeted for upgrade. As per legislation and regulations, individuals living on the land would have been identified in Phase 2 and Phase 3 of the UISP project.

The following exceptions were identified:

- Management confirmed that no initial beneficiary lists were drawn up at the commencement of the UISP projects.
- There was therefore an inadequate audit trail for the identification of residents living in the area targeted for upgrade. Through to the allocation of erven to beneficiaries.

- The Municipality should approve a General Plan prior to commencing with the programme.
- The pegging of stands should be finalised and those plots should be registered with the Surveyor General as soon as possible to so that the erven can be registered. This will facilitate the allocation of erven to beneficiaries (for both the application of subsidy process as well as for the transfer of title.)
- It is further recommended that the Municipality should continue to monitor and prevent land invasion throughout the UISP project.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>(iii) Compliance with the “acceptable procedures for the identification of beneficiaries” as per the Terms of Reference for the UISP projects tested could not be assessed</td>
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<tr>
<td>Beneficiary lists were attached to the People’s Housing Process Business / Application Plan submissions to the Department of Human Settlements. The following exceptions were identified:</td>
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<td>• As per the Terms of Reference of the Knysna Vision 2002 Project Committee Forum, it was noted that the Project Committee is responsible to “advise on acceptable procedure[s] for the identification of beneficiaries”. It was noted that no further information was presented to confirm that all the beneficiaries were identified as per the “acceptable procedures”.</td>
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<tr>
<td>Risk:</td>
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<td>• Beneficiaries may not have been residents of the informal settlement areas at the commencement of the UISP projects.</td>
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<td>• Complications may be encountered throughout the UISP project, from the identification of beneficiaries through to</td>
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<td>(v) Audit trail</td>
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<td>It is recommended that management should maintain an adequate audit trail throughout the implementation of the UISP, for all processes including the following:</td>
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<tr>
<td>• Identification of residents at the commencement of the UISP.</td>
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<tr>
<td>• Selection of beneficiaries and finalisation of beneficiary lists.</td>
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<tr>
<td>An audit trail should be maintained as evidence of the following:</td>
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<td>• Who performed the duty and the date of performance.</td>
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<td>• Who reviewed and the date of review.</td>
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<td>• Who authorized and date of authorization.</td>
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<tr>
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<td>the application for funding, registration of erven and the transfer of title of registered erven.</td>
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<td>All documentation should be filed and stored in a secure location. (It is recommended that documentation should be uploaded to Collaborator.)</td>
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<tr>
<td>• The public may feel that there is a lack of transparency in the selection and finalization of beneficiaries and this may result in mistrust in the municipality by the public.</td>
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<td>• Unauthorized or inaccurate changes in selection and finalization of beneficiary lists may not be detected and corrected timely.</td>
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<tr>
<td>• Where there is a lack of an audit trail of who performed the selections, and who performed the review and authorization procedures, there is a lack of accountability if any issues are detected. Furthermore, there is a risk that unauthorized people may get involved in the selection process, and this will further undermine the transparency of the housing selection process, as well as increase the risk of non-compliance to regulations and legislation.</td>
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<td>• The ultimate risk is that an individual may lose out on the opportunity to receive a house when errors are undetected.</td>
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<td>• Reputational damage if the municipality is perceived to be negligent, incapable or non-compliant with regulations and legislation.</td>
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<td>• Community dissatisfaction and unrest.</td>
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<td>Root cause:</td>
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<tr>
<td>- Non-compliance with legislation and regulations.</td>
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<td>- Lack of SOPs with regards to the identification, selection and finalisation of beneficiaries.</td>
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<tr>
<td>- Lack of approved beneficiary selection policies.</td>
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<td>- Officials involved in the housing administration process may require training.</td>
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<td>- Dependence on service providers to implement adequate internal controls.</td>
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<tr>
<td>- Inherent challenges with regards to UISP projects:</td>
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<tr>
<td>1. Finalisation of the General Plan: it is time consuming and costly to finalise a General Plan. If the General Plan needs to be changed, this will result in additional time and expenses.</td>
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<td>2. Challenges are faced when trying to capture a “fluid situation into a rigid plan”. Residents and structures in an informal settlement area are constantly changing, resulting in difficulties when mapping the area.</td>
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<td>3. The surveying and pegging of stands is a challenge due to the changes in demands for stands.</td>
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<td>- Subsidy applications.</td>
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<td>- Sale agreements.</td>
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<td>- Happy Letter documentation.</td>
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<td>- Transfer of title documentation.</td>
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### Integrated Human Settlements Section: Housing administration process

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<tbody>
<tr>
<td>4. Internal control gaps identified with regards to the application process for housing subsidies</td>
<td>C</td>
<td>It is recommended that management should incorporate the following recommendations when developing the SOPs relating to the housing subsidy application process:</td>
<td>Management confirmed that the recommended internal controls will be implemented. SOPs will be developed and workshops with all relevant officials.</td>
<td>31 December 2017</td>
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<tr>
<td>Audit Finding:</td>
<td></td>
<td>(i)</td>
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<tr>
<td></td>
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<td>Inadequate review procedures over both the manual housing subsidy application forms and the electronic housing subsidy application forms</td>
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<td></td>
<td>There was no evidence presented to confirm that both the manual and electronic application forms, together with the supporting documentation, are reviewed for accuracy, completeness and validity.</td>
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<td>The lack of review procedures resulted in the following:</td>
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<td></td>
<td>• A significant number of housing subsidy application forms were returned to the municipality by the WCDHS.</td>
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<td></td>
<td></td>
<td>• The housing subsidy application process was delayed due to the fact that documentation had to be</td>
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</table>

Manager: Integrated Human Settlements
Mr M Penxa

Director: Planning and Development
Ms M Boyce

Previous Director: Planning and Development
Mr M Maughan-Brown
<table>
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<tr>
<td>Corrected and resubmitted. The process was further delayed when applicants had to be re-contacted, when documentation required certification by a Commissioner of Oaths and when police affidavits were required.</td>
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<td>• Wasted resources, inefficiencies and increased pressure on the already stretched time of the municipal officials.</td>
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<td>• Possible reputational damage as the municipal officials may be seen to be incompetent by the public.</td>
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<td>• Possible reputational damage as the WCDHS may be concerned with Knysna Municipality’s processes if there are a high number of returned application forms.</td>
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<tr>
<td>(ii) Storage concerns and audit trail of housing subsidy application forms</td>
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<td>It was noted that there was not a register to track and monitor the movements of the manual HSS application forms.</td>
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<td>The compilation and submission of HSS forms results in the housing subsidy application forms moving between offices, until they are eventually sent to the WCDHS. There is no register to track.</td>
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<td>Chief Clerk (who assists the applicant) and the reviewer. The checklist should assist the applicant, the Chief Clerk and the reviewer to confirm that the application form and supporting documentation are valid, accurate and complete.</td>
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<td>• The checklist should provide sufficient details / procedures / guidelines and a list of all required supporting documentation.</td>
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<td>• The checklist should be attached to the front of each application form.</td>
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<tr>
<td>• Chief Clerk should sign and date the checklist to confirm that the application form and supporting documentation are valid, accurate and complete.</td>
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<tr>
<td>• The reviewer should sign and date the checklist to confirm that he has reviewed</td>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<td>the application form and supporting documentation, and that they are valid, accurate and complete.</td>
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<tr>
<td>(iii) Lack of evidence to confirm that all housing subsidy application forms were for valid and authorized beneficiaries</td>
<td></td>
<td>A copy of the application form together with the original checklist should be filed in the beneficiary’s file, as well as scanned to Collaborator.</td>
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<td>(b) Monitoring and review procedures performed on the electronic submission of the housing subsidy application forms:</td>
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<td>Once the electronic application form has been completed it should be printed and reviewed to confirm that it is valid, accurate and complete:</td>
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<td>• All information should be agreed to the manual application forms</td>
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<td>(iv) Excessive housing subsidy application forms were submitted</td>
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<td></td>
<td>It was noted that the municipality submits more housing subsidy application forms than the number of expected even available. This may increase the risk of public unrest due to an expectation of being awarded a house when the housing subsidy is approved.</td>
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### Integrated Human Settlements Section: Housing administration process

#### Risk:
- Application forms for housing subsidies may be submitted for unauthorized people (i.e. people who are not included on the allocation / beneficiary lists.)
- There is a risk that housing subsidy application forms may get lost.
- Delays in the housing subsidy application process.
- Wasted resources and inefficiencies.
- Possible reputational damage to the municipality as the municipal officials may be seen to be incompetent by the public / WCDHS.

#### Root cause:
As classified by the internal control framework, this is typical of a failure in Control Activities and Monitoring Activities.
- **Operational** - directive, preventive, and detective controls are not adequate and focused on achieving efficient resource usage and effectiveness as measured by the extent to which specific control objectives are achieved.
- **Ongoing monitoring** - Ongoing monitoring and supervision is not undertaken to enable management to determine whether internal controls over processes are present and functioning.

### Management response
- and supporting documentation.
- The Chief Clerk and the reviewer should sign and date the printed electronic application forms to confirm that they have reviewed them for validity, accuracy and completeness.
- The printed electronic application forms should be filled in the applicant’s file, and a copy scanned to Collaborator.
- Any errors detected should be corrected timely.

#### Performance targets should be established and monitored:
- Management should monitor the number of instances of forms returned by WCDHS, and follow-up on the
### Integrated Human Settlements Section: Housing administration process

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<tbody>
<tr>
<td>• Officials involved in the housing administration process may require training.</td>
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<td>reasons for the returned forms.</td>
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<tr>
<td>• Changes in regulations and systems implemented by both National and Provincial governments have not been supported by the facilitation in implementation internal controls to the changed processes.</td>
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<td>• Performance targets should be established and monitored.</td>
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<tr>
<td>• Lack of SOPs.</td>
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<td>• Chief Clerks and reviewers should be held accountable for all returned application forms.</td>
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</table>

**(ii) Improvements to the storage and safeguarding of housing application forms and the related audit trail**

- The following is recommended:
  - A manual register should be implemented, to track the movements of the housing subsidy application forms.
  - The original manual application forms together with supporting documentation should be scanned into Collaborator.
<table>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td></td>
<td>- Rejected and returned housing subsidy application forms should be scanned into Collaborator. These forms should be filed in the applicant’s file. (iii) Internal controls to reduce the risk of invalid and unauthorized individuals applying for a housing subsidy</td>
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<td></td>
<td>The reviewer should confirm that only approved beneficiaries apply for housing subsidies. The reviewer should agree the applicant to the approved allocation / beneficiary list (as recommended in MLP 3 above). Evidence of this procedure should be retained for sufficient audit trail purposes.</td>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td>(iv) Internal controls to limit the submission of excessive housing subsidy application forms</td>
<td>The reviewer should confirm that only approved beneficiaries apply for housing subsidies. The reviewer should agree the applicant to the approved allocation / beneficiary list (as recommended in MLP 3 above). Evidence of this procedure should be retained for sufficient audit trail purposes.</td>
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</table>
5. Internal control gaps identified with regards to the process of handing over houses to beneficiaries

Audit Finding:

A system description, walkthrough and detailed testing were performed on the handing over of houses to approved beneficiaries.

It was noted that once the top structure is finished and available for occupation, the contractor and a municipal representative are required to sign an Inspection Declaration before the house is handed over to the beneficiary.

When the beneficiary takes occupation of the house, a Happy Letter is signed and dated by the beneficiary to confirm the following:
- The beneficiary has occupied the house on the date of signing the Happy Letter.
- All defects identified at the date of occupation were identified and listed.
- The beneficiary commits to informing the builder of any defects identified within the three month guarantee period.
- The beneficiary commits to removing their temporary housing structure and will not rent it out.

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating:</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td></td>
<td>C</td>
<td>The following is recommended:</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>(i) Review procedures</td>
<td></td>
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<td></td>
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<td></td>
<td>It is recommended that the municipal official who signs the Happy Letter should review the Happy Letter and Inspection Declaration to confirm that they have been completed, signed and dated by all relevant parties.</td>
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<td></td>
<td></td>
<td></td>
<td>It is further recommended that all beneficiary files should be reviewed by municipal management to confirm the following:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>• All required documentation has been filed in the manual beneficiary</td>
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<td></td>
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<td></td>
<td>Management will implement the following recommendations:</td>
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<td></td>
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<td></td>
<td>• The Happy Letters and Inspection Declarations will be reviewed by the relevant municipal official to confirm that they have been completed accurately.</td>
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<td></td>
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<td></td>
<td>• Happy Letters and Inspection Declarations will be scanned into Collaborator.</td>
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<td></td>
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<td></td>
<td>• Managerial review will be performed on beneficiary files to confirm completeness of required documentation.</td>
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<td></td>
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<td></td>
<td>• Training will be implemented for all housing staff.</td>
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<td></td>
<td>SOPs will be</td>
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<td></td>
<td>Manager: Integrated Human Settlements Mr M Penxa</td>
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<td></td>
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<td></td>
<td>Director: Planning and Development Ms M Boyce</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Previous Director: Planning and Development Mr M Maughan-Brown</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>31 December 2017</td>
<td></td>
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</tr>
<tr>
<td>Opportunity for improvement</td>
<td>Rating:</td>
<td>Action recommended</td>
<td>Management response</td>
<td>Responsibility</td>
<td>Date</td>
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</tr>
<tr>
<td>Testing was performed on a sample of 25 beneficiaries, who were handed over their houses during the period reviewed. The following exceptions were noted:</td>
<td>C/S/H</td>
<td></td>
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<tr>
<td>(i) Lack of evidence to confirm that houses were only handed over to valid and authorized beneficiaries</td>
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</tr>
<tr>
<td>Due to the lack of an approved beneficiary list for UISP projects (as noted in MLP 3 above), there was insufficient evidence presented to confirm that the houses were only handed over to valid and authorized beneficiaries (i.e. people who were residents in the informal settlement project area).</td>
<td></td>
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</tr>
<tr>
<td>(ii) Happy Letters and Inspection Declarations were not presented for testing</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Not all Happy Letters and Inspection Declarations were presented for testing:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Happy Letters and Inspection Declarations were not always filed in the beneficiary files.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Missing Happy Letters and Inspection Declarations were not presented by the client for testing.</td>
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<td></td>
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<tr>
<td>• There was therefore a lack of Happy Letters and Inspection Declarations.</td>
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<tr>
<td>(ii) Development of SOPs</td>
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</tr>
<tr>
<td>It is recommended that management should develop SOPs with regards to the process of handing over of houses to beneficiaries. The SOPs should include the necessary internal controls so that only approved and authorized beneficiaries are handed over keys for the house:</td>
<td></td>
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</tr>
<tr>
<td>• Only individuals who were resident in the UISP project area should receive a house.</td>
<td></td>
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<tr>
<td>• Only individuals with approved housing subsidies (per the HSS) should be handed over a top-structure.</td>
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<tr>
<td>• The beneficiary should sign the following:</td>
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</tr>
<tr>
<td>• All manual documentation should be scanned into Collaborator..</td>
<td></td>
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</tr>
</tbody>
</table>
Integrated Human Settlements Section: Housing administration process

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>evidence to confirm that the houses were handed over to the beneficiaries timely. There was also a lack of evidence to confirm that the houses were handed over to the beneficiaries tested as per the sample.</td>
<td></td>
<td></td>
<td>Agreement of Sale on the date of occupation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Refer to the rate of exceptions below.</td>
<td></td>
<td></td>
<td>(iii) Compliance with the terms and conditions of the Happy Letter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii) Happy Letters were not completed accurately or completely</td>
<td></td>
<td></td>
<td>It is further recommended that management should implement procedures to confirm that they have followed-up on the commitments made by the beneficiaries, as per the Happy Letters:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Happy Letters were reviewed and the following exceptions were identified:</td>
<td></td>
<td></td>
<td>• All informal structures should be removed by the beneficiary.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Happy Letters were not always signed by the beneficiaries.</td>
<td></td>
<td></td>
<td>• All defects should be declared within the stipulated timeframe.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Happy Letters were not always dated, and therefore there was no evidence to confirm that beneficiaries were handed over their houses timely.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>• Information detailed in the Happy Letters did not always agree to</td>
<td></td>
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</tbody>
</table>

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* Only 14 beneficiary files were presented for testing out of a sample of 25 beneficiaries.
### Opportunity for improvement

**Integrated Human Settlements Section: Housing administration process**

- Supporting documentation, such as erven numbers as per the Agreements of Sale, and ID numbers of beneficiaries.
  - Refer to the rate of exceptions below.

<table>
<thead>
<tr>
<th>Sample tested</th>
<th>Exceptions</th>
<th>Rate of exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>11*</td>
<td>2</td>
<td>18%</td>
</tr>
</tbody>
</table>

* Only 11 of the 14 beneficiary files presented for testing included Happy Letters.

**iv) Inspection Declarations were not completed accurately or completely**

- The Inspection Declarations were reviewed and the following exceptions were identified:
  - Inspection Declarations were not always signed by the contractor and a municipal official.
  - Refer to the rate of exceptions below.

<table>
<thead>
<tr>
<th>Sample tested</th>
<th>Exceptions</th>
<th>Rate of exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>11*</td>
<td>11</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Only 11 of the 14 beneficiary files presented for testing included Inspection Declarations.
### Integrated Human Settlements Section: Housing administration process

For further details refer to Appendix B: Summary of exceptions with regards to Happy Letters and Inspection Declarations.

#### Risk:
- Houses not handed over timely to beneficiaries:
  - Vandalism to houses while they stand empty.
  - Vandalism results in a knock-on effect, as the beneficiary will not accept ownership of a vandalized house, and further delays the housing handover.
  - Financial consequences as the municipality bears the costs of repairs where houses are vandalized.
- Missing Happy Letters / inadequate Happy Letters:
  - Inadequate audit trail.
  - Risk that invalid / unauthorized individuals were handed over a house.
  - Lack of a valid contract between the beneficiary and the Knysna Municipality with regards to the responsibilities detailed in the Happy Letter, which may result in financial consequences. It was noted that municipal services fees are payable.
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td><strong>Integrated Human Settlements Section: Housing administration process</strong></td>
<td></td>
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<tr>
<td>by the beneficiary from the date of occupation.</td>
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<tr>
<td>• Missing Inspection Declarations:</td>
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<tr>
<td>• Inadequate audit trail to confirm that the house is ready for occupation.</td>
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<tr>
<td><strong>Root cause:</strong></td>
<td></td>
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<tr>
<td>As classified by the internal control framework, this is typical of a failure in</td>
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<tr>
<td>Control Activities and Monitoring Activities.</td>
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<tr>
<td>• Operational - directive, preventive, and detective controls are not adequate and</td>
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<td>focused on achieving efficient resource usage and effectiveness as measured by the</td>
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<tr>
<td>extent to which specific control objectives are achieved.</td>
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<tr>
<td>• Ongoing monitoring - Ongoing monitoring and supervision is not undertaken to disable</td>
<td></td>
<td></td>
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<tr>
<td>management to determine whether internal controls over processes are present and</td>
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<tr>
<td>functioning.</td>
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<tr>
<td>• Officials involved in the housing administration process may require training.</td>
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<tr>
<td>• Inadequate managerial review of Happy Letters, Inspection Declarations, and</td>
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<tr>
<td>beneficiary files.</td>
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<tr>
<td>• Lack of SOPs.</td>
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</tr>
<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
<td>Action recommended</td>
<td>Management response</td>
<td>Responsibility</td>
<td>Date</td>
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<tr>
<td>6. Transfer of ownership to beneficiaries is a lengthy process and there are a high number of outstanding title transfers to be completed</td>
<td>C</td>
<td>The following is recommended: (i) Compliance with regulations and legislation</td>
<td>Management agrees with the findings: • There is a significant backlog in transfers which is resulting in increased complexities. Management is focusing on finalizing the transfer of ownership backlogs. Management will develop SOPs to address these processes. Management will improve the review procedures of all documentation, to facilitate efficiencies and reduce the volume of returned documentation.</td>
<td>Manager: Integrated Human Settlements Mr M Penxa Director: Planning and Development Ms M Boyce Previous Director: Planning and Development Mr M Maughan-Brown</td>
<td>31 December 2017</td>
</tr>
</tbody>
</table>
### Opportunity for improvement

#### Integrated Human Settlements Section: Housing administration process

- **of timeous transfer is 150 days from the date of occupation, however, the IOP service target states that the period of timeous transfer is 150 days from the date of submission to conveyancers.**

#### (ii) Untimely transfer of houses to beneficiaries

The following was noted:
- There was a high percentage of returned documentation from the Legal Section relating to the Applications for Transfer, mainly due to incomplete Sales Agreements and supporting documentation. (Refer to MLP 9 for further details).
- Houses are not transferred to beneficiaries timely.
- For the housing projects reviewed there had not been any finalized transfers of ownership of houses to beneficiaries. Refer to the rate of exceptions below.

<table>
<thead>
<tr>
<th>Sample tested</th>
<th>Successful transfers of title</th>
<th>Rate of exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>0</td>
<td>100%</td>
</tr>
</tbody>
</table>

Section 4.2: “Application of general rules in UISP projects and benchmark for monitoring Policy efficacy” details the general rules which applies to the two types of UISP projects (namely Enhanced Service Sites or Top Structures). The rules are as follows:

- 4.2.1. Rule 1: Only final products should be transferred to beneficiaries.
- 4.2.2. Rule 2: Only approved beneficiary should be given occupation of a unit intended for ownership.
- 4.2.3. Rule 3: Qualifier and developer enter into a signed sales agreement referencing property correctly before end point product is occupied.
<table>
<thead>
<tr>
<th>Risk</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Rating</th>
<th>C/S/H</th>
</tr>
</thead>
<tbody>
<tr>
<td>The longer the time delay in effecting the transfer of the property, the higher the risk of the transfer becoming more complex. As a consequence, the more costly the legal fees become. Transfer of house to an unauthorized Non-Indigenous with the LIP and other legislation and regulations.</td>
<td>Inadequate review of sale agreements, supporting documentation, and other salable documentation are not part of the work and a considerable amount of work is required on the specialist.</td>
<td>4.3.4. Provision 4: Increase in transfer retention amount.</td>
<td>27 June 2018</td>
<td>Ordinarily Council Meeting</td>
<td>AGENDA</td>
</tr>
</tbody>
</table>

Section 4.3 - Application of the Policy: provisions for efficient and effective property title transfers, the following: Development Planning and General Plan | 4.3.1. Provision 1: Development Planning and General Plan. | 4.3.2. Provision 2: Information on land registration occurs before formalization and planning, and hence, most of the information is received and approved through project and project and project through project and project and project through project and project. | 27 June 2018 | Ordinarily Council Meeting | AGENDA |
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>(where applicable), as well as other supporting documentation.</td>
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<tr>
<td>• The longer the time-delay in effecting the transfer the more issues and complexities may be encountered.</td>
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<tr>
<td>• High rate of errors in sale agreements results in delays in the transfer process.</td>
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<tr>
<td>• Incomplete documentation results in delays in the transfer process.</td>
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</table>

(iii) Final allocation / beneficiary list to be finalized timely

The allocation / beneficiary list should be limited to the number of houses available. A shortlist should be drawn up to address the fact that not all applicants will be approved for a housing subsidy.

The above mentioned lists should be authorized.
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>and approved. Therefore, once the houses are completed, and the housing subsidy</td>
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<td>approvals have been received, there will no longer be a delay in waiting for a final</td>
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<td>approved allocation list.</td>
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<tr>
<td>(iii) Deed of Sale</td>
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<tr>
<td>The Deed of Sale should be drawn up and signed by the beneficiary before the beneficiary</td>
<td></td>
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<tr>
<td>moves into the house, or when the beneficiary signs the Happy Letter.</td>
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<tr>
<td>The beneficiary should also provide all required documentation that will be required for</td>
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<tr>
<td>the transfer before moving into the house.</td>
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<tr>
<td>(iv) Review procedures</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>It is further recommended that all sale agreement documentation should be</td>
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<td></td>
</tr>
</tbody>
</table>
**Integrated Human Settlements Section: Housing administration process**

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7. Inadequate record and report of beneficiary files</strong>&lt;br&gt; Exceptions resulting from the fact that more than one beneficiary was maintained in the beneficiary lists and supporting documentation.</td>
<td></td>
<td></td>
<td>Management has noted the recommendations.&lt;br&gt; Management will implement the required investigations on the identified exceptions to confirm the correct allocation of beneficiaries.&lt;br&gt; Inadequate beneficiary files have been inserted into the council’s storage of beneficiary files and records.</td>
<td>31 December 2017</td>
</tr>
</tbody>
</table>

**Audit Finding:**

- Significant number of beneficiary files were not presented for testing.
- Out of a sample of 25 beneficiaries only 3 were found to be valid.
- Significant number of beneficiary files were not presented for testing.

---

**Previous action:**

**Key dates:**

- 31 December 2017
- Previous Director: M. M. Boyce

---

**Notes:**

- C: Content
- D: Draft
- H: Human
- R: Risk
- S: System

---

**Action:**

- Management has noted the recommendations.
- Management will implement the required investigations on the identified exceptions to confirm the correct allocation of beneficiaries.
- Inadequate beneficiary files have been inserted into the council’s storage of beneficiary files and records.
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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</tr>
<tr>
<td>10 beneficiary files (40%) were presented for testing.</td>
<td></td>
<td></td>
<td>It is further recommended that management should centralize the storage of beneficiary files, original documentation and archived records. It is further recommended that management should implement the following:</td>
<td>Development Mr M Maughan-Brown</td>
<td></td>
</tr>
<tr>
<td>• Management noted that the remaining 15 beneficiary files could not be presented for testing, by the time that Internal Audit had finalized testing.</td>
<td></td>
<td></td>
<td>(i) Development of SOPs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Refer to Appendix 5: List of beneficiary files which were not presented for testing.</td>
<td></td>
<td></td>
<td>It is recommended that management should develop SOPs with regards to record maintenance and archiving of beneficiary files and supporting documentation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii) Exceptions resulting from the fact that more than one beneficiary was linked to an erf number</td>
<td></td>
<td></td>
<td>(ii) Safety and security:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Out of a sample of 25 beneficiaries, it was noted that 4 beneficiary files (16%) which were not included in the sample, were presented for testing due to the fact that these beneficiaries were allocated the same erf number.</td>
<td></td>
<td></td>
<td>The storage area for beneficiary files and documentation should be secure and protected from threats such as fire, water, rats, theft, unauthorized access etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Refer to Appendix 6: Exceptions resulting from the fact that more than one beneficiary was linked to the same erf number.</td>
<td></td>
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</tr>
<tr>
<td>(iii) Inadequate beneficiary lists maintained (discrepancies between the beneficiary lists and supporting documentation)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>During detailed testing performed on the sample of beneficiary files, the following exceptions were identified:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Beneficiary names were duplicated.</td>
<td></td>
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</tr>
</tbody>
</table>
### Integrated Human Settlements Section: Housing administration process

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A beneficiary was allocated two different erven (it was noted that the name had been spelt differently, however the ID number was the same).</strong></td>
<td></td>
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<tr>
<td><strong>More than one beneficiary was linked to an erf number.</strong></td>
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</tr>
<tr>
<td><strong>Beneficiary names per supporting documentation (Agreements of Sale) were not found in the beneficiary lists.</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Beneficiary details per the beneficiary lists did not agree to the supporting documentation (e.g. inaccurate names, inaccurate ID numbers, inaccurate erven numbers).</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Beneficiary lists were not complete (missing ID numbers).</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Refer to Appendix 7: Discrepancies between the beneficiary lists and supporting documentation.</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Inadequate audit trail to confirm that a beneficiary who received was valid.</strong></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>During the review of the beneficiary file for Ms Helen W Booyse it was noted that there was inadequate evidence to confirm that she was authorised to receive a house. The following was noted:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(iii) <strong>Filing system:</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>&quot;New system recommendations:&quot;</td>
<td></td>
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</tr>
<tr>
<td>• All original documentation should be scanned into <strong>Collaborator</strong>. This will result in an easily obtainable electronic copy.</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td><strong>Improvements to the existing system:</strong></td>
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<tr>
<td>• All beneficiary files should be allocated a unique sequential reference number.</td>
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<td></td>
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</tr>
<tr>
<td>• The beneficiary files should be filled in a logical manner to facilitate efficiency.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Management will be able to perform sequence checks to confirm completeness of records in storage.</td>
<td></td>
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<tr>
<td>(iv) <strong>Beneficiary files and related documentation should be stored in a central location,</strong> rather</td>
<td></td>
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</tr>
<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
<td>Action recommended</td>
<td>Management response</td>
<td>Responsibility</td>
<td>Date</td>
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<td>-------------------------------------------------------------------------------------------</td>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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</tr>
<tr>
<td>• Ms Helen W Booyzen was included in the Beneficiary List for Vision 2002: 476</td>
<td></td>
<td>(v) A register should be maintained to track the movements of the beneficiary files containing at least the following information:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• The Agreement of Sale included in the beneficiary file was &quot;cancelled&quot;.</td>
<td></td>
<td>• Beneficiary name.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• The HSS approval had been &quot;withdrawn&quot;.</td>
<td></td>
<td>• Person who removed the file.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ms Helen W Booyzen had signed a Happy Letter.</td>
<td></td>
<td>• Contact number.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v) Lack of centralized and secure storage for original documentation and beneficiary files</td>
<td></td>
<td>• Reason for removal.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Beneficiary files containing original documentation are not stored in a centralized and secure location.</td>
<td></td>
<td>• Date of removal.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Many beneficiary files are stored in the CLO offices in the various areas.</td>
<td></td>
<td>• Person who removes the file should sign to confirm that they have taken possession of the file with all the documentation listed as per the checklist (which is recommended below).</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Other storage concerns include:</td>
<td></td>
<td>• The beneficiary files and documentation may get damaged, destroyed or tampered with in the event of a fire, water damage, theft, etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Safety and security: The beneficiary files and documentation are not stored in waterproof and fire resistant cabinets, and are not securely locked away from unauthorized personnel.</td>
<td></td>
<td>• Filing system: Beneficiary files and documentation are not stored in an</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• Filing system: Beneficiary files and documentation are not stored in an</td>
<td></td>
<td>than at the different area offices.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
<td>Action recommended</td>
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<td>Date</td>
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<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>orderly manner to facilitate identification.</td>
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</tr>
<tr>
<td>• No register to track movements of application forms: There are no registers to track the movements of the beneficiary files and documentation. If documentation is removed from the file, there is no way to monitor who took the documentation, the date it was taken, and the date it was put back into the file.</td>
<td></td>
<td></td>
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<tr>
<td>• There was a lack of an electronic database.</td>
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<tr>
<td>(vi) Incomplete beneficiary files</td>
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</tr>
<tr>
<td>• The beneficiary files were not always complete.</td>
<td></td>
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</tr>
<tr>
<td>• Documentation missing from beneficiary files could not be tested further for validity, accuracy and completeness.</td>
<td></td>
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<tr>
<td>Risk:</td>
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<tr>
<td>• There is a risk that crucial documentation may be misplaced or damaged.</td>
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<tr>
<td>• Inefficiencies and delays in various housing processes, including subsidy applications and the registration of ownership titles to beneficiaries.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(vi) A “checklist of documentation on file” should be placed at the front of each beneficiary file:</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>• The Compilers of the files should tick off each document which has been placed in the file.</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• The Compilers of the files should sign and date the checklists to confirm that the documentation placed on the file is valid and accurate.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• The Reviewers of the files should sign and date the checklists to confirm that the beneficiary files are complete.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>• When files are removed from Archives (or the storage area) the person removing the files should confirm that all documentation as</td>
<td></td>
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</tbody>
</table>
### Opportunity for improvement

<table>
<thead>
<tr>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>listed in the checklist was on file. When the file is booked back into Archives (or the storage area) the person receiving the files should confirm that all the documentation listed on the checklist is in the file.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Root cause:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inadequate storage and maintenance of records,</td>
<td></td>
<td></td>
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<tr>
<td>Lack of SOPs with regards to the storage and maintenance of records,</td>
<td></td>
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<tr>
<td>Inadequate review procedures,</td>
<td></td>
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<tr>
<td>Lack of an approved General Plan before allocating erven to beneficiaries,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of an adequate Beneficiary List.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Integrated Human Settlements Section: Housing administration process**

- Reputational damage or a lack of confidence in the municipality as the municipal officials may be seen to be incompetent by the public.
- Lack of integrity of Beneficiary Lists.
- Invalid or unauthorized individuals may be allocated a house / erf.
- Lack of an audit trail.

Kwali Municipality
Internal Audit Report / Housing Administration FY 17
Appendix 2 Management Initial points
23 November 2017
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td></td>
<td>(PoPI): Management should consider the effect that the PoPI will have on all personal information stored by the municipality, when the regulations are promulgated and enforced. The purpose of the PoPI Act is to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing another entity’s personal information by holding them accountable should they abuse or compromise your personal</td>
<td></td>
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</tbody>
</table>

"Kwetsini Municipality"  
Internal Audit Report Housing Administration F/U 17  
Appendix 2: Management action plans  
23 November 2017
## Integrated Human Settlements Section: Housing administration process

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
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<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Information in any way.</td>
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</tbody>
</table>

### 8. Exceptions identified with regards to the housing subsidy approvals as per the HSS

**Audit Finding:**

Detailed testing was performed on a limited sample of 25 beneficiaries, to confirm that all beneficiaries had been approved for a housing subsidy as per the HSS.

The following exceptions were identified:

(i) Housing subsidy approvals were not presented for testing

As per regulations and legislation, it was noted that only beneficiaries who qualify and are approved for a housing subsidy from the HSS can be allocated a "top structure".

During testing it was noted that not all housing subsidy approvals were presented for testing:

- Housing subsidy approvals were not always filed in the beneficiary files and were not presented by the client for testing.

(ii) Development of SOPs

It was recommended that management develop SOPs to address the following processes:

- Identification of beneficiaries (refer to MLP 3 above for further details).
- Applications for housing subsidies (refer to MLP 4 above).
- Transfer of title to beneficiaries, including the finalization of the

Management confirmed that they would implement the recommendations.

Manager: Integrated Human Settlements
Mr M Penxa

Director: Planning and Development
Ms M Boyce

Previous Director: Planning and Development
Mr M Maughan-Brown

31 December 2017
### Opportunity for improvement

<table>
<thead>
<tr>
<th>Sample size</th>
<th>Agreements of Sale not presented for testing</th>
<th>Rate of exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>14*</td>
<td>2</td>
<td>14%</td>
</tr>
</tbody>
</table>

* Only 14 beneficiary files were presented for testing out of a sample of 25 beneficiaries.

### Integrated Human Settlements Section: Housing administration process

- Therefore the approval of beneficiaries to qualify for a “top structure” could not be confirmed.
- Refer to the rate of exceptions below and the list of beneficiary files which did not include housing subsidy approval documentation.

- Agreements of Sale (as per MLP 9 and MLP 6 above).
- Maintenance of adequate records (as per MLP 7 above).

<table>
<thead>
<tr>
<th>Housing project</th>
<th>Name</th>
<th>ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision 2002: 476</td>
<td>Nomvula Lynn Qungiqa</td>
<td>7801031142080</td>
</tr>
<tr>
<td>Vision 2002: 459</td>
<td>Yoliswa Evelyn Mhlolo</td>
<td>6203120983089</td>
</tr>
</tbody>
</table>

#### (ii) Housing subsidy application forms were not always filed in the beneficiary files

It was noted that the following beneficiary files did not include copies of the housing subsidy application forms, and therefore, there was a lack of an audit trail with regards to the application process:
### Opportunity for Improvement

<table>
<thead>
<tr>
<th>Housing project</th>
<th>Name</th>
<th>ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision 2002: 476</td>
<td>Naftali Appels</td>
<td>8506105087082</td>
</tr>
<tr>
<td>Vision 2002: 476</td>
<td>Radley Maria Donson</td>
<td>7705130228080</td>
</tr>
<tr>
<td>Vision 2002: 476</td>
<td>Martin Rutars</td>
<td>7701055820084</td>
</tr>
</tbody>
</table>

#### (iii) Information detailed in the housing subsidy approvals differed / could not be agreed to the relevant Agreements of Sale

The following exceptions were noted:

- It was noted that the Agreements of Sale were not always found in the beneficiary files and therefore the information detailed in the approved housing subsidy documentation could not be confirmed for accuracy, validity or completeness.
- The erf / site numbers detailed in the housing subsidy approvals often did not agree to the erf numbers in the Agreements of Sale.
- There was one instance in which the subsidy value approved in the housing subsidy documentation did not agree to the Agreement of Sale.
### Integrated Human Settlements Section: Housing administration process

- For further details please refer to Appendix 9: Summary of exceptions with regards to housing subsidy applications.

(iv) Inadequate internal controls to address the risk that an individual can be allocated a serviced erf without qualifying for a housing subsidy as per the HSS (i.e. if they earn in excess of the minimum amount and / or if they already own or have owned an erf and / or if they have benefitted in the past from a subsidy).

During the system description it was noted that the municipality receives funding to develop erven and supply related services. It was further noted that “non-qualifying” beneficiaries may be allocated serviced erven, however, they cannot be allocated a “top-structure”. The approval of these allocations to non-qualifying beneficiaries should be performed on a one by one basis.

It was noted that there was a lack of an adequate audit trail for the approval of these beneficiaries who are allocated serviced erven.
<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td><strong>Risk:</strong></td>
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<tr>
<td>• Invalid / unauthorised individuals may receive a top structure.</td>
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</tr>
<tr>
<td>• Invalid / unauthorized individuals may be allocated a serviced erf.</td>
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<tr>
<td>• Possible reputational damage to the municipality if there is public unrest.</td>
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<tr>
<td><strong>Root cause:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• Inadequate storage and maintenance of records.</td>
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</tr>
<tr>
<td>• Lack of SOPs with regards to the identification and allocation of houses to beneficiaries, the housing subsidy application process and the maintenance of beneficiary records.</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>• Inadequate review procedures.</td>
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</tbody>
</table>
Integrated Human Settlements Section: Housing administration process

9. Exceptions identified with regards to the Agreements of Sale

Audit Finding:

Testing was performed on the Agreements of Sale for a sample of 25 beneficiaries. The following exceptions were noted:

(i) Agreements of Sale were not presented for testing

<table>
<thead>
<tr>
<th>Sample size</th>
<th>Agreements of Sale not presented for testing</th>
<th>Rate of exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>14*</td>
<td>3</td>
<td>21%</td>
</tr>
</tbody>
</table>

* Only 14 beneficiary files were presented for testing out of a sample of 25 beneficiaries.

(ii) Other exceptions identified with regards to the Agreements of Sale:

- Agreements of Sale and supporting documentation were not always valid, accurate and complete.
- Agreements of Sale were not always filed in the beneficiaries’ files and were not presented by the client for testing.
- Refer to the rate of exceptions below.

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td></td>
<td>Management noted that they are in the process of implementing corrective actions for all invalid Agreements of Sale. New Agreements of Sale in the process of being drawn up and signed by the Municipal Manager. Management agreed to implement the recommended internal controls.</td>
<td>Manager: Integrated Human Settlements Mr M Penxa</td>
<td>31 December 2017</td>
<td></td>
</tr>
</tbody>
</table>

(i) Quick win

All Agreements of Sale together with supporting documentation should be valid, accurate and complete.

For all erven which have not yet been successfully transferred to the beneficiaries, the following is recommended:

- Management should review all Agreements of Sale and supporting documentation for validity, accuracy and completeness.
- Corrective action should be taken where necessary.

Director: Planning and Development Ms M Boyce
Previous Director: Planning and Development Mr M Maughan-Brown
## Opportunity for improvement

### Integrated Human Settlements Section: Housing administration process

- Agreements of Sale were not always accurate.
- Agreements of Sale were not always signed on the date of occupation.
- Outdated Municipal Manager’s details were included in the Agreements of Sale.

Other exceptions identified included the following:
- Agreements of Sale had not been signed by the Municipal Manager.
- A previous Municipal Manager’s (Ms L Waring) details were included in the Agreements of Sale. It was noted that these Agreements of Sale had not been signed at the date of testing.
- The previous Municipal Manager’s ID number was inaccurate.
- The supporting affidavits were not always complete or accurate.
- Agreements of Sale were not always completed accurately or completely.
- Agreements of Sale were not always signed by the buyer’s witnesses.
- Required supporting documentation was not always attached.
- Agreements of Sale did not include the required property erf number.

### Action recommended

1. Final beneficiary lists should be finalized timely
   - The beneficiary lists should be finalized timely, so that the Agreement of Sale and other relevant documentation can be completed and reviewed for validity, accuracy and completeness before the house is handed over to the beneficiary.

2. General Plans should be finalized timely
   - It is recommended that management implement the recommendations as per MLP 3, with regards to implementation of the UISP projects according to the National Housing Act, 2009.

3. SOPs relating to the Agreements of Sale
   - It is recommended that
### Opportunity for improvement

<table>
<thead>
<tr>
<th>Integrated Human Settlements Section: Housing administration process</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agreements of Sale were not signed timely (at or before the date of occupation), as they were signed on a date later than the date of the Happy Letter.</td>
</tr>
<tr>
<td>For a detailed breakdown of the exceptions refer to Appendix 4: Summary of exceptions with regards to Agreements of Sale.</td>
</tr>
<tr>
<td><strong>Risk:</strong></td>
</tr>
<tr>
<td>• Invalid, inaccurate and incomplete Agreements of Sale.</td>
</tr>
<tr>
<td>• Inefficiencies and delays in various housing processes including the registration of ownership titles to beneficiaries. The following additional risks were identified:</td>
</tr>
<tr>
<td>• The longer the time-delay in effecting the transfer to the beneficiary, the higher the risk of the transfer becoming more complex.</td>
</tr>
<tr>
<td>• Financial consequences: the more complex the transfer the more costly the legal fees become.</td>
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<tr>
<td>• Transfer of house to an unauthorized beneficiary.</td>
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<tr>
<td>• Reputational damage or a lack of confidence in the municipality as the municipal officials may be seen to be incompetent by the public.</td>
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<tr>
<td><strong>Action recommended:</strong></td>
</tr>
<tr>
<td>• Management should consider the following internal controls when designing SOPs relating to the preparation of all sale agreement documentation:</td>
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<tr>
<td>• Review procedures:</td>
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<tr>
<td>• It is recommended that all Agreements of Sale and supporting documentation should be reviewed for validity, accuracy and completeness before submission to the Municipal Manager for signature.</td>
</tr>
<tr>
<td>• The review procedures should be performed by an independent person.</td>
</tr>
<tr>
<td>• The reviewer should sign and date the checklist on the beneficiary file, to confirm that all documentation has been completed</td>
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<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
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</table>
## Integrated Human Settlements Section: Housing administration process

### Root cause:
- Inadequate review of Agreements of Sale and supporting documentation.
- Inadequate filling system and maintenance of beneficiary files and records.
- General Plans for the housing development were not finalized.
- Untimely finalization of beneficiary / allocation lists.

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<tr>
<th>Opportunity for improvement</th>
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<tbody>
<tr>
<td><strong>10. Staffing concerns with regards to officials involved in the housing administration process</strong></td>
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**Audit Finding:**
During the system description, walkthrough and detailed testing performed it was noted that there are staffing concerns with regards to officials involved in the housing administration process. The main areas of concern are detailed below:

1. **Staff competencies**
   - There are concerns relating to the competencies of the staff involved in the housing administration process. Staff may not have the necessary skills, knowledge and training so that they can accurately and completely, and to confirm that the beneficiary per the Agreement of Sale is valid and authorized.

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<tr>
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<th>The following is recommended:</th>
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<td></td>
<td><strong>(i) Staff competencies</strong></td>
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<td>It is recommended that management perform the following:</td>
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<td></td>
<td>- Review job descriptions and update as appropriate.</td>
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<td>Management agreed with the recommendations and noted the following:</td>
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<td></td>
<td>The current organogram is under review. The qualifications, skills, expertise and experience are being reviewed for every job position. Appropriate training requirements are under consideration.</td>
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<tr>
<td>Manager: Integrated Human Settlements</td>
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<tr>
<td>Mr M Penxa</td>
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<td>Director: Planning and Development</td>
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<tr>
<td>Ms M Boyce</td>
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<td>Previous Director: Planning and Development</td>
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<tr>
<td>Mr M Maughan-Brown</td>
<td>31 December 2017</td>
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</table>
### Opportunity for improvement

**Integrated Human Settlements Section: Housing administration process**

- Complete their everyday tasks efficiently and effectively.
  
  The following exceptions were identified during detailed testing:
  - Significant number of returned housing subsidy applications due to inaccurate or incomplete forms and supporting documentation.
  - Incomplete or inaccurate sale agreements and supporting documentation.
  - Significant number of returned housing transfer applications due to inaccurate or incomplete forms and supporting documentation.
  - Inadequate filing of documentation.

#### (i) Lack of performance incentives for staff members

- It was noted that there are no incentives and monitoring controls to motivate housing administration staff to perform their duties efficiently and effectively.

### Risk:

- Lack of service delivery.
- Inadequate staff competencies and a lack of performance incentives may result in inefficiencies, or non-compliance with approved procedures and processes.

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<tr>
<td></td>
<td></td>
<td>Review staff skill levels in line with job descriptions.</td>
<td>Once the officials are provided adequate training, and are allocated duties and responsibilities that match both the municipality’s objectives and the officials’ capability, there will be no resource constraints.</td>
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<td></td>
<td></td>
<td>Introduce staff training on risk management processes.</td>
<td>SOPs will be developed (as noted in previous MLPs).</td>
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<td></td>
<td></td>
<td>Introduce staff training on policy and procedure compilation.</td>
<td>KPis will be implemented.</td>
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<td></td>
<td>Identify training required to upskill the staff in line with job descriptions.</td>
<td>An experienced Project Co-ordinator will be appointed on 1 July 2017.</td>
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<td>Develop policies and SOPs.</td>
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<td>For all vacant posts, appoint staff with suitable qualifications and experience.</td>
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<td>Management should escalate all identified staffing constraints.</td>
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<td>It is also recommended that senior officials get the opportunity to attend relevant external forums, and networking</td>
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<td>Opportunity for improvement</td>
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<td>Integrated Human Settlements Section: Housing administration process</td>
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<tr>
<td>- Community unrest and dissatisfaction.</td>
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<td><strong>Root cause:</strong></td>
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<tr>
<td>- Complex legislation and regulations.</td>
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<td>- Lack of training.</td>
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<td>- Lack of SOPs.</td>
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<td>- Organogram and staffing competencies do not support the procedures, processes, duties and responsibilities required to facilitate a strong internal control environment.</td>
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<td>(ii) Lack of performance incentives for staff members</td>
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<td>It is recommended that the Director and Senior Management should be assessed on various housing administration processes, including the timeliness and accuracy of application submissions and transfers of houses, by including KPIs in targets. These KPIs should be &quot;SMART&quot; so that they are an effective and motivational tool to achieve the objective of an efficient and effective housing administration process:</td>
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<td>- &quot;S&quot;: Specific</td>
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<td>- &quot;M&quot;: Measurable</td>
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<td>- &quot;A&quot;: Attainable</td>
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<td>Integrated Human Settlements Section: Housing administration process</td>
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<td>“R”: Realistic “T”: Timely</td>
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<td>11. “Illegal” sale of state-subsidised houses</td>
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<tr>
<td>Background</td>
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<td>The Housing Act, 1997 provides guidance with regards to the selling of state-subsidised houses.</td>
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<tr>
<td>Voluntary sale of state-subsidised houses</td>
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<tr>
<td>As per Section 10A(2) of the Housing Act, 1997: “… such person shall not sell or otherwise alienate his or her dwelling or site within a period of eight years from the date on which the property was acquired by that person unless the dwelling or site has first been offered to the relevant provincial housing department.”</td>
<td>S</td>
<td>The following is recommended: (i) Title deeds to be endorsed</td>
<td>Management has noted the following: (i) Title deeds to be endorsed</td>
<td>Manager: Integrated Human Settlements Mr M Penxa</td>
<td>31 December 2017</td>
</tr>
<tr>
<td>As per Section 10A(4) of the Housing Act, 1997: “No purchase price or other remuneration shall be paid to the person vacating the property but such person will be eligible for obtaining another state-subsidised house, should he or she qualify therefor.”</td>
<td></td>
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<td></td>
<td>Director: Planning and Development Ms M Boyce</td>
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<td></td>
<td></td>
<td>(ii) Education and</td>
<td></td>
<td>Previous Director: Planning and Development Mr M Maughan-Brown</td>
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<tr>
<td>Opportunity for improvement</td>
<td>Rating: C/S/H</td>
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<tr>
<td><strong>Involuntary sale of state-subsidised houses</strong></td>
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<tr>
<td>As per Section 108(1) of the Housing Act, 1997:</td>
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<tr>
<td>&quot;...such person’s successors in title or creditors in law...shall not sell or otherwise alienate his or her dwelling or site unless the dwelling or site has first been offered to the relevant provincial housing department at a price not greater than the subsidy which the person received for the property.&quot;</td>
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<td>As per Section 108(5) of the Housing Act, 1997:</td>
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<td>&quot;An MEC (member of the Executive Council of a province responsible for housing matters in the province in question) may grant exemption...either conditionally or unconditionally, in respect of any dwelling or site...&quot;</td>
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<td>As per Section 108(6) of the Housing Act, 1997:</td>
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<td>It is noted that the Registrar of Deeds must make endorsements on the title deeds to indicate the restrictive conditions relating to the transfer of ownership of the property.</td>
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<td>As per Section 108(7) of the Housing Act, 1997:</td>
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<td>It is noted that the dwelling or site may not be passed to a person other than the provincial government unless the Registrar of transfer of ownership.</td>
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<td>(i) <strong>Education and awareness campaigns</strong></td>
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<td>It is recommended that management should commence an awareness campaign to educate the public about the legal aspects relating to property ownership, as well as the risks associated with illegal purchases and sales of state-subsidised houses.</td>
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<td>(ii) <strong>Legal advice</strong></td>
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<tr>
<td>It is recommended that management should obtain legal advice with regards to the following:</td>
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<tr>
<td>- Municipal related risks associated with illegal sales and purchases of state-subsidised houses.</td>
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<tr>
<td>- The process that the municipality should follow when illegal sales of state-subsidised houses</td>
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<tr>
<td>(iii) <strong>Legal advice</strong></td>
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<tr>
<td>Management will obtain legal advice as recommended.</td>
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<tr>
<td>(iv) <strong>Improvements to the process of transferring ownership to approved beneficiaries</strong></td>
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<tr>
<td>Refer to the management comments provided in MLP 6 above.</td>
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<tr>
<td>Opportunity for improvement</td>
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<td>Integrated Human Settlement Section: Housing administration process</td>
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<td>Deeds is provided with the following:</td>
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<td>▶ A certificate signed by the head of department which states that the dwelling or site</td>
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<td>was offered for sale to the provincial department and that the offer was rejected.</td>
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<td>▶ An exemption was granted under Section 10B(5).</td>
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<tr>
<td><strong>Audit Finding:</strong></td>
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<tr>
<td>During the system description and walkthrough, concerns were raised regarding the</td>
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<td>&quot;illegal&quot; sales of subsidy houses by beneficiaries.</td>
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<td>Facebook posts advertising subsidy houses which were for sale, were presented to</td>
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<td>Internal Audit.</td>
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<td>Additional research was performed regarding &quot;illegal&quot; sales of subsidy houses, which is</td>
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<td>detailed below.</td>
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<td>As per an article published on 19 April 2016 by Ray Mahlaka for Moneyweb</td>
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<td>the following was noted:</td>
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<td>▶ &quot;It is believed that [state-subsidised houses] are largely sold below market value</td>
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<td>and without any formal transfer of the title deed to the new owner in the</td>
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<td>▶ have been identified.</td>
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<td>▶ The process that the municipality should follow for identified instances in which</td>
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<td>the approved beneficiary does not physically occupy their property.</td>
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<td>▶ Improvements to the process of transferring ownership to approved beneficiaries</td>
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<td>Refer to recommendations relating to the transfer of ownership to approved</td>
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<td>beneficiaries in MLP 6 above.</td>
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**Opportunity for improvement** | **Rating: C/S/H** | **Action recommended** | **Management response** | **Responsibility** | **Date**
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Integrated Human Settlements Section: Housing administration process

- *informal market*.
  - The Human Settlements Minister, Ms L. Sisulu, provided insights into the illegal sales of state-subsidised houses. She noted that the Department of Human Settlements was in the process of identifying actions to reduce the illegal sale of state-subsidised houses. She noted further that illegal sales of properties are sold at "cheap rates before the eight years has lapsed".
  - It was noted further that the Housing Act, 1997 "does not have punitive measures for individuals who sell their properties, leaving a wide lacuna in the law".

As per an article published by ENS Africa:

"Ownership of land is evidenced by a title deed issued by the deeds registry, which will record the owner's details and the conditions under which the land is held.

If ownership is not registered in a deeds registry, it is most likely that ownership of the property has not passed. Transfer of ownership of property is also evidenced by registration in the deeds registry.

The law applicable to the transfer and
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<td>Integrated Human Settlements Section: Housing administration process</td>
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registration of land, is, in the first instance, the Deeds Registries Act 47 of 1937, together with its regulations.”

In summary the following was noted:

- In order for a subsidy house to be sold legally, the title deed would need to be transferred from the seller to the buyer, after the 8-year restriction has lapsed.
- The buyer of the state-subsidised house is at risk if the title deed is not registered in the buyer’s name.

The effective design and operational effectiveness of internal controls around the selling of state-subsidised houses were assessed, to confirm that Knysna Municipality complies with legislation and regulations.

The following internal controls were implemented by the Knysna Municipality:

1. Restrictive conditions

   - The Agreement of Sale contract entered into between the Municipality and the approved housing beneficiary includes a special condition clause, which restricts the transfer of ownership of the property in terms of Section 10A of the Housing Act, 1997.
Integrated Human Settlements Section: Housing administration process

- Management confirmed that the Registrar of Deeds documents all endorsements on the title deed to indicate the restrictive conditions relating to the transfer of ownership of the property, as per the sale agreements.

- As noted in MLP 6, no properties in the sample tested had been transferred to the beneficiaries yet, and therefore no title deeds were presented for review to confirm that the title deeds included the restrictive conditions.

The following internal control gaps were identified:

1. Occupation of property

   - The Agreement of Sale contract entered into between the Municipality and the approved housing beneficiary contains a clause relating to the occupation of property. It is noted that the Purchaser and his family must physically occupy the property and may not allow any subletting. The Municipality "reserves the right to reclaim the property immediately" if the property is not occupied by the Purchaser.
### Integrated Human Settlements Section: Housing administration process

- It was noted that the Municipality has not implemented any internal controls to monitor the occupation of property.

**Risk:**

- If the title deeds are not endorsed with the restrictive conditions prohibiting the sale of state-subsidised houses within an eight year period, there is a risk that the Deeds Office will process a transfer of ownership of state-subsidised houses within the eight-year period.
- The illegal sale of state-subsidised houses may have a negative socio-economic impact on the Knysna area. The following risks were identified:
  - State-subsidised houses sold illegally are normally sold below market value. The seller's lifestyle may therefore not improve significantly.
  - Illegal sales are normally a temporary solution for the seller.
  - The demand for housing and basic services in the Knysna area may not be alleviated, as beneficiaries together with their dependents may require housing and basic services.
  - If the approved beneficiary does not occupy the house, there is an increased risk of complications when transferring ownership of the property to the

<table>
<thead>
<tr>
<th>Opportunity for improvement</th>
<th>Rating: C/S/H</th>
<th>Action recommended</th>
<th>Management response</th>
<th>Responsibility</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated Human Settlements Section: Housing administration process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Opportunity for improvement

**Integrated Human Settlements Section: Housing administration process**

- approved beneficiary. This risk is increased when the transfers of ownership to approved beneficiaries are not performed timely.

**Root cause:**

- Lack of public education and awareness with regards to the legal aspects of property ownership, as well as the risks associated with illegal selling and purchasing of state-subsidised houses.
- Inadequate resources to monitor the occupation of property.
Appendix 3: Standard operating procedures (SOPs) step by step diagram

The diagram below illustrates step by step guidance for the development of SOPs, as per the Department of Public Service and Administration.

<table>
<thead>
<tr>
<th>Step one: determine objective of SOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Objectives should be clearly defined.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step two: appoint a SOP writer/group</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Development should be overseen by a manager.</td>
</tr>
<tr>
<td>- Should be written by individuals who are knowledgeable with the activity and the internal structure.</td>
</tr>
<tr>
<td>- A team approach can be followed.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step three: produce the SOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Determine scope of SOP.</td>
</tr>
<tr>
<td>- Chart the procedure.</td>
</tr>
<tr>
<td>- Review periodically.</td>
</tr>
<tr>
<td>- Authorisation of SOP.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Step four: distribute and file SOP</th>
</tr>
</thead>
<tbody>
<tr>
<td>- To be distributed to relevant officials.</td>
</tr>
<tr>
<td>- Create and maintain a master list of SOPs.</td>
</tr>
<tr>
<td>- Proper filing and archival of SOPs.</td>
</tr>
</tbody>
</table>
Appendix 4: Summary of exceptions with regards to Agreements of Sale

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>ID number</th>
<th>Erf per sale agreement</th>
<th>Details</th>
<th>Exceptions relating to Agreements of Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Not included in beneficiary file</td>
</tr>
<tr>
<td>1</td>
<td>Naftali Appels</td>
<td>8506105087082</td>
<td>Erf: 20017 Address: KK43</td>
<td>Incomplete:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Description of property.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Municipality not signed.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Siphelele Patience</td>
<td>7910281276082</td>
<td>n/a</td>
<td>Incomplete:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Khumalo</td>
<td></td>
<td></td>
<td>• Description of property.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Municipality not signed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Only one buyer’s witness signed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Inaccurate Municipal Manager’s ID number.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Roladey Maria Donson</td>
<td>7705130228080</td>
<td>Erf: missing Address: CS49</td>
<td>Incomplete:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Description of property.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Municipality not signed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Marital status inaccurate at the date of the sale agreement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Buyer’s name is maiden name and not the name per her ID document.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Lukama Lairbodo</td>
<td>7208151054089</td>
<td>Erf: 19794</td>
<td>Incomplete:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Description of property.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Municipality not signed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Part of the agreement is in English and part of it is in Afrikaans.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Brenda Yoyo</td>
<td>6711220242081</td>
<td>NE2384</td>
<td>Incomplete:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Description of property.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Municipality not signed.</td>
<td></td>
</tr>
</tbody>
</table>

Not included in beneficiary file
Not completed accurately
Not completed entirely
Dated after occupation date
Outdated Municipal Manager’s details


### Summary of exceptions with regards to Agreements of Sale

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>ID number</th>
<th>Erf per sale agreement</th>
<th>Details</th>
<th>Exceptions relating to Agreements of Sale</th>
<th>Not included in beneficiary file</th>
<th>Not completed accurately</th>
<th>Not completed entirely</th>
<th>Dated after occupation date</th>
<th>Outdated Municipal Manager’s details</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Caroline Jonas</td>
<td>6608170674083</td>
<td>Address: 2319 Nekkies  East Erf: none</td>
<td>Incomplete: Sworn affidavit incomplete: DOB of dependent not detailed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Merwin Rutters</td>
<td>770105820084</td>
<td>Address: 2352 Nekkies East Erf: none</td>
<td>Incomplete: Description of property, Municipality not signed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Chereeza Louper</td>
<td>8806100189085</td>
<td>Address: Du Pad Erf: 19811</td>
<td>Incomplete: Description of property, Municipality not signed. Part of the agreement is in English and part of it is in Afrikaans.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Nomvula Qongqo</td>
<td>78010311142080</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td>×</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Xoliswa Mtjwa</td>
<td>6203120963089</td>
<td>n/a</td>
<td>n/a</td>
<td></td>
<td>×</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Meureen Booyens</td>
<td>7410030047082</td>
<td>Address: Du Pad Erf: 20096</td>
<td>Incomplete: Description of property, Municipality not signed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Aubrey Minuel</td>
<td>5906225268088</td>
<td>Address: B4 DSB North Erf: None</td>
<td>Inaccurate: Marital status. Incomplete: Description of property, Municipality not signed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>13</td>
<td>James Lunga Dinyi</td>
<td>8109055662083</td>
<td>Erf: 19822</td>
<td>Incomplete: Description of property, Municipality not signed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Name</td>
<td>ID number</td>
<td>Erf per sale agreement</td>
<td>Details</td>
<td>Exceptions relating to Agreements of Sale</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>----</td>
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<td>--------------------</td>
<td>------------------------</td>
<td>---------------------------------------------------</td>
<td>-----------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lukas Fammber</td>
<td>7207065174080</td>
<td>Erf: 19120 Address: ML572</td>
<td>Inaccurate:</td>
<td>Not included in beneficiary file</td>
<td>Not completed accurately</td>
<td>Not completed entirely</td>
<td>Dated after occupation date</td>
<td>Outdated Municipal Manager's details</td>
<td></td>
</tr>
</tbody>
</table>


Appendix 5: List of beneficiary files which were not presented for testing

<table>
<thead>
<tr>
<th>#</th>
<th>Project</th>
<th>Area</th>
<th>GP number</th>
<th>Erf</th>
<th>Name</th>
<th>ID number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vision 2002: 476</td>
<td>Dam Se Bos</td>
<td>390</td>
<td>Machakela Vathswa</td>
<td>8904110646085</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Vision 2002: 476</td>
<td>Concordia East</td>
<td>ML572</td>
<td>Nomazotsho Dumani</td>
<td>8708280434085</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Vision 2002: 476</td>
<td>Concordia East</td>
<td>ML565</td>
<td>Mgcineni Ngxibe</td>
<td>7804245999089</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Vision 2002: 476</td>
<td>Concordia West</td>
<td>250</td>
<td>Lindile Zazini</td>
<td>7709275589082</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Vision 2002: 476</td>
<td>Concordia West</td>
<td>10722</td>
<td>Mzofine Balliso</td>
<td>7206105290080</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Vision 2002: 476</td>
<td>Nekkies East</td>
<td>2333</td>
<td>Konose Ethel Mahlaha</td>
<td>5008260739089</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Vision 2002: 476</td>
<td>Nekkies East</td>
<td>2339</td>
<td>Getrude Mtshambela</td>
<td>4006240491087</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Vision 2002: 476</td>
<td>Nekkies East</td>
<td>2058</td>
<td>Ntsikelelo Apelini</td>
<td>6706085268080</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Vision 2002: 476</td>
<td>Nekkies East</td>
<td>2066</td>
<td>Matomela Margaret</td>
<td>5205260533088</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Vision 2002: 476</td>
<td>Nekkies East</td>
<td>2071A</td>
<td>Thando De Vos</td>
<td>9410185143080</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Vision 2002: 476</td>
<td>Nekkies East</td>
<td>21268</td>
<td>Sedrick Mzimela</td>
<td>6809166279081</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Vision 2002: 476</td>
<td>Ou Pad</td>
<td>19763</td>
<td>Lindoor Karools</td>
<td>7105095096087</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Vision 2002: 476</td>
<td>Ou Pad</td>
<td>19801</td>
<td>Titus Porscha Selest</td>
<td>8710120215088</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Vision 2002: 476</td>
<td>Dam Se Bos</td>
<td>19286</td>
<td>Helen W Booyse</td>
<td>8209240101088</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Vision 2002: 476</td>
<td>Ou Pad</td>
<td>20096</td>
<td>Donald Harker</td>
<td>7609195060083</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 6: Exceptions resulting from the fact that more than one beneficiary was linked to the same erf

<table>
<thead>
<tr>
<th>Project</th>
<th>Area</th>
<th>Erf number</th>
<th>Erf name</th>
<th>Erf ID number</th>
<th>Beneficiary file presented for testing:</th>
<th>Sale agreement address: Erf ID number</th>
<th>Sale agreement address: Erf ID number</th>
<th>Sale agreement address: Erf ID number</th>
<th>Beneficiary file presented for testing:</th>
<th>Sale agreement address: Erf ID number</th>
<th>Sale agreement address: Erf ID number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erasmus</td>
<td>Dam Se Bos</td>
<td>19286</td>
<td>Helen W Breyten</td>
<td>NMTH 6025268888</td>
<td>82094-2401116888</td>
<td>7698156566688</td>
<td>7140390417082</td>
<td>7294511504889</td>
<td>9896</td>
<td>20096</td>
<td>20096</td>
</tr>
<tr>
<td>Lenasia</td>
<td>Oil Pad</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Concordia</td>
<td>Oil Pad</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Erasmus</td>
<td>Oil Pad</td>
<td>19822</td>
<td>Lakama Lulubon</td>
<td>7294511504889</td>
<td>7294511504889</td>
<td>7294511504889</td>
<td>7294511504889</td>
<td>7294511504889</td>
<td>7294511504889</td>
<td>7294511504889</td>
<td>7294511504889</td>
</tr>
</tbody>
</table>
Appendix 7: Discrepancies between the beneficiary lists and supporting documentation

<table>
<thead>
<tr>
<th>Project</th>
<th>Area</th>
<th>GP number</th>
<th>Erf</th>
<th>Name</th>
<th>ID Number</th>
<th>Exceptions noted</th>
</tr>
</thead>
<tbody>
<tr>
<td>n/a</td>
<td>Dam Se Bos</td>
<td>n/a</td>
<td>84</td>
<td>Manuel Aubrey</td>
<td>5906225268088</td>
<td>Name not found in the Beneficiary List.</td>
</tr>
<tr>
<td>Vision 2002: 476</td>
<td>Ou Pad</td>
<td>n/a</td>
<td>20095</td>
<td>Maureen Beowyen</td>
<td>7410030047082</td>
<td>Erf number as per Agreement of Sale: 20096.</td>
</tr>
<tr>
<td>Vision 2002: 476</td>
<td>Concordia East</td>
<td>MLS70</td>
<td>MLS70</td>
<td>Femmer Lukas</td>
<td>7307065174080</td>
<td>Address as per Agreement of Sale: MLS72. Erf number as per Agreement of Sale: 19120. ID number is inaccurate: 7207065174080.</td>
</tr>
<tr>
<td>n/a</td>
<td>Ou Pad</td>
<td>n/a</td>
<td>19822</td>
<td>James Lunga Dyantyi</td>
<td>8109055682083</td>
<td>Name not found in the Beneficiary List.</td>
</tr>
</tbody>
</table>
| Vision 2002: 476 | Ou Pad | n/a       | 19794 & 19822 | Luluma Lajobodo | 7208151054089 | Luluma Lajoboda was listed twice on the Beneficiary List and had been allocated the following erven (note: different spelling of name, however, the same ID number):  
  - Luluma Lajoboda: 19794.  
  - Luluma Lajoboda: 19822. |
# Appendix 8: Summary of exceptions with regards to Happy Letters and Inspection Declarations

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>ID Number</th>
<th>Additional details</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>NaTali Appels</td>
<td>8506105087082</td>
<td>- Erf number did not agree to the Agreement of Sale.</td>
<td>§ Inaccurate information in Happy Letter</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Address was manually corrected and not initialled.</td>
<td>§ Handover date not detailed</td>
</tr>
<tr>
<td>2</td>
<td>Siphesile Patience Khumalo</td>
<td>7910281276082</td>
<td></td>
<td>§ Not signed by contractor / municipality</td>
</tr>
<tr>
<td>3</td>
<td>Raldey Maria Donson</td>
<td>7705130228080</td>
<td>- Erf number did not agree to the Agreement of Sale.</td>
<td>§ Not signed by beneficiary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Beneficiary name agrees to the ID document, but not to the Agreement of Sale (due to her ID reflecting her married surname).</td>
<td>§ No documentation in beneficiary file</td>
</tr>
<tr>
<td>4</td>
<td>Luleme Lejobodo</td>
<td>7208151054089</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Brenda Yoyo</td>
<td>6711220242081</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Caroline Jonas</td>
<td>6608170674083</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Martin Rutters</td>
<td>7701055820084</td>
<td>- Handover date not detailed on Happy Letter</td>
<td>§ Inaccurate information in Happy Letter</td>
</tr>
<tr>
<td>8</td>
<td>Chereese Losper</td>
<td>8806100189085</td>
<td></td>
<td>§ Handover date not detailed on Happy Letter</td>
</tr>
<tr>
<td>9</td>
<td>Nomava Qanggala</td>
<td>7801031142080</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Xoliswa Mbizo</td>
<td>6203120983089</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Maureen Booyse</td>
<td>7410030047082</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Aubrey Manuel</td>
<td>5906225268088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>James Lunge Dyantyi</td>
<td>8109055682083</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Lukka Fomnber</td>
<td>7207065174080</td>
<td>- Erf / address not agreed to the Agreement of Sale.</td>
<td>§ Inaccurate information in Happy Letter</td>
</tr>
</tbody>
</table>
### Appendix 9: Summary of exceptions with regards to housing subsidy applications

<table>
<thead>
<tr>
<th>Housing project</th>
<th>Surname</th>
<th>Name</th>
<th>ID number</th>
<th>Project type</th>
<th>Site number per sales agreement</th>
<th>Site number per HSS</th>
<th>Site number agreed to sale agreement</th>
<th>Subsidy value agreed to sale agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision 2002: 476</td>
<td>Donson</td>
<td>Radley Maria</td>
<td>7705130228080</td>
<td>W06100001/1</td>
<td>Erf: n/a Address: CS49</td>
<td>CS48</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dyantyi</td>
<td>James Lunga</td>
<td>8109056628083</td>
<td>Knysna Proj Vision - 2002 - Ph4 - 516 UIUP</td>
<td>Erf: 19822 Address: n/a</td>
<td>121/19830</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Femmber</td>
<td>Lukas</td>
<td>7307065174080</td>
<td>Knysna Proj Vision - 2002 - Ph4 - 516 UIUP</td>
<td>Erf: 19120 Address: MLS72</td>
<td>MLS72</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>Vision 2002: 476</td>
<td>Manuel</td>
<td>Aubrey</td>
<td>5906225268088</td>
<td>Knysna Proj Vision - 2002 - Ph4 - 516 UIUP</td>
<td>Address: B4 DSB North Erf: n/a</td>
<td>84 Dam se Bos (North)</td>
<td>×</td>
<td></td>
</tr>
<tr>
<td>Vision 2002: 476</td>
<td>Jones</td>
<td>Caroline Nucwake</td>
<td>6608170674083</td>
<td>Knysna Proj Vision - 2002 - Ph4 - 516 UIUP</td>
<td>Address: 2319 Nekkies East Erf: n/a</td>
<td>2319 Nekkies East</td>
<td>×</td>
<td></td>
</tr>
</tbody>
</table>
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REPORT ON AUDIT COMMITTEE MEETING
1 FEBRUARY 2018

At its meeting on 1 February 2018 the Knysna Municipality Audit Committee (the Committee) considered the matters itemised below. This is our Report to Council on the Committee’s concerns, views and recommendations arising out of the discussions at the meeting. A draft of this Report was drawn up after the meeting by the Chairperson of the Committee and then circulated to the members of the Committee for inputs and approval. This Report was so approved by the Committee.

After the other introductory items, relating to apologies, declarations of interest, minutes and matters arising had been attended to, the following matters of note were dealt with:

A. ITEM 6.2.1. INTERNAL AUDIT - STATUS OF WORK & EXECUTIVE SUMMARIES OF/Internal AUDIT REPORTS/Deliverables ISSUED AS AT 17 JANUARY 2018 (See the attached “APPENDIX A”)

The Internal Audit Status of Work Report deals mainly with two important audit reports concluded by the Internal Auditor since the previous meeting of the Audit Committee: i) Housing Administration FY 16 & FY 17; and ii) Performance Management System: Quarter 4 of 2016/2017. Executive summaries of these two reports are included in the Report attached hereto as APPENDIX A (the full text of these two audit reports are accessible to Councillors on request).

HOUSING ADMINISTRATION FY 16 & FT 17: (all page references in this section are to the Report in APPENDIX A below)

It is perhaps fair to say that no aspect of municipal government in Knysna, as common with many other parts of the country, is more fraught with allegations from poor communities of maladministration, unfairness and even corruption than those that relate to the responsibilities for housing that are carried out by the Municipality on behalf of the Provincial Government. It is most timely, therefore, that this audit has been carried out. Council should note that project testing was finalised and audit findings were discussed with the previous Director: Human Settlements. Internal Audit has met and discussed the audit findings with the current Director and her management team, who have committed to implementing the recommendations.

The audit highlights an Integrated Human Settlements (IHS) Department that lacks the elementary management tools, resulting from: critical skills shortages; a lack of documented guidelines, policies and standard operating procedures (SOPs) to facilitate day-to-day management of housing administrative processes; and internal controls that are essential for any organisation to function efficiently, effectively, transparently and ethically - especially one whose purpose is to serve the poorest section of the people.

The objectives of the audit, (with testing being performed on all housing projects from 1 July 2013 to 31 January 2016), were:

1. To confirm *compliance with applicable legislation and regulations* in respect of Housing Administration.
2. To assess the current *internal controls relating to housing administration processes and procedures* to identify any gaps and required areas of improvement, so that management can develop Standard Operating Procedures (SOPs) that can be
approved by Council.

3. To confirm that houses were sold to valid beneficiaries who had obtained housing subsidies.

4. To confirm that the transfers of ownership to beneficiaries were performed timely and completely.

5. To identify municipal risks and to recommend internal controls relating to the "illegal" sale of state-subsidised houses.

6. To obtain and report on the implementation status of the recommendations raised in the Housing – May 2013 Internal Audit report issued on 22 July 2013.

Objectives 1 to 5 above related to the UISP (Upgrading of Informal Settlement Projects) business process which was a focus area for the IHS (Housing) Department during the period in question.

Council should note the business process analysis in Table 1 on page 5 of the Internal Audit Report, which details the processes that were audited, through the whole housing cycle, from the identification, selection and documentation of beneficiaries, the housing subsidy process, the allocation and handover of houses, the sales agreement process, the transfer of ownership of houses and various administrative and communication issues. Also, the list in Table 2 (on the same page) of processes that were excluded from the audit should be noted.

The audit appears to us to have been well planned and executed. The recommendations are sound and should be implemented without delay.

In our opinion, the results of the audit are, to say the very least, shocking: of the 11 findings, or Management Letter Points (MLP), listed in the table on pages 8 to 10 of the Report, nine are characterised as "Critical" (control weaknesses requiring immediate attention) and two are "Significant" (control weaknesses that are regarded as serious and require management action within a short time). These MLPs are summarised below:

MLP 1 (Critical): A Housing Selection Policy was not approved by the W Cape Department of Human Settlements (DHS) nor by Council before the deadline of 30 June 2014, as required by the relevant "W Cape Provincial Policy Framework for the selection of beneficiaries in ownership based subsidy projects (August 2012)". It is appalling, in our opinion, that the Western Cape DHS has for some years been approving and transferring to the Municipality large amounts of capital for building houses without a Knysna Municipal Housing Selection Policy being presented to and approved by the Western Cape DHS as required by the Western Cape Policy Framework.

MLP 2 (Critical): Lack of policies and SOPs to facilitate the housing facilitation process. "Management were requested to present the housing related municipal policies so that they could be reviewed for compliance with applicable legislation and regulations. Management confirmed that there were no municipal policies relating to the housing administration processes" (Para 5.3, page 11). Management also confirmed that there were no SOPs
developed. It was stated by Management however that all beneficiary selections were performed in accordance with the guidance and policies available on the website of the National Department of Human Settlements.

MLP 3 (Critical): Internal Control gaps regarding the identification of beneficiaries (see para 5.3.1(b) on page 13):
- Inadequate controls regarding UISP Beneficiary lists;
- The validity of beneficiaries could not be confirmed; and
- Compliance with the "acceptable procedures for the identification of beneficiaries", as per the Terms of Reference for the UISP projects tested could not be assessed.

MLP 4 (Critical): Internal control gaps were identified regarding the application process for housing subsidies (see para 5.3.2 on page 16).

MLP 5 (Critical): Internal control gaps identified regarding the process of handing over houses to beneficiaries (see para 5.3.3 on page 17).

MLP 6 (Critical): Transfer of ownership to beneficiaries is a lengthy process and there is a high number of outstanding title transfers to be completed see paras 5.3.4 and 5.4 on page 18 and 19 respectively).

MLP 7 (Critical): Inadequate record maintenance:
- A significant number of beneficiary files were not presented for testing;
- Exceptions were found resulting from the fact that more than one beneficiary was linked to an erf number; and
- Inadequate beneficiary lists were maintained in that there were discrepancies between beneficiary lists and supporting documentation.

MLP 8 (Critical): Exceptions were identified regarding housing subsidy approvals per the Housing Subsidy Scheme.

MLP 9 (Critical): Exceptions were identified regarding Agreements of Sale.

MLP 10 (Significant): Staffing concerns regarding officials involved in the housing administration process.

MLP 11 (Significant): "Illegal" sale of state-subsidised houses.

As to the follow-up of the nine Internal Audit Findings on Housing in May 2013, all of which had been rated "Significant" (see the table on page 23) the audit revealed: Three of the previous findings were not included in the scope for this audit and all the recommendations relating to the remaining six findings were found, more than four years after being made, to be "in progress"; that is, not yet implemented. This is a clear example of a very disturbing lack of real commitment by Management to implement recommendations made in the previous audit and a lack of effective oversight by Council structures.

Apart from the interaction with senior Management during the audit itself, and the specific recommendations contained under each item of the Internal Audit Report on Housing Administration, the Internal Auditor also makes two sets of recommendations under para 8,
“Recommendations”, on page 24. We agree with all the recommendations made in the report on Housing Administration and urge that they receive priority attention and an investigation be held (see our detailed Recommendation [c] below). We are encouraged by the fact that the Internal Auditor has already, since submitting its report to the Audit Committee, had some interactions with the Director of Planning & Development and the Manager of Integrated Human Settlements to assist in making progress on implementation of the recommendations made by the Internal Auditor. Management should be given every reasonable encouragement and assistance, including additional resources, in its efforts to ensure that the IHS Department runs as it ought to.

It should be obvious that, without policies, SOPs, controls and accurate and complete records any service organisation is wide-open to the risk of maladministration, fraud and corruption. Such a situation cannot be tolerated.

**PERFORMANCE MANAGEMENT SYSTEM: 4TH QUARTER OF 2016/2017:**

The effective operation of the Municipality's performance management system (PMS) has, in our view, been handicapped over the years by a lack of real dedication by the Municipality to the concept of a proper PMS. Some of the more important reasons for making this statement are:

First: we believe that there has over the years been insufficient commitment by Council and top Management to the implementation of a proper performance management system. Insufficient financial and human resources have been allocated to allow for the cascading down of the PMS to all levels, the training of managers and other employees and the efficient administration of the PMS.

Secondly: our perception has been that some members in top Management in the past seem mostly to have regarded the PMS as a mechanism to ensure that the Senior Managers obtain performance bonuses in relation to their performance scores that were higher than warranted (or indeed permitted) by the relevant regulations, rather than as a mechanism to achieve and reward “outstanding performance” throughout the organisation. The award of such bonuses not only contravenes the relevant regulations but would also set the wrong tone for the whole organisation.

Thirdly: it has been a battle to ensure that actual performance information is accurately captured and verified for the performance reviews of the Senior Managers and that performance objectives, performance targets and actual performance claimed are properly aligned.

Fourthly: in breach of their employment contracts, some aggrieved Senior Managers (including Senior Managers who have left the Municipality), refused to sign some of their performance agreements - that comply fully with the regulations - because of a dispute that they declared with the Municipality over the scale of performance bonuses relative to their performance scores. This dispute has been escalated by them to a court action (the Municipality, certainly correctly in our opinion, having rejected these claims and having decided to defend the suit in court). The Auditor-General did raise this matter with Management during his audit engagement, but in view of the Municipality’s efforts to resolve the dispute, presumably including its steps to oppose the court action, did not this time qualify his audit opinion. His finding was: "As sufficient evidence was provided to indicate that steps were taken to try to resolve the matter it was no longer considered a material non-compliance but will remain in the management report as another matter for follow up with the next audit". As a result of the dispute, no quarterly, half-yearly or year-end performance evaluations of the Municipal Managers and Directors have taken place since September 2015. This is clearly an untenable situation, as we have reported to
Council in previous reports. Certainly, no manager can expect to obtain a performance bonus other than in the manner and on the basis prescribed by law and no responsible Council should sanction such an attitude by awarding such a bonus. We are very encouraged by the fact that the new Chief Financial Officer (CFO) and Director of Planning & Development, as well as the new Municipal Manager, have signed their fully-compliant performance agreements. This will help to set the right tone in the organisation.

Fifthly: the instability in the top Management over the past two years has understandably effectively made the PMS almost completely inoperable. However, with new permanent Directors still to be appointed in the Corporate Services and Community Services Directorates, all our top Management, including the Municipal Manager will have been in place for less than 18 months, except for the Director of Technical Services whose five-year contract expires in May this year. This provides the opportunity for the new Municipal Manager to start afresh to build a team that will spearhead the operation of an excellent PMS, thus resulting in enhanced service delivery to the Community of Knysna.

These are only some of the difficulties that have been faced in relation to achieving a well-operating and compliant PMS. However, we do not want to give the impression that there has not been any progress. There has been progress, but it has been slow. The department is very inadequately resourced. Additional human and financial resources need to be allocated and the right practical and ethical attitude towards the PMS needs to be inculcated from the top of the Municipality all the way down through the organisation (see our Recommendation [d] to Council).

The objectives of this audit review by the Internal Auditor were to:

1. Determine/assess, on a self-assessment by Management basis as well as on a walk-through procedure by Internal Audit, the implementation status, as at 4th Quarter 2016/2017 of the MLPs which had been raised by Internal Audit in its 4th Quarter 2015/2016 Report relating to: the compliance of the Municipality’s PMS and PMS Framework with applicable legislation.

2. To determine compliance of the PMS, as at 4th Quarter 2016/2017, with applicable legislation (this, of course, included the non-compliant items carried forward, as MPLs, from the previous year).

3. To assess the reliability of the performance information claimed in the Directors’ Portfolios of Evidence.

The findings were:

IMPLEMENTATION STATUS OF THE EIGHT MLPs raised as at 4th Quarter 2015/2016: three (all “Significant”) were still not implemented as at 4th Quarter 2016/2017, while two (one “Significant”, the other “Housekeeping”) were partly compliant. We deal with the “Significant” ones under the next heading, because they were again reported in the 2016/2017 year.

COMPLIANCE OF THE PMS WITH LEGISLATION: (including the MLPs): it can be seen from the tables below (extracted from page 35 of APPENDIX A below) what the compliance position was for 2016-2017 as well as the comparative compliance position for 2014-2015, 2015-2016 and 2016-2017.
The three repeated “Significant” findings were:

1. The Municipality has a contract with Knysna Tourism, which falls within the category of a service provider. On inspection of the Municipality’s Annual Reports of 2014-2015 and 2015-2016, the required reporting on the performance of Knysna Tourism (KT), now known as Knysna & Partners, as prescribed by the Municipal Systems Act and Municipal Planning and Performance Management Regulations, could not be found. The Management has assured the Internal Auditor that the necessary reporting of KT’s performance would be included in the Annual Report for 2016-2017. The lack of such reporting provides grist to the mill of critics who assert that KT is not being properly mandated and overseen by the Municipality. We have been told that the new 12-month contract, awarded to KT in July 2017, has appropriate provisions to cover such reporting for the current year.
2. Reg 13(3)(a) of the Municipal Planning & Performance Regulations was not complied with, which requires performance measurement of key performance indicators and performance targets to include measurement of various factors related to performance outputs. We understand that this requirement is very difficult to comply with because the Municipality currently lacks the systems to generate the required information. It is hoped that, when fully implemented, the municipal Standard Charter of Accounts (mSCOA) will enable the Municipality to generate the required information, as it is essential that the outputs demonstrate the effectiveness and efficiency of the inputs.

3. The legislated performance evaluations of the Municipal Managers and Directors did not take place, according to the legislated schedule, for 2014-2015, 2015-2016 or 2016-2017; nor, due largely to the factors we have dealt with above (on page 4), at all for 2015-2016 and 2016-2017.

RELIABILITY ASSESSMENT OF THE DIRECTORS’ PORTFOLIOS OF EVIDENCE

1. Performance Agreements: Only two performance agreements were presented for the audit for 4th Quarter 2016-2017, namely those of the Director: Financial Services (Mr Memani) and the Director: Planning & Development (Ms Boyce). The positions of Director: Corporate Services, Director: Community Services and Municipal Manager were vacant as at 30 June 2017. The Director: Technical Services (Mr Rhode) had not signed his performance agreement for that year, because of the dispute referred to above.

2. Ignite Performance Report and Performance Evaluation Forms: Performance Evaluation Forms could not be presented for audit purposes as no evaluations took place. The actual performance reported in the Ignite Performance Reports that were generated from the Ignite Reporting System was inspected by Internal Audit and compared with the supporting documentation presented by the Directors or Acting Directors, as the Internal Auditor was conducting (i) a reconciliation of the alignment between the Key Performance Indicators (KPIs) in the performance agreements/draft performance agreements, the Ignite Performance Reports and the Performance Evaluation Forms; and (ii) a reliability assessment of the supporting information presented relative to the KPIs.

3. Reconciliation between KPIs in Performance Agreements, Ignite Performance Report and Performance Evaluation Forms: In the absence of performance evaluations, the only linkages that could be reconciled were those between the KPIs, as incorporated in the performance agreements/draft performance agreements, and the Ignite Reporting System. Of the 61 KPIs, 34 were linked to the Ignite system. KPIs were directly linked to the Ignite system and 27 related to “Effective management and supervision of a directorate/department” KPIs which include a combination of various Top Layer and/or Departmental KPIs. Management was concerned that the cost of accommodating this in the Ignite system may outweigh the benefits. This, we believe, should be looked at when the restructuring and funding we recommend in Recommendation [d] below are considered.

4. Reliability (validity and accuracy) of supporting documentation presented, relative to KPIs: The assessment reveals that, out of the 61 KPIs, there were 16 exceptions (26% error rate) for validity and 49 (80% error rate) for accuracy. The error rates (especially relating to the accuracy assessment) raise a concern and management should ensure that valid supporting documentation, which confirms the accuracy and completeness of the reported performance, is submitted on the Ignite
Reporting System.

B. ITEM 6.3.1. REPORT ON AUDIT COMMITTEE & INTERNAL AUDIT ANNUAL PERFORMANCE REVIEW 1 NOV 2016 TO 31 OCT 2017:

The Committee considered and approved the Minutes of the meeting held on 23 November 2017 to conduct the performance reviews of the Audit Committee and the Internal Audit Unit for the 12-month period. Also approved were the accompanying documents relating thereto: namely APPENDICES B to F. These documents are being submitted to Council as a separate item, for noting and consideration.

C. ITEM 6.4.1. MID-YEAR COMPLIANCE REPORT: JULY TO DECEMBER 2017

This report was based on an electronic template developed by the Chief Audit Executive (CAE) to assist in tracking compliance by the Municipality with various legislative deadlines. This covers departments/Directorates which have requested inclusion in the template. The report was noted.

D. ITEM 6.4.2. UPDATED RISK MANAGEMENT REPORT: FIRST QUARTER 2017-2018 (FLEET MANAGEMENT):

At the request of the Finance and Governance Committee, the Audit Committee considered and agreed that fleet management should be included in the Municipality's Risk Register, but that before an audit plan for fleet management based on the risk register could be carried out Council would first have to change the Organogram to make provision for an official who would be responsible for the fleet management function. It was resolved to recommend that Council urgently make such provision as well as an appointment to the new position. A fleet management risk-based audit plan could then be considered for inclusion in the 2018/19 internal Audit plan when the plan is presented for approval to the Audit Committee.

E. ITEM 6.5. IT MATTERS:

The draft IT Steering Committee meeting minutes for 30 September 2017 were noted.


The draft Audit Committee Audit Report containing its response to the matters raised by the Auditor-General in his Audit Report for 2016-2017 and on the financial position of the Municipality as at 30 June 2017 was tabled, discussed and amended and the amended version approved. The Audit Committee’s Audit Report will serve as a separate Item before Council.

In drawing up and approving its Report, the Committee had reference not only to the Auditor-General's Audit Report, but also to his voluminous Final Management Report for the year ended 30 June 2017, which underlies his Audit Report and goes into much more detail about his findings, the likely implications for next year's audit and matters that we feel are important enough to draw to Council's attention. We draw Council's attention to the fact that here are only 4 months left to action the audit points and that failure to
do so in certain areas could well lead to a qualified AG audit report. Certainly, the more serious matters should be identified and attended to without delay.

We refer extensively in our Report to the Management Report, which was part of the agenda for our meeting. In view of the Management Report's length (150 pages), we attached to our Audit Report an extract from para 106 of the Management Report (as ATTACHMENT A) called "2017 AG AUDIT OUTCOMES" and, (as ATTACHMENT B), the full "Report of the Auditor-General to the Western Cape Parliament and the Council on the Knysna Municipality".

ITEM 8. GENERAL MATTERS:

Other matters were left over to the next Committee meeting which is due on 8 March 2018.

G. RECOMMENDATIONS:

[a] That the Audit Committee Report on its meeting of 1 February 2018 be noted;

[b] That the recommendations contained in the Internal Auditor's Report on Housing Administration FY17, issued on 23 February 2018, be implemented without delay and that regular reports on the implementation status be presented to Council;

[c] That an investigation be instituted, and the outcome reported to Council, to ascertain:

(i) How it came about that the Municipality's Department of IHS applied for approval of housing projects and received and spent large amounts of capital on such projects without the Municipality having adopted a Housing Selection Policy, as required by the Western Cape Government's Policy Framework, and without there being any other approved municipal policies in place relating to the housing administration processes;

(ii) In conjunction with the Western Cape Department of Human Settlements (DHS), how it came about that the Western Cape DHS approved Knysna housing projects and transferred to the Knysna Municipality large amounts of capital in respect of these projects without, as required by the Western Cape Policy Framework, first receiving from the Municipality and itself approving a Housing Selection Policy and there also not being any other Knysna Municipality policies to facilitate the housing processes;

(iii) Whether any person on the staff of the Municipality should be subjected to disciplinary action by the Municipality for the state of affairs in the Municipality's Department of Integrated Human Settlements (IHS) as revealed by the Internal Audit Report referred to in [b] above; and

(iv) What further action, if any, should be taken by the Municipality arising out of the Internal Audit Report on Housing Administration in the light of legislation governing municipal government and the need to implement consequence management.

[d] That Management urgently present to Council a restructuring plan, for approval by Council and inclusion in the Municipality's organogram with sufficient funding being provided for in the forthcoming budget, for a properly-capacitated performance management department with the aim of achieving, by 30 June 2021, a fully operational Performance Management System that has been progressively cascaded down to the lowest levels of the Municipality; and that the recommendations contained in the Internal Auditor's Report on Performance Management System: Quarter 4 of 2016/2017, issued on 11 December 2017, be implemented as soon as practically possible in the interim; and

[e] That, in view of the risk of abuse of the Municipality's vehicle fleet resulting from the fact that there is currently no provision in the Municipality's organogram for a manager to
supervise the fleet, Council urgently make provision in the Municipality’s organogram for the position of fleet manager; and that as soon as possible thereafter Management appoint a suitably qualified person to the position.

[f] That, in view of the many matters and recommendations raised by the Audit Committee in this Report and its Audit Report for 2016-2017, as well as by the Auditor-General in his 2016-2017 Audit Report, that for timeous implementation will include a restructuring of the Municipality’s Organogram and sufficient funding to be allocated in the Municipality’s 2018-2019 Budget and MTREF, Management urgently draw up and present to Council appropriate proposals in this regard.

R A BARRELL (CHAIRPERSON)
M F HENNESSY
E T PRINS
J G ROUX
R J THORPE
25 FEBRUARY 2018

ATTACHMENTS:

APPENDIX A: INTERNAL AUDIT- STATUS OF WORK & EXECUTIVE SUMMARIES OF REPORTS/DELIVERABLES ISSUED AS AT 17/01/2018

APPENDIX B: AG’S HANDBOOK ON ACCOUNTABILITY
INTRODUCTION OF A DRAFT ZONING SCHEME BYLAW FOR KNYSNA MUNICIPALITY

REPORT FROM THE DIRECTOR: PLANNING AND DEVELOPMENT

PURPOSE OF THE REPORT

The purpose of this report is to request the introduction of a draft Zoning Scheme Bylaw for Knysna Municipality to Council for consideration in terms of Sections 12 of the Local Government: Municipal Systems Act, (Act No. 32 of 2000), as well as Rule 44 of Council's Rules of Order.

BACKGROUND

The Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2014) [SPLUMA], stipulates in Section 24(1) that a municipality must adopt a single zoning scheme for its entire municipal area within 5 years from the commencement of said Act. Municipalities thus have until 30 June 2020 to adopt such zoning scheme. Currently the Knysna Municipal area is covered by the following different zoning schemes:

1. Knysna Zoning Scheme Regulations (1992);
2. Sedgefield Zoning Scheme Regulations (1980);
3. Noetzie Zoning Scheme Regulations (2000); and
4. Section 8 Zoning Scheme Regulations (1988). Notwithstanding the requirement of SPLUMA, these different zoning schemes are also outdated and have not kept track with the changing development context of the area. As a consequence, these zoning schemes complicate development management. Consequently, it is necessary to consolidate the different zoning schemes into a single integrated zoning scheme, as well as to modernise the zoning scheme into an innovative tool which is more suited for managing the challenges of land use management and development.

DISCUSSION

PROPOSED STANDARD DRAFT ZONING SCHEME In order to assist municipalities, the Western Cape Provincial Government (WCPG) has embarked on a process to develop a Proposed Standard Draft Zoning Scheme By-law (SDZSB), in terms of Section 14 of the System’s Act. A copy of the Standard Draft Zoning Scheme By-law (SDZSB) is included as Annexure "A”. During this process many professionals from across the Provincial, Local Government and private sector spheres have participated to develop such model SDZSB, which was also fully vetted by a legal team of the Western Cape Provincial Government (WCPG). The SDZSB was also publicised for comment. Municipalities in the Western Cape have three options to adopt an integrated zoning scheme:

1. Draft their own unique Integrated Zoning Scheme By-law;
2. To use the Proposed Draft SZSB as a basis and make any amendments and additions to this scheme to suit any specific needs that the municipality may have;
3. To adopt and implement the SZSB without any amendments. Initially, Knysna Municipality embark on a process of preparing its own unique Integrated Zoning Scheme. However, after more consideration and some initial consultative inputs, it was concluded that the best option would be to use the Proposed Draft SZSB as a basis for the development of the by-law and
to make any amendments and additions to this scheme to suite any specific needs that Knysna Municipality may have. A series of workshops were held with the Town Planners from Western Cape Provincial Government (WCPG) as well as Bitou Municipality to ensure that the said zoning scheme is applicable to prevailing local circumstances and needs of Knysna Municipality. A consultation session was also held with key civil society stakeholders (e.g. Architectural Forum, etc.) for their inputs. The main objectives of the Draft Knysna Zoning Scheme By-law are the following:

- To incorporate the existing zoning schemes applicable in a municipal area into a single Integrated Zoning Scheme
- To make provision for the present day challenges of land use management in terms of new and modern land use functions
- To devise modern mechanisms to facilitate and fast track desirable development outcomes
- To give recognition to the diversity of communities and areas and its corresponding needs and to make provision to accommodate these scenarios. A brief overview of the zoning provisions of the Draft Knysna Zoning Scheme By-law are as follows: (a) A variety of single residential zonings which caters for:
  - variable development parameters in accordance with erf sizes which will allow smaller erven to have more relaxed building lines and other restrictions in order to develop the full potential of such properties;
  - different sets of user rights and potential consent rights in accordance with the different needs of communities; (b) A variety of General Residential Zones with varying bulk and height factors for different density zones according to locality considerations. (c) Business Zones with different objectives in accordance with locality considerations and its functional role. (d) A variety of Industrial, Community, Conservation and Agricultural Zones to match the needs of a modern society. (e) And lastly, the Standard Draft Zoning Scheme By-law includes the provision of Overlay Zones which provides a mechanism with which the Municipality can proactively facilitate development. Whilst the development of this Draft Knysna Zoning Scheme By-law benefited to a great extent from such collective effort, it also carries the advantage that there are many municipalities who have already indicated that they will adopt the Standard Draft Zoning Scheme By-law. It is, consequently, proposed that the Knysna Municipality adopts the Draft Knysna Zoning Scheme By-law for the following considerations and reasons:
  - The savings in cost and time to adopt the Draft Knysna Integrated Zoning Scheme By-law;
  - The Draft Knysna Zoning Scheme By-law has gone through a process of wide consultation during which many planning professionals from the WCPG, municipalities and consultants have contributed towards the SZSB, and also includes the legal vetting of the product by the PGWC legal team.
  - Consultants and developers serving the planning profession will be more readily acquainted with a Standardised Zoning Scheme which will be in force at a number of municipalities, and the adoption of such SZSB may contribute in improving effective and efficient service delivery to all stakeholders.
  - The municipality will benefit from any future amendments or additions to the Standard Zoning Scheme which the Western Cape Provincial Government (WCPG) will undertake to improve said scheme.
  - The municipality will also benefit from any legal clarity obtained from opinions and legal precedent based on the Draft (Knysna) Integrated Zoning Scheme By-law which any of the participating municipalities may solicit.

**FINANCIAL IMPLICATIONS**

The advertising and publication costs associated with the introduction and approval of the bylaw by Council has been budgeted for. It is anticipated that a service provider will have to
be appointed during the 2018/2019 Financial Year to assist with the finalization of the map, register and conversion table.

RELEVANT LEGISLATION

1. Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2014);
2. Local Government: Municipal Systems Act, (Act No. 32 of 2000);

UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

[a] That the contents of the report be noted;


[d] That in terms of section 12(3)(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the proposed Draft Knysna Integrated Zoning Scheme By-law be published for public inputs; and

[e] That in terms of section 12(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the proposed Knysna Integrated Zoning Scheme By-law be submitted to Council for consideration for adoption after public inputs have been received.

APPENDIX / ADDENDUM

Annexure A Proposed Knysna Draft Zoning Scheme Bylaw

File Number: 9/1/2/9
Execution: VONYAN
GEZETTE NOTICE

KNYSNA DRAFT ZONING SCHEME BY-LAW

P. N. xxx./2018

(insert date 2018)


SCHEDULE

KNYSNA DRAFT ZONING SCHEME BY-LAW

To regulate and control municipal zoning.

ARRANGEMENT OF SECTIONS AND SCHEDULES

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ZONING TRANSITION TABLE
CHAPTER 1
INTERPRETATION

Definitions

1. In this By-law, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Western Cape Land Use Planning Act, 2014 (Act 3 of 2014) has the meaning assigned to it in that Act and——

“ancillary” means a land use, purpose, building, structure or activity which is directly related to, and subservient to, the lawful dominant use of the property;

“antenna” means any system of wires, poles, rods, reflective surfaces or similar devices, used to transmit or receive electronic communication signals or electro-magnetic waves;

“applicant” means a person who makes application in terms of the Planning By-law;

“atrium” means a covered courtyard that—
(a) comprises a void within a building that extends for one or more floors in height that contains a floor and roof or ceiling; and
(b) does not contain floors that penetrate into the void;

“balcony” means a floor projecting outside a building at a level higher than that of the ground floor, enclosed only by low walls or railings or by containing walls of rooms abutting the projecting floor, and may include a roof over the projecting floor and pillars supporting the roof;

“base zone” means the zone that determines the lawful land use and development parameters for a land unit in terms of this zoning scheme, before the application of any overlay zone;

“basement” means that part of a building of which the finished floor level is at least two metres below, and the ceiling not more than one metre above, a height halfway between the highest and lowest natural ground level immediately contiguous to the building;

“boundary” in relation to a land unit means one or more of the cadastral lines separating the land unit from another land unit or from a road reserve;

“boundary wall” means any wall, fence or enclosing structure erected on or directly next to a cadastral property boundary, and any other structure, including entrance gates and doors, security devices, such as spikes, barbed wire, razor wire or electric fences, affixed to or on top of a boundary wall;

“braai room” means a room that is part of the outbuildings and that is used primarily for entertainment purposes and where food and drinks may be prepared, but excludes a kitchen;

“building” without in any way limiting its ordinary meaning, includes—
(a) a roofed structure;
(b) an external stair, step or landing of a building and a gallery, canopy, balcony, stoep, verandah, terrace, porch or similar feature of a building;
(c) a wall or railing enclosing any feature referred to in paragraph (b);
(d) any other portion of a building; and
(e) a retaining wall or infilling higher than 0,5 metres;

“building line” means an imaginary line on a land unit, which defines a distance from a specified boundary, within which the erection of buildings or structures are completely or partially prohibited;
“cadastral line” means a line representing the official boundary of a land unit as recorded on a diagram or general plan approved by the Surveyor-General and registered in the Deeds Office;

“canopy” means a cantilevered or suspended roof, slab or covering projecting from the wall of a building, excluding the floor of a balcony;

“CapeNature” means the Western Cape Nature Conservation Board established in terms of the Western Cape Nature Conservation Board Act, 1998 (Act 15 of 1998);

“caravan” means a vehicle that has been equipped or converted for living and sleeping purposes and that can readily be moved;

“carport” means a structure for the storage of one or more vehicles that is covered by a roof, provided that not more than two sides may be permanently enclosed;

“carriageway crossing”, in relation to a motor vehicle carriageway crossing, means an entrance or exit way, or a combined entrance and exit way, from a land unit to a road;

“commercial”, in relation to a use right, means a use right for the express purpose of making a profit with no or limited social or charitable objectives;

“common boundary”, in relation to a property, means a boundary common with the adjoining property other than a street boundary;

“Compound” in relation to the property means…

“Council” means the municipal council of the Municipality;

“Coverage” means the total percentage area of a site that may be covered by buildings that are covered by a roof or projection, as measured over the exterior walls thereof; provided that the area covered by the first metre (as measured from the outside of the exterior wall concerned) of an eave or other projection shall not be included in the calculation of the permissible coverage

“deemed zoning” means the zoning of a land unit which the Municipality deems it to have in circumstances where no formal zoning determination or rezoning was previously done;

“dominant use” means the predominant or major lawful use of a property, and may consist of primary uses, consent uses or other lawful uses permitted on the property;

“dwelling unit” means a self-contained, inter-leading group of rooms or a compound building configuration designed in accordance with a particular style approved by the Municipality—

(a) with not more than one kitchen, used for the living accommodation and housing of one family, together with such outbuildings as are ordinarily used with a dwelling unit; and

(b) does not include tourist accommodation or accommodation used as part of a hotel;

“eave” means a portion of a roof projecting beyond the face of a building, including any gutters;

“earth bank” means land that is shaped to hold back earth or loose rock;

“ecosystem” means a self-sustaining and self-regulating community of organisms and the interaction between the organisms with one another and with their environment;

“electronic or mechanical playing devices” means any electronic or mechanical or similar devices which are designed or used for the purpose of playing any game or for recreational or amusement
purposes or where the operator or player is entitled to a limited pay out as determined by law and the operation involves the payment of consideration by insertion of a coin, token coin, disc or another manner of payment;

“encroachment agreement” means an agreement between an owner and the Municipality relating to the projection of portions of a building or structure from the owner’s property onto or over the Municipality’s property;

“entrance steps and landings” means steps and landings to a building, including any low walls and railings, if the steps and landings are not within the main containing walls of the building;

“environmental management plan” means a plan that documents the management of site preparation, construction or operations affecting an environmental resource or an environmentally significant place, its environmental values or management requirements, or both;

“erection” in relation to a building or structure includes—
(a) the construction of a new building or structure;
(b) the alteration or conversion of, or addition to, a building or structure; and
(c) the re-construction of a building or structure which has completely or partially been demolished;

“family” means—
(a) one or more individuals occupying a dwelling who are related through marriage or common law, blood relationship, legal adoption, or legal guardianship and no more than 3 unrelated people; or
(b) a group of not more than 5 unrelated persons, including domestic workers or boarders;

“floor” means the inner, lower surface of a room, garage or basement, and includes a terrace or atrium to which the occupants of a building have access;

“floor factor” means the factor, expressed as a proportion of 1, which is prescribed for the calculation of the maximum floor space of a building or buildings permissible on a land unit; being the maximum floor space as a proportion of the net erf area;

“floor space”, in relation to any building, means the area of a floor which is covered by a slab, roof or projection; provided that—
(a) any area, including a basement, which is reserved solely for parking or loading of vehicles is excluded;
(b) external entrance steps and landings, a canopy, a stoep and an area required for external fire escapes are excluded;
(c) a projection, including a projection of eaves, and a projection which acts as a sunscreen or an architectural feature, which projection does not exceed 1 metre beyond the exterior wall or similar support, is excluded;
(d) any uncovered internal courtyard, light well or other uncovered shaft which has an area in excess of 10 m² is excluded;
(e) any covered paved area outside and immediately adjoining a building at or below the ground floor level, where such paved area is part of a forecourt, yard, external courtyard, pedestrian walkway, parking area or vehicular access, and which is permanently open to the elements on at least the front or long side, is excluded;
(f) any covered balcony, verandah or terrace which, apart from protective railings, is permanently open to the elements on at least the front or long side, and which does not exceed 2.5 metres in width, is excluded;
(g) subject to paragraph (h), any stairs, stairwells and atriums that are covered by a roof are included;
in the case of multi-level buildings, any stairwells, lift wells, light wells or other wells, and any atrium, are only counted once; and provided further that—

(i) floor space is measured from the outer face of the exterior walls or similar supports of the multi-level building; and

(ii) the total floor space is the sum of the floor space of all the levels of the multi-level building, including that of any basement;

“garage” means a building for the storage of one or more motor vehicles, and includes a carport but does not include a motor repair garage or service station;

“GLA” means gross leasable area being the total floor space designed for, or capable of, occupancy or control by tenants, measured from the centre line of the joint partitions to the inside finished surface of the outside walls, but excludes public toilets, internal walkways, lift shafts, service ducts, interior parking and loading bays;

“greenhouse” means a structure with the sides primarily made of a transparent material such as glass, perspex or plastic for the purpose of growing of plants or hastening growth of plants under controlled environmental conditions;

“gross density” means a measure of the number of dwelling units in a specified area, and is calculated as follows:

\[
\text{Gross dwelling density} = \frac{\text{Total number of dwelling units in a specified area}}{\text{Extent of specified area in hectares}}
\]

“group housing site” means one or more land units on which a group housing scheme or retirement resort may be erected;

“hazardous substance” has the same meaning as “grouped hazardous substance” as defined in section 1 of the Hazardous Substances Act, 1973 (Act 15 of 1973);

“Height” of a building means a vertical dimension from natural ground level at any point within the footprint of the building to the highest point of the building immediately above it measured in metres or millimetres; provided that chimneys, flues, masts, solar water heating devices and antennae shall be taken into account for the purpose of height control;

“kitchen” means a room or part of a room equipped for preparing and cooking meals and excludes a braai room, food and drink preparation area or bar facilities in an entertainment area;

“Land Use Planning Act” means the Western Cape Land Use Planning Act, 2014 (Act 3 of 2014);

“landscaping” means the placement of plants, contoured features, water features, paving, street furniture and other soft and hard elements for the purposes of enhancing the aesthetic appeal, environmental management, amenity and value of a property;

“loading bay” means an area which is clearly demarcated for the loading and off-loading of goods from commercial vehicles, and which has vehicular access to a public street to the satisfaction of the Municipality;

“lodger” means a person who utilises lodging services;

“lodging” means the provision of bedroom accommodation or, in the case of a backpackers’ lodge, bed accommodation that is made available on payment of a charge or fee, and includes the services ordinarily related to such accommodation;

“maximum floor space” means the greatest total floor space that is allowed for a building or buildings on a land unit, and is calculated by multiplying the floor factor by the area of the land unit
or that portion of the land unit that is situated within a particular zone; provided that, where the land unit is situated within two or more zones to which different floor factors apply, the maximum floor space for the whole land unit is the total of the maximum floor space for each zoned portion of the land unit;

“mineral” means a substance, whether in solid, liquid or gaseous form, occurring naturally in or on the earth or under water and which was formed by or subjected to a geological process, and includes sand, stone, rock, gravel, clay, soil and any material occurring in residue stockpiles or in residue deposits, but excludes—
(a) water, other than water taken from land or sea for the extraction of any mineral from such water;
(b) petroleum; and
(c) peat;

“motor vehicle” means a wheeled vehicle designed or used for propulsion by means of an internal combustion or electrical engine, and includes a motor cycle, trailer or caravan, but excludes a vehicle moving exclusively on rails;

“Municipality” means the Municipality of (insert name) established by Establishment Notice No. (insert number) of (insert date) issued in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and where the context so requires, includes—
(a) the Council;
(b) another political structure or a political office bearer of the Municipality, authorised or delegated to perform a function or exercise a power in terms of this By-law;
(c) the Tribunal, authorised or delegated to perform a function or exercise a power in terms of this By-law;
(d) the Municipal Manager; and
(e) any employee of the Municipality acting in terms of delegated or sub-delegated authority of the Municipality;

Note: The Municipality must insert its name and other details as indicated.

“National Building Regulations” means the National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977);

“National Environmental Management Act” means the National Environmental Management Act, 1998 (Act 107 of 1998);

“natural ground level” means—
(a) the level of the land in its unmodified state; or
(b) when altered with the municipality’s approval for the purpose of development, the municipality may approve such altered ground level as the natural ground level, subject to Section 39;

“noise level” means a reading on an integrated impulse sound level meter taken in accordance with accepted scientific principles as described in GN 579 of July 2010: Model Air Quality Management By-law to be adopted or adapted as a by-law by municipalities in terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

“non-conforming use” means an existing land use that was lawful in terms of previous zoning regulations but that does not comply with this zoning scheme;
“occupant” means any person who occupies a land unit;

“occupational health and safety law” means the Occupational Health and Safety Act, 1993 (Act 85 of 1993), or municipal by-laws governing occupational health and safety, whichever is applicable;

“outbuilding” means a structure, whether attached or separate from the main building that is normally ancillary and subservient to the main building on a land unit, and includes a building designed to be used for the garaging of motor vehicles, and any other normal activities in so far as these are usually and reasonably required in the connection with the main building, but does not include a second dwelling;

“outdoor advertising” means the act or process of notifying, warning, informing, making known or any other act of transferring information in a visible manner and that takes place out of doors;

“overlay zone” means a category of zoning that applies to land or land unit in addition to the base zoning and that—
(a) stipulates development parameters or use rights that may be more or less restrictive; and
(b) may include provisions and development parameters relating to—
   (i) primary or consent uses;
   (ii) subdivision and sub pivotal areas;
   (iii) development incentives;
   (iv) density limitations;
   (v) urban form or urban renewal;
   (vi) heritage and environmental protection;
   (vii) management of the urban edge;
   (viii) scenic drives; coastline setbacks;
   (ix) any other purpose as set out in this zoning scheme;

“package of plans” means the hierarchy of plans specified in terms of this By-law;

“parapet” means a low projection, wall or moulding that finishes the uppermost edge of a building with a flat or low pitched roof;

“parking bay” means an area measuring not less than 5 metres x 2,5 metres for perpendicular or angled parking and 6 metres x 2,5 metres for parallel parking that is clearly identified and demarcated for the parking of one motor vehicle and may be provided in the form of a garage or carport that is accessible for easy and safe vehicle movement;

“pergola” means any unroofed horizontal or approximately horizontal grille or framework and associated vertical support structure and of which the area in the horizontal projection of its solid portions does not exceed 25% of the total area thereof;

“Planning By-law” Knysna Municipality By-law on Municipal Land Use Planning. adopted by the Municipality on 12 February 2016;

“plaza” means an urban open space or square, primarily designed for outdoor use by pedestrians;

“policy plan” means a policy adopted by the Municipality, structure plan, spatial development framework or other policy plan approved in terms of planning law;
“porch” means a roof (not being the floor of a balcony) projecting from the outside of a building above a doorway, and forming a covered entrance to the building, and includes any paved area underneath the roof, and any low walls or railings enclosing that paved area, and any pillars supporting the roof;

“porte cochères” means a covered entrance large enough for vehicles to pass through, typically opening into a courtyard or a porch where vehicles stop for passengers to get out of the vehicle;

“precinct plan” means a plan, approved by the Municipality, as envisaged in this By-law as a component of a package of plans; Look at supplementary definitions.

“previous zoning regulations” means a zoning scheme or town planning scheme referred to in section 33(1) or (2) of the Land Use Planning Act;

“primary use” in relation to property means any land use specified in this By-law as a primary use, being a use that is permitted within a zoning without the need to obtain the Municipality’s approval;

“property” means land together with any improvements or buildings on the land;

“provincial road” means a road that is under the jurisdiction of the provincial roads authority;

“protected area” means a protected area as defined in section 1 of the National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003);

“pub” means an establishment for the sale of predominantly alcoholic beverages, and sometimes also food, to be consumed on the premises and is also known as a tavern or bar;

“public authority” means a state department, local government or other organ of state;

“public nuisance” means any act, omission or condition that is offensive in the opinion of the Municipality, injurious or dangerous to health, materially interferes with the ordinary comfort, convenience, peace or quiet of the public, or that adversely affects the safety of the public, having regard to the reasonableness of the activities in question in the area concerned, and the impacts that result from these activities;

“refuse room” means a defined screened refuse receptacle from where refuse is collected, usually on a weekly basis;

“registered land surveyor” means a professional land surveyor, registered in terms of the Geomatics Profession Act, 2013 (Act 19 of 2013);

“retaining structure” means a wall or structure constructed to hold back earth or loose rock;

“road” includes a public street or a private road;

“road reserve” means the designated area of land that contains a public street or private road (including the road and associated verge) and that may be defined by cadastral boundaries;

“satellite dish antenna” means apparatus fixed to a structure or mounted permanently on the ground and that is capable of receiving or transmitting communications from a satellite;
“scenic drive” means a public street designated as a scenic drive by the Municipality in recognition of the high visual amenity alongside that public street, including background vistas of a mountain, open country, a coastline or a town;

“service yard” means a defined screened area providing utility services including washing line facilities for, amongst others, general residential developments;

“shipping or transport container” means a large, weatherproof container used for the transport of goods by sea, rail or road and that is usually stored in the open when not in use;

“sign” means any sign, sign-writing, mural, graphic design, signboard, screen, blind, boarding or other device by means of which an advertisement or notice is physically displayed, and includes any advertisement, object, structure or device that is in itself an advertisement or is used to display an advertisement; Define more clearly as per signage by-law

“site development plan” means a dimensioned plan drawn to scale that indicates details of the proposed land development, including the site layout, positioning of buildings and structures, property access, building designs and landscaping;

“spatial development framework” refers to a provincial spatial development framework, a provincial regional spatial development framework, or a municipal spatial development framework or municipal local spatial development framework;

“stoep” means an uncovered paved area or projecting floor outside and immediately adjoining a building, at or below the level of the ground floor of the building, and includes any low walls or railings enclosing the paved areas or floors;

“storey” means that portion of a building between the surface of any floor and the surface of the next floor above; or, if there is no floor above the ceiling, then up to the ceiling; provided that, unless the contrary appears clearly from the provisions of this By-law—

(a) a basement does not constitute a storey;

(b) a roof, or dome forming part of a roof, does not constitute a separate storey unless the space within the roof or dome is designed for, or used for, human occupation or other living or entertainment purposes, in which case it is deemed to be a storey;

(c) the utilisation of an open roof area does not constitute a separate storey; however, should any means of coverage or fixtures such as a Jacuzzi, swimming pool or built-in braai be added to the roof of a building in a single residential zone, the area is regarded as an additional storey;

(d) any storey greater than 4 metres, measured from the finished floor level to the finished floor level of the storey above, or to the ceiling in the case of a top storey, but equal to or less than 6 metres in height is, for the purpose of the height measurement, regarded as two storeys, and every additional 4 metres in height or portion thereof, is regarded as an additional storey; and

(e) in counting the number of storeys of a building, the ground floor is the first storey and the next floor above is the second storey;

“storm water” means water resulting from natural processes, the precipitation or accumulation of the water, and includes groundwater and spring water ordinarily conveyed by the storm water system, as well as sea water within estuaries, but excludes water in a drinking-water or waste-water reticulation system;

“storm water system” means constructed and natural facilities, including pipes, culverts and water courses, used or required for the management, collection, conveyance, temporary storage, control, monitoring, treatment, use or disposal of storm water;

“street boundary” means the boundary between a land unit and a public street or private road;
“street centreline setback” means the line delimiting the area measured from the centre line of a particular public street, within which no building or other structure, including a boundary fence, may be erected;

“structure” without in any way limiting its ordinary meaning, includes any building, shelter, wall, fence, pillar, tower, pergola, steps, landing, terrace, sign, ornamental architectural feature, swimming pool, fuel pump or underground tank, any building ancillary to service infrastructure provision, and any portion of a structure;

“terrace” means an area to which occupants of a building have access, created on a flat roof over a portion of the building, resulting from the setting back of part of the building above that portion;

“top of the roof”, for the purpose of height control, means the top of the roof ridge in the case of a pitched roof, or the top of the parapet where the parapet extends above the roof;

“total floor space” of a building means the sum of the floor space of all the levels of a particular building, including basements;

“urban edge” means a demarcated line that may follow cadastral boundaries and that is designated as an urban edge in terms of an approved policy or plan;

“used” in addition to its ordinary meaning, includes “designated or intended to be used”;

“verandah” means a covered area (not being an area that is part of a yard or parking area) or projecting floor outside and immediately adjoining a building at or below the level of the ground floor of the building, and includes both the covered area or floor and the roof or other feature covering it, as well as any low walls or railings enclosing the covered area or floor;

“wall plate” means the lowest point of a longitudinal member, bar, rafter, beam, truss, bracket, pillar, post, structure or any other similar device that supports a roof, as determined by the Municipality;

“youth hostel” means a place providing affordable accommodation, aimed mainly at young tourists;

“zoning” includes base zoning and overlay zoning;

“zoning scheme of the Municipality” means a land use scheme as defined in section 1 of the Spatial Planning and Land Use Management Act and includes the components referred to in section 4.
CHAPTER 2
ZONING SCHEME, USE ZONES AND USES

Application of zoning scheme

2. The zoning scheme applies to the entire municipal area.

Purpose of zoning scheme

3. The purpose of the zoning scheme is to—
   (a) give effect to the municipal spatial development framework;
   (b) make provision for orderly development and the welfare of the community; and
   (c) determine use rights and development parameters, with due consideration of the principles
       referred to in the Land Use Planning Act.

Components of zoning scheme

4. The zoning scheme consists of the following components:
   (a) this By-law;
   (b) the zoning scheme map; and
   (c) the register.

Use zones

5.(1) The municipal area is divided into the use zones referred to in column 1 of the table set out in Schedule 1.

(2) The purpose of each use zone is set out in column 1 of the table set out in Schedule 1.

(3) The description of the primary and consent uses applicable to each use zone is set out in Schedule 2.

(4) The location, boundaries and extent of each use zone is depicted on the zoning scheme map.

(5) The primary and consent uses applicable to each use zone are subject to the development parameters
    specified for the land use applicable to each use zone as set out in Schedule 2.

Zoning scheme map

6.(1) The zoning scheme map depicts—
   (a) the zoning of land in accordance with the use zone in which the land is located; and
   (b) overlay zones, if applicable to the land.

(2) The official version of the zoning scheme map must be kept on file at the Municipality and is
    available for inspection during normal office hours.

(3) The official version of the zoning scheme map as approved together with this By-law must be
    certified by the Municipal Manager.

(4) The official version of the zoning scheme map depicts the status of the current zoning classification
    of land in the Municipality and may only be amended as provided for in this By-law and the
    Planning By-law.

(5) The official version of the zoning scheme map is incorporated in and made part of this By-law and
    publication of this By-law in the Provincial Gazette constitutes notice of the approval of the zoning
    scheme map.
The Municipality must update the zoning scheme map within a reasonable time after use rights have been granted or have lapsed.

The Municipality may keep the zoning scheme map in an electronic format.

The Municipality may provide an extract of the zoning scheme map to members of the public on payment of a fee determined by the Municipality in terms of the Municipality's tariff policy.

**Transition to new use zones and savings (What is savings?)**

7. (1) Upon the date of commencement of this By-law, land that is zoned in terms of the previous zoning regulations is translated or reclassified to one of the use zones referred to in section 5.

(2) Table (insert reference to table no.) in Schedule 4, Zoning Transition Table, summarises the translation or reclassification of the use zones used in the previous zoning regulations to the use zones used in this By-law.

(3) Despite the translation or reclassification of the use zones used in the previous zoning regulations to the use zones used in this By-law—

   (a) any condition of approval or validity period that is applicable to a land unit in terms of the previous zoning regulations immediately before the coming into effect of this By-law, remain applicable and is incorporated into this By-law in so far as it determines development parameters or restrictions that are different from the development parameters or restrictions applicable in terms of this By-law;

   (b) the Municipality must record any development condition referred to in paragraph (a) in the register together with any applicable validity period applicable to the zoning in terms of the previous zoning regulations;

   (c) a zoning that has been exercised prior to coming into effect of this By-law, cannot lapse, and is translated or reclassified as determined in this By-law;

   (d) When an approval has been exercised, a land unit is regarded as having been allocated a corresponding zoning in this By-law as determined by the Municipality if—

      (i) a rezoning application or substitution scheme was approved, but not yet exercised, before the commencement of this By-Law; or

      (ii) a rezoning application or substitution scheme (What is a substitution scheme?) is approved after the commencement of this By-Law in accordance with the provisions of a previous zoning scheme (as contemplated in section 78(2) of LUPA).

   (e) a zoning approved in terms of the previous zoning regulations that has not been exercised immediately before the coming into effect of this By-law, lapses after the expiry of the validity period applicable to that zoning in terms of the previous zoning regulations and is translated or reclassified as determined in this By-law; and

   (f) in the event of the lapsing of a zoning as contemplated in paragraph (e), the land unit reverts back to the use zone applicable to it in terms of the previous regulations, before it was rezoned and is translated or reclassified as determined in Schedule 4.

   (g) A building plan application that was formally submitted and accepted—

      (i) immediately before the coming into effect of this By-law and which is still being processed; or

      (ii) on or after the date of coming into effect of this By-law with the purpose to act on an approval in terms of a previous planning law, must be assessed in accordance with that approval.

**Rectification of errors on zoning scheme map**

8.(1) If the zoning of a land unit is incorrectly indicated on the zoning scheme map, the owner of an affected land unit may submit an application to the Municipality to correct the error.

(2) An owner contemplated in subsection (1) must apply to the Municipality in the form determined by the Municipality and must—
(a) submit written proof of the lawful land use rights; and
(b) indicate the correct zoning that should be allocated.

(3) The onus of proving that the zoning is incorrectly indicated on the zoning scheme map is on the owner.

(4) The owner is exempted from paying application fees.

(5) If the zoning of a land unit is incorrectly indicated on the zoning scheme map, the Municipality must amend the zoning scheme map to reflect the correct zoning.

(6) If the correct zoning of a land unit cannot be ascertained from the information submitted to the Municipality or the records of the Municipality, the zoning must be determined in terms of the Planning By-law and the zoning as determined must be recorded on the zoning scheme map.

**Zoning scheme register**

9. The Municipality—
   (a) must record all departures, consent uses or other permissions granted and non-conforming uses in the register;
   (b) may keep the register from the date of commencement of the zoning scheme in an electronic format; and
   (c) must make the register available to members of the public for viewing.

**Primary uses**

10. Primary uses of land permitted in each use zone, without the Municipality’s consent, are listed in the corresponding part of column 2 of the table set out in Schedule 1.

**Consent uses**

11. Consent uses of land permitted in each use zone, with the Municipality’s prior consent in terms of the Planning By-law, is listed in the corresponding part of column 3 of the table set out in Schedule 1.

**Temporary departures for specific occasions**

12.(1) The Municipality must record the relevant information relating to a temporary departure for occasional uses applicable to a land unit in the register.

(2) Approval of a use right as a temporary departure for an occasional use in terms of the Planning By-law must at least be subject to the development parameters applicable to the use right as stipulated in this By-law.

**Non-conforming uses**

13.(1) A non-conforming use does not constitute an offence in terms of this By-law.

(2) A non-conforming use may continue as long as it remains otherwise lawful.
No additions or extensions to a non-conforming use is permitted.

Deemed zoning of closed public places

14. The zoning of land that was previously a public street or public open space, vested in or owned by the Municipality and that is closed, is determined as follows:
(a) if the land is transferred to an abutting land owner, that portion of the land falls in the same zone as that of the abutting land belonging to the abutting owner; or
(b) the Municipality must determine which zoning applies to the land if—
   (i) the land is transferred to an abutting land owner and that owner owns abutting properties falling into more than one zone; or
   (ii) in any other case not provided for in this section.

CHAPTER 3
OVERLAY ZONES

Purpose of overlay zones

15.(1) The Municipality may adopt, review or amend overlay zones for specific areas in the Municipality in accordance with section 16 to—
(a) give expression, in a planning context, to the local needs and values of the communities concerned; and
(b) promote particular types of development, urban form, landscape character, environmental features or heritage values.

(2) The Municipality must determine development parameters for each area of an overlay zone.

 Procedures for establishing, reviewing or amending overlay zones

16. An overlay zone is adopted, reviewed or amended by the Municipality as an amendment of this By-law in accordance with sections 12 and 13 of the Municipal Systems Act and section 25 of the Land Use Planning Act.

CHAPTER 4
DISTANCES, LEVELS AND BOUNDARIES

Measuring distances and levels

17. The following provisions apply with regard to the method of measuring distances and levels:
(a) when reference is made or implied to the distance between boundaries or between a building and a boundary, this distance must be measured in the following manner:
   (i) the boundary or boundaries and all points of the building must be projected onto a horizontal plane, and all measurements must be made in the plane; and
   (ii) the distance between a point on a building and a boundary must be measured at right angles to the erf boundary;
(b) when reference is made to a portion of a boundary opposite a building, that portion must be defined by drawing lines in a manner described in paragraph (a) from points on the building, at right angles to the boundary;
(c) when reference is made to natural ground level or of a roof wall plate, parapet or other things, the level must be calculated in accordance with recognised geometric principles; and
(d) when the levels involved are so irregular that calculation in accordance with the principles in paragraphs (a) to (c) is impractical or leads to a result that is not in accordance with the intent of the zoning scheme, the Municipality must determine the level.
Determining boundaries of use zones

18. If uncertainty exists as to the boundaries of use zones, the following parameters apply in the order listed:
   (a) boundaries shown as following or approximately following any public street or road must be construed as following the street cadastral boundary;
   (b) boundaries shown as following or approximately following any land unit boundary must be construed as following that boundary;
   (c) boundaries shown as following or approximately following natural features must be construed as following those features; and
   (d) in the event of further uncertainty as to the boundaries of a use zone, the Municipality must make a determination.

CHAPTER 5
ENFORCEMENT

Offences, penalties and enforcement of By-law

19.(1) Subject to section 13, no person may erect any building or structure or any part thereof—
   (a) except for a purpose permitted by this By-law and only in accordance with the applicable development parameters; or
   (b) without first obtaining approval from the Municipality in terms of the Knysna Municipality By-law on Municipality Land Use Planning (2016).

(2) A use not reflected as a primary or consent use for a particular use zone is not permitted in the use zone concerned, unless approved in terms of the Planning By-Law.

(3) A person who contravenes this section and sections 21 to 51 is guilty of an offence and liable upon conviction to a fine or imprisonment not exceeding a period of 20 years or to both a fine and such imprisonment.

(4) A Municipality must enforce the zoning scheme through the measures for enforcement provided for in the Planning By-law.

CHAPTER 6
DEVELOPMENT OF LAND

Development parameters applicable to use rights

20.(1) The land use descriptions and development parameters applicable to each primary and consent use right depicted in the table in Schedule 1 are described in Schedule 2.

(2) Development parameters are applicable to use rights only and, notwithstanding the zoning of an erf, a specific use right has the development parameters as listed in Schedule 2, provided that the Municipality may grant a departure from the development parameters in terms of the Planning By-law.

(3) Consent uses listed in Column 3 of Schedule 1 is subject to the following conditions:
   (a) when a consent use is granted by the Municipality in a particular zone, the applicable land use must be supplementary to the primary use right allowed under the particular zone; and
   (b) when land is intended to be utilised exclusively for a consent use in a particular zone and the consent use is a primary right in another zone, application must be made for rezoning to the zone where the applicable land use is a primary right.

(4) No departure from the land use descriptions or definitions may be granted by the Municipality.
Despite subsections (1) and (2), the Municipality may determine any additional condition of approval in respect of a use right for a specific property as may be required in terms of any other applicable legislation.

CHAPTER 7
GENERAL PROVISIONS

This part contains general provisions and parameters that apply to all zones or to specific zones as may be provided for. It includes matters such as encroachments that may occur within building lines and requirements for site development plans. It refers to hazardous substances, owners’ associations, screening, retaining structures, outdoor storage, antennae systems and other municipal by-laws. This part also contains requirements for parking, loading, access and infrastructure. There are also provisions relating to the subdivision of land.

Encroachment of building lines

21.(1) Despite the building line requirements set out in Chapter 6, the following structures or portions of structures may be erected within the prescribed building lines, provided they do not extend beyond the boundaries of a land unit:
(a) boundary walls, fences and gates;
(b) open and uncovered stoeps that are less than 500 millimetres in height from the natural level of the ground;
(c) entrance steps, landings and entrance porches, excluding porte cochères;
(d) a covered entrance or gatehouse that has a roofed area not exceeding 5 m² and a roof height not exceeding 3 metres from the floor to the highest point;
(e) eaves and awnings projecting no more than 1 metre from the wall of a building;
(f) cornices, chimney breasts, flower boxes, water pipes, drain pipes and minor decorative features not projecting more than 500 millimetres from the wall of a building;
(g) screen-walls not exceeding 2.1 metres in height above the natural ground level abutting such wall;
(h) swimming pools not closer than 1 metre from any boundary;
(i) a basement, provided that no part of such a basement projects above natural ground level;
(j) a refuse room required by the Municipality in terms of this By-law;
(k) water storage tanks not exceeding the height of the boundary wall.

(2) For the purposes of determining street boundaries, a street centreline setback and site access requirements, the boundary of a pedestrian way or service lane that cannot or will never be used by motor vehicles may be regarded as a common boundary.

Street centreline setback

22.(1) The portion of a land unit falling within a street centreline setback area is excluded for the purpose of determining coverage and maximum floor space, unless the owner transfers the portion concerned to the Municipality free of charge.

(2) In such case, the portion must be included for the purpose of determining coverage or maximum floor space on a land unit.

Site development plans

23.(1) In addition to the zones that specifically require a site development plan, the Municipality may require a site development plan in respect of the following development types:
(a) shopping centres or shopping complexes;
(b) business or office park developments;
(c) industrial park developments;
(d) developments in conservation areas;
(e) developments that will be sectionalised;
(f) incremental residential developments;
(g) major developments where there are concerns relating to urban form, heritage, traffic, the environment or planning.

(2) The Municipality may require the following information to be depicted on a site development plan:
(a) existing bio-physical characteristics of the property;
(b) existing and proposed cadastral boundaries;
(c) the layout of the property, indicating the use of different portions of the property;
(d) the massing, position, use and extent of buildings;
(e) sketch plans and elevations of proposed structures, including information about their external appearance;
(f) cross-sections of the site and buildings on site;
(g) the alignment and general specification of vehicle access, roads, parking areas, loading areas, pedestrian flow and footpaths;
(h) measures of access control to parking areas and reservation of parking areas;
(i) the position and extent of private, public and communal space;
(j) typical details of fencing or walls around the perimeter of the land unit and within the property;
(k) electricity supply and external lighting proposals;
(l) provisions for the supply of water, management of storm water, and disposal of sewage and refuse;
(m) external signage details;
(n) general landscaping proposals, including vegetation to be preserved, removed or to be planted, external paving, and measures for stabilising outdoor areas where applicable;
(o) the phasing of a development;
(p) the proposed development in relation to existing and finished ground levels, including excavation, cut and fill;
(q) statistical information about the extent of the proposed development, floor area allocations and parking supply;
(r) relationship of the proposed development to the quality, safety and amenity of the surrounding public environment;
(s) relationship of the proposed development to adjacent sites, especially with respect to access, overshadowing and scale;
(t) illustrations in a three-dimensional form depicting visual impacts of the proposed development on the site and in relation to surrounding buildings;
(u) any other details as may reasonably be required by the Municipality.

(3) The Municipality may require that the area covered by a site development plan must extend beyond the site under consideration if, in its opinion, the proposed development will have a wider impact.

(4) The Municipality may determine the extent of the area covered by a site development plan.

(5) A applicant must submit a site development plan to the Municipality if it is required in terms of this zoning scheme before any development on the relevant land unit may commence.

(6) The Municipality may require amendments of detail to the site development plan to address reasonable concerns relating to access, parking, architectural form, urban form, landscaping, environmental management, engineering services or similar concerns.

(7) The following provisions apply with regard to site development plans:
(a) the property must be developed generally in accordance with an approved site development plan;
(b) if the Municipality considers it necessary, a transport or traffic impact statement or assessment may be required in conjunction with a site development plan, the extent of which must be determined by the Municipality, depending on the size of the development;
(c) if the Municipality considers it necessary, a storm water impact assessment or storm water management plan or both may be required in conjunction with a site development plan, the extent of which must be determined by the Municipality, depending on the size of the development;
(d) if the Municipality considers it necessary, a visual impact assessment, which may include a landscape character analysis, may be required in conjunction with a site development plan, the extent of which must be determined by the Municipality, depending on the size of the development; and
(e) an approved site development plan must be considered as setting additional development parameters applicable to the base zone, and any application for amendment must comply with the Municipality’s requirements for the amendments.

**Hazardous substances**

24.(1) Any use or ancillary activity that involves the storage or keeping of hazardous substances that may result in an installation being declared a major hazardous installation in terms of occupational health and safety law is not permitted, unless the owner has submitted a risk management and prevention plan and the Municipality has approved the plan.

(2) The Municipality’s approval in terms of subsection (1) above does not exempt the owner from applying for permission in terms of other applicable legislation.

**Screening**

25. The Municipality may require screening in accordance with the following provisions:
   (a) any part of a land unit that is used for the storage or loading of goods must be enclosed with a suitable wall or landscape screening or both; and
   (b) any external utility service or equipment that is required for a building must be appropriately screened from view from a public street, and the screening must be integrated with the building in respect of materials, colour, shape and size.

**Earth banks and retaining structures**

26. Unless the prior approval of the Municipality has been obtained—
   (a) no earth bank, retaining structure, column, suspended floor, other device or series of such devices may be constructed that enables the ground floor of a building to be raised more than 0,5 metres above natural ground level, provided that where the raising takes place, the height must still be measured from natural ground level, excluding infill for a driveway;
   (b) no earth bank or retaining structure used for holding back earth or loose rock, whether associated with a building or not, may be constructed to a height of more than 2 metres above natural ground level; and
   (c) no series of earth banks or retaining structures may be constructed to a cumulative height of more than 2,5 metres above natural ground level, unless an approximately level area of at least 2 metres wide is incorporated between successive embankments or retaining structures for every 2 metres of cumulative height.

**Boundary walls**

27. In the absence of an approved site development plan, architectural guidelines or relevant policy, the following development parameters apply to boundary walls:
(a) **Height**
The maximum height in all cases is 2.1 metres.

(b) **Permeability**
   (i) 60% of a residential street boundary wall must be permeable; and
   (ii) 80% of a street boundary wall in other areas must be permeable.

**Maintenance of property**

28. Property must be properly maintained by the owner or occupier and may not—
   (a) be left in a neglected or offensive state, as may be determined by the Municipality;
   (b) contain an unsightly accumulation of papers, cartons, garden refuse, rubble or other waste material, as may be determined by the Municipality;
   (c) contain an accumulation of motor wrecks or unroadworthy vehicles or used motor parts, unless these are permitted in terms of the primary or consent use applicable in terms of this zoning scheme; and
   (d) contain outdoor storage of building material, appliances or similar items unless these—
      (i) are permitted in terms of the primary or consent use in terms of this zoning scheme;
      (ii) are temporarily being stored for the purpose of construction in accordance with a valid building plan approval; or
      (iii) are being stored in conjunction with the holding of a yard or garage sale with a duration of not more than two consecutive days.

**Parking of vehicles in residential zones**

29. A motor vehicle of an occupant of a dwelling unit and used for commercial activities conducted away from the dwelling unit may be parked on the property where the occupant resides, provided that—
   (a) there is adequate space on the property concerned;
   (b) no more than one commercial vehicle per dwelling unit may be parked on the property; and
   (c) the gross weight of any such commercial vehicle may not exceed 3 500 kg.

**Mobile homes and caravans**

30.(1) A recreation vehicle, including a mobile home, camp trailer or caravan, may not be used for permanent habitation without the approval of the Municipality, unless the zoning lawfully allows the permanent habitation.

(2) The following additional development parameters apply with regard to mobile homes approved to be placed on a land unit zoned for residential purposes:
   (a) the mobile home or caravan must be sited on a foundation slab and properly anchored;
   (b) solid perimeter skirting, of material and colour complementary to the mobile home or caravan, must be provided from the bottom of the mobile home to the ground surface;
   (c) the roof and exterior siding of the mobile home or caravan must be of a non-reflective material; and
   (d) any structural additions must be of materials which, in the opinion of the Municipality, are compatible with the mobile home or caravan.

**Rooftop base telecommunication stations and satellite dish antenna systems**

31.(1) A rooftop base telecommunication station may not extend more than 3 metres in height above the building that it is attached to without the prior approval of the Municipality.
(2) No rooftop base telecommunication station or transmission tower granted consent use in terms of this By-law may be modified or have its radio-frequency emissions altered without prior written approval from the Municipality.

(3) The following provisions apply with regard to decommissioned antennae or rooftop base telecommunication stations:
   (a) the owner or operator must remove all decommissioned infrastructure;
   (b) if the site has been disturbed, the owner or operator must rehabilitate the site to its original state or to a state acceptable to the Municipality; and
   (c) if the owner or operator fails to comply with paragraphs (a) or (b), the Municipality may remove that infrastructure, and rehabilitate the site at the expense of the owner or operator.

(4) Any satellite dish antenna with a diameter in excess of 1,5 metres must be placed in a position that minimises the visual impact on the surrounding area, to the satisfaction of the Municipality.

(5) Satellite dish antennas of 1,5 metres in diameter and smaller, and used solely for the purposes of television reception or telecommunication, do not require the Municipality’s approval and are excluded from height restrictions.

**Geysers and solar panels or similar infrastructure affixed to roofs of buildings**

32. Any external geysers and associated equipment or solar panels or similar infrastructure affixed to the roof of a building may not at any point be more than 1,5 metres above the roof surface, measured perpendicularly from that surface.

**Equipment on top of building**

33. No elevator motor rooms, satellite dishes, ventilation shafts, water tanks, air conditioning plants or other equipment on top of a flat roofed building may exceed a height of 2 metres above the wall plate.

**Parapet walls**

34.(1) Parapet walls are restricted to 500 millimetres in height above the finished roof level immediately contiguous to the parapet except in the case where roof equipment as described under paragraphs (a) and (b) of the definition of “height” is hidden to the satisfaction of the Municipality behind parapet walls not exceeding 2 metres in height.

(2) In the case of flats and non-residential buildings, the 2 metre height limit under subsection (1) is considered to form part of the top storey.

**Chimneys**

35. Chimneys may not extend higher than 1 metre above the highest point of the roof of a dwelling house or dwelling unit.
Telecommunication and electrical transmission lines

36. Telecommunication and electrical transmission lines may be permitted by the Municipality or a public authority to traverse a land unit, as may be reasonably required by the Municipality or a public authority in accordance with and subject to expropriation laws, other applicable laws and the registration of the necessary servitudes.

Electronic or mechanical playing devices

37. Electronic or mechanical playing devices are permitted in accordance with the applicable legislation and approved municipal policy.

Utilisation of outbuildings

38. No outbuilding may be utilised for any purpose other than the purpose submitted in the building plans and approved by the Municipality, and an outbuilding may not be utilised until the main buildings are completed or occupied, unless approved by the Municipality.

Determination of natural ground level

39.(1) The Municipality may request the submission of a registered land surveyor’s certificate to determine the natural ground level before any construction activities may commence.

(2) Where the level of the land has been altered with the approval of the municipality—
   (a) any grading for the purpose of development must connect evenly with the existing levels of abutting land units; and
   (b) the municipality may approve the altered ground level to be the natural ground level.

(3) Where it is not possible to determine the natural ground level due to irregularities or disturbances of the land, the Municipality may—
   (a) determine the natural ground level from measurements supplied on a building plan;
   (b) deem a level to be the natural ground level based on measurements interpolated from a contour plan, local height benchmark or other information held by the Municipality; or
   (c) require the owner or applicant to commission a registered surveyor at the cost of the owner or applicant to measure levels of the ground or interpolate levels, in order to provide the Municipality with sufficient information to determine the natural ground level for the purpose of administering this By-law.

(4) Where a building site is elevated, filled or extended with excavated or any other material, the natural ground level is not altered unless approved by the Municipality in which case the Municipality must define a ground level for the purposes of administering the height restriction of the building.

Animals kept for commercial purposes

40.(1) Animals may be kept for commercial purposes only on a land unit zoned Agricultural Zone I and Agricultural Zone II.

Hobbies in single and general residential zones

41. When exercising a hobby in all single and general residential zones, the dominant use of the dwelling house or dwelling unit must be for the living accommodation of a single family, provided that—
   (a) no portion of the dwelling, may be used for the purposes of a noxious trade, risk activity or sale of alcoholic beverages;
   (b) in addition to paragraph (a), the following uses are not classified as hobbies:
Activities conforming to the definition of a shop:

(ii) animal care centres;
(iii) butcheries;
(iv) coal and wood merchants;
(v) escort agencies or adult entertainment;
(vi) fishmongers;
(vii) hospitals or clinics;
(viii) house shops;
(ix) house taverns;
(x) manufacturing of concrete products;
(xi) motor vehicle repairs;
(xii) panel beating or spray painting;
(xiii) parcel delivery services;
(xiv) places of entertainment;
(xv) places of instruction
(xvi) shooting ranges or shooting instructions;
(xvii) taxi businesses;
(xviii) tow-in services;
(xix) transport contractors;
(xx) undertakers;
(xxi) vehicle rental agencies; and
(xxii) any other industry that in the opinion of the Municipality does not fit in the particular environment or is of a nature that it must be located on a suitably zoned premises;

(c) no goods may publicly be displayed and no external evidence of the hobby may be visible from the street;

(d) no advertising may be displayed;

(e) any public exhibition of hobby items or activities on the residential property must:
   (i) be preceded by a written consent from the Municipality; and
   (ii) during the public exhibition, temporary parking must be provided on the land unit in accordance with the parking requirements of this By-law and appropriate traffic regulating measures must be put in place;

(f) an activity associated with a hobby may not occupy more than 25% of the total floor area of the dwelling on the property or 60 m² whichever is more restrictive, including storage;

(g) the Municipality may restrict the operating hours relating to the hobby, if the activity proves to be a nuisance to residents in the area; and

(h) any new structure, or alteration to the existing dwelling or outbuilding, must conform to the residential character of the area concerned.

CHAPTER 8
PARKING AND LOADING

Off-street parking requirements

42.(1) If parking requirements are not stipulated for a particular use, or in terms of a specific condition imposed by the Municipality, parking must be provided at a minimum ratio in accordance with the table entitled “Minimum off-street parking requirements”.

(2) The Municipality must determine off-street parking requirements for land uses not stipulated in the table “Minimum off-street parking requirements”.

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(3) The column in the table titled “Minimum off-street parking requirements” and with heading “Normal Areas” refers to standard requirements that apply to areas where public transport is not being specifically promoted.

(4) The column with heading “PT1 Areas” refers to areas where the use of public transport is to be promoted, but where the Municipality considers the provision of public transport to be inadequate.

(5) The column with heading “PT2 Areas” refers to areas where the use of public transport is to be promoted and the Municipality considers the provision of public transport sufficient enough to justify the reduced parking requirements.

(6) Areas initially determined to be PT1 Areas may be changed to PT2 Areas once the Municipality is satisfied that the provision of public transport is adequate.

(7) If an area has not been specifically identified by the Municipality as a PT1 or PT2 area, then the parking requirements for Normal areas apply.

(8) Off-street parking space must be provided—
   (a) on the property for which parking is required;
   (b) subject to the Municipality’s approval, in public parking facilities available in the vicinity; or
   (c) in accordance with the table below;

(9) Areas designated as “PT1” or “PT2” areas must be indicated on the zoning scheme map.
Minimum off-street parking requirements

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Normal Areas</th>
<th>PT1 Areas</th>
<th>PT2 Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling house / Double dwelling house</td>
<td>2 bays per dwelling Erven &lt;350m²: 1 bay per dwelling Erven &lt;100m²: Nil per dwelling</td>
<td>1 bay per dwelling</td>
<td>1 bay per dwelling</td>
</tr>
<tr>
<td>Group housing/Town Housing</td>
<td>2 bays per dwelling unit 0.25 bays/unit for visitors</td>
<td>1 bay per dwelling unit</td>
<td>1 bay per dwelling unit</td>
</tr>
<tr>
<td>Retirement resort</td>
<td></td>
<td>1 bay per dwelling unit</td>
<td>1 bay per dwelling unit</td>
</tr>
<tr>
<td>Home for the aged</td>
<td>0.5 bays per bedroom</td>
<td>0.5 bays per bedroom</td>
<td>0.5 bays per bedroom</td>
</tr>
<tr>
<td>Frail Care</td>
<td>0.5 bays per bed</td>
<td>0.5 bays per bed</td>
<td>0.5 bays per bed</td>
</tr>
<tr>
<td>Orphanage</td>
<td>0.5 bays per bedroom</td>
<td>0.5 bays per bedroom</td>
<td>0.5 bays per bedroom</td>
</tr>
<tr>
<td>Flats</td>
<td>1.75 bays per dwelling</td>
<td>1.25 bays per dwelling</td>
<td>0.5 bays per dwelling</td>
</tr>
<tr>
<td>Second dwelling unit</td>
<td>1 additional bay</td>
<td>1 additional bay</td>
<td>Nil</td>
</tr>
<tr>
<td>Boarding house/ Guest House/</td>
<td>1 bay per bed</td>
<td>1 bay per bed</td>
<td>1 bay per bed</td>
</tr>
<tr>
<td>Guest Lodge/ Bed and Breakfast Establishment</td>
<td>2 bays per owner’s home / manager’s flat</td>
<td>1 bay for visitors/ employees</td>
<td>1 bay for visitors/ employees</td>
</tr>
<tr>
<td>Backpackers Lodge</td>
<td>1 bay /3 beds</td>
<td>1 bay per 3 beds</td>
<td>1 bay per 3 beds</td>
</tr>
<tr>
<td>Hotel (excluding other facilities, specific</td>
<td>1.25 bays/bedroom</td>
<td>1 bay per bed</td>
<td>0.75 bays per bedroom</td>
</tr>
<tr>
<td>ratios apply to each use)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital (general and private)</td>
<td>1 bay per bed</td>
<td>1 bay per bed</td>
<td>1 bay per bed</td>
</tr>
<tr>
<td></td>
<td>4 bays per consulting room</td>
<td>4 bays per consulting room</td>
<td>3 bays / consulting room</td>
</tr>
<tr>
<td>Frail care facility</td>
<td>1 bay per bed</td>
<td>1 bay per bed</td>
<td>1 bay per bed</td>
</tr>
<tr>
<td>Clinic/Medical consulting rooms</td>
<td>4 bays per consulting room</td>
<td>4 bays per consulting room</td>
<td>3 bays per consulting room</td>
</tr>
<tr>
<td>Funeral parlour</td>
<td>1 bay per 4 seats</td>
<td>1 bay per 4 seats</td>
<td>1 bay per 4 seats</td>
</tr>
<tr>
<td>Shops / Liquor store / Restaurant /</td>
<td></td>
<td>2 bays / 100 m² office GLA</td>
<td>1 bay / 100 m² office GLA</td>
</tr>
<tr>
<td>Supermarket</td>
<td>Neighbourhood shop</td>
<td>3 bays per 100 m² GLA</td>
<td>2 bay per 100 m² GLA</td>
</tr>
<tr>
<td></td>
<td>High intensity area e.g.: CBD, corridors,</td>
<td>4 bays per 100 m² GLA</td>
<td>3 bays per 100 m² GLA</td>
</tr>
<tr>
<td></td>
<td>supermarket</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Big box retail / Shopping centres</td>
<td>6/100m² as determined by Council</td>
<td>As determined by Council</td>
<td>As determined by Council</td>
</tr>
<tr>
<td>Offices</td>
<td>4 bays per 100 m² GLA</td>
<td>3 bays per 100 m² GLA</td>
<td>2 bay per 100 m² GLA</td>
</tr>
<tr>
<td>Home occupation</td>
<td>2 bays per 60 m² GLA</td>
<td>2 bays per 60 m² GLA</td>
<td>2 bays per 60 m² GLA</td>
</tr>
<tr>
<td>House shop / tavern</td>
<td>1 bay per 25 m² GLA</td>
<td>1 bay per 25 m² GLA</td>
<td>1 bay per 25 m² GLA</td>
</tr>
<tr>
<td>Industry / Light industry / Warehouse /</td>
<td></td>
<td>2 bays per 100 m² GLA</td>
<td>1.5 bays per 100 m² GLA</td>
</tr>
<tr>
<td>Scrap yard/ Builder’s yard / Noxious trade/</td>
<td></td>
<td>2 bays per 100 m² GLA</td>
<td>1.5 bays per 100 m² GLA</td>
</tr>
<tr>
<td>Risk activity</td>
<td>2 bays per 100 m² GLA</td>
<td>3 bays per 100 m² GLA</td>
<td>1.5 bays per 100 m² GLA</td>
</tr>
<tr>
<td>Industrial hive / Service trade</td>
<td></td>
<td>3 bays per 100 m² GLA</td>
<td>1.5 bays per 100 m² GLA</td>
</tr>
<tr>
<td>Storage facility</td>
<td></td>
<td>1 bay per 100m² GLA</td>
<td>1 bay per 100m² GLA</td>
</tr>
<tr>
<td>Service station/ Motor repair garage/</td>
<td></td>
<td>4 per repair bay</td>
<td>4 per repair bay</td>
</tr>
<tr>
<td>Motor vehicle sales or Vehicle hire premises</td>
<td>Minimum of 8 bays</td>
<td>Minimum of 8 bays</td>
<td>Minimum of 8 bays</td>
</tr>
<tr>
<td></td>
<td>Plus 4 bays per 100 m² GLA</td>
<td>Plus 4 bays per 100 m² GLA</td>
<td>Plus 4 bays per 100 m² GLA</td>
</tr>
<tr>
<td>Open air motor vehicle sales</td>
<td>4 bays per 100 m² GLA</td>
<td>3 bays per 100 m² GLA</td>
<td>2 bay per 100 m² GLA</td>
</tr>
<tr>
<td>Place of assembly/Place of worship/ Place of</td>
<td>1 bay per 8 seats</td>
<td>1 bay per 8 seats</td>
<td>1 bay per 15 seats</td>
</tr>
<tr>
<td>Motor fitment centre</td>
<td></td>
<td>2 bays per service bay</td>
<td>2 bays per service bay</td>
</tr>
</tbody>
</table>
Alternative parking supply

43.(1) As an alternative to compliance with the off-street parking requirements in terms of this zoning scheme, an owner may, with the approval of the Municipality—

(a) acquire an area of land sufficient for the permanent parking requirements elsewhere, in a location approved by the Municipality; or

(b) acquire permanent rights to a parking facility or portion of a parking facility elsewhere, in a location approved by the Municipality, and must register a notarial tie or servitude against that land or parking facility to link the properties concerned for the purpose of parking, and the owner must cause the parking concerned to be constructed and maintained in accordance with the Municipality’s requirements and approval.

(2) The cost of registration of the notarial tie or servitude referred to in paragraph (1)(b) must be borne by the owner.

Combined parking requirements

44. If two or more uses combine to share a common parking area, the Municipality may approve parking requirements that provide less than the quantum of the parking required for individual uses provided that—

(a) the Municipality is satisfied that the utilisation of the same parking area by the different use types or activities in the zones will not result in a concurrent use of the parking area; and

(b) bays intended for combined uses may not subsequently be reallocated to other uses without the approval of the Municipality.

Site access and exits

45.(1) The Municipality may require compliance with standard municipal or provincial access spacing guidelines.

(2) No access may be closer than 10 metres from an intersection as defined by the prolongation of street boundaries (definitions), except for industrial-zoned properties, where the distance must be 15 metres.

(3) The Municipality may restrict or prohibit access if a pedestrian or traffic hazard is created or is likely to be created.

(4) Vehicle entrances and exit ways to and from a property must conform to the following requirements:
motor vehicle carriageway crossings must be limited to one per site per public street or road abutting the site;

(b) despite paragraph (a), where the total length of any street boundary of a site exceeds 30 metres in length, one additional carriageway crossing may be permitted, provided that no two carriageway crossings are closer than 12 metres to each other;

(c) the minimum and maximum widths of motor vehicle carriageway crossings must be in accordance with the table, titled “Width of motor vehicle carriageway crossings”; and

(d) the minimum width of a panhandle access may not be less than 4 metres wide and 3 metres wide in single residential zones.

<table>
<thead>
<tr>
<th>Type of carriageway crossing</th>
<th>Minimum width</th>
<th>Maximum width</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single entrance or exit way</td>
<td>2,7 metres</td>
<td>4,0 metres</td>
</tr>
<tr>
<td>Combined entrance and exit way</td>
<td>5,0 metres</td>
<td>8,0 metres</td>
</tr>
</tbody>
</table>

Parking layout requirements

46.(1) The following parking layout requirements apply unless otherwise stated in this zoning scheme:

(a) parking layout configurations, minimum dimensions and ramps to a parking area must be in accordance with this zoning scheme or an approved site development plan;

(b) the layout of any parking area, except for parking in Single Residential Zone I, Single Residential Zone III and General Residential Zone I, must ensure that vehicles can readily leave the site without reversing across the sidewalk, unless otherwise approved by the Municipality;

(c) a tandem bay accommodating two motor vehicles is regarded as one bay for the purposes of this zoning scheme, except for single residential zones, where a tandem bay is regarded as two bays;

(d) visitor parking bays must be clearly demarcated, readily visible and accessible to visitors, and preferably grouped together;

(e) parking areas must be used for the parking of vehicles which are lawfully allowed on them, and any activity which causes an obstruction for vehicular traffic or pedestrian use of the sidewalk is prohibited;

(f) parking areas must be constructed and maintained in a state suitable for the parking and movement of vehicles;

(g) control of access to and reservation of parking bays or areas is not permitted unless written approval has been obtained from the Municipality, either through an approved site development plan or other written approval; and

(h) despite paragraphs (a) to (g), the Municipality may lay down more restrictive requirements related to parking, site access or motor vehicle carriageway crossing, if it considers this to be necessary from a pedestrian or traffic safety point of view.

(2) The Municipality may require an applicant to submit a parking layout plan indicating—

(a) the way in which it is proposed that motor vehicles park;

(b) the means of entrance and exit from parking areas;

(c) landscaping proposals; and

(d) construction details.

Parking for physically disabled

47.(1) The Municipality may require parking suitable for use by persons with physical disabilities to be provided on any land unit in order to ensure easy and convenient access for such persons to services and facilities generally open to the public and to residential uses.
(2) In any parking facility serving the public, parking for persons with physical disabilities and bicycles and motorbikes must be provided in accordance with the table entitled “Physically disabled accessible parking”.

**Physically disabled accessible parking**

<table>
<thead>
<tr>
<th>Total no of parking bays</th>
<th>Required number of bays accessible to the physically disabled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–50</td>
<td>1</td>
</tr>
<tr>
<td>51–100</td>
<td>2</td>
</tr>
<tr>
<td>101–150</td>
<td>3</td>
</tr>
<tr>
<td>151–200</td>
<td>4</td>
</tr>
<tr>
<td>For every additional 100 bays</td>
<td>1 additional parking bay</td>
</tr>
</tbody>
</table>

(3) Parking for the physically disabled must comply with the following requirements:

(a) parking bays must be a minimum of 3,7 metres in width and 5 metres in length;
(b) parking and access aisles must be level;
(c) parking bays must be located as near as possible to accessible building or site entrances, and must be located to provide convenient access to kerb ramps;
(d) each parking bay reserved for physically disabled persons must be marked on the parking surface with the international symbol for disabled accessibility;
(e) additional signage indicating the parking bay as reserved for exclusive use by persons with physical disabilities may be required by the Municipality; and
(f) if five or fewer parking bays are provided, at least one bay must be 4 metres wide and marked to provide a parking bay of 2,5 metres with an access aisle of 1,5 metres, but the bay need not be reserved exclusively for persons with physical disabilities.

(4) Parking for persons with physical disabilities must count towards fulfilling off-street parking requirements.

**Motorcycle and bicycle parking spaces**

48.(1) The Municipality may require that parking be provided for motorcycles and bicycles.

(2) For every 4 motorcycle and 6 bicycle parking spaces provided, a credit of 1 parking bay may be given towards applicable parking requirements, provided that—

(a) the total credit may not exceed 2,5% (10%) of the parking bays required;
(b) the minimum dimension for a motorcycle space is 2,2 metres in length and 1 metre in width; and
(c) the minimum dimension for a bicycle space is 2 metres in length and 0,6 metres in width.

(3) Signage, bollards and racks or other devices for storing bicycles and enabling motorcyclists to make use of the motorcycle and bicycle parking spaces must be installed.

**Loading requirements**

49.(1) Unless the Municipality grants approval to waive this requirement, loading bays must be provided in accordance with the table entitled “Minimum off-street loading bay requirements”.

(2) The Municipality may determine off-street loading requirements for uses not stipulated in the table.

(3) The following minimum requirements apply to loading bays:
(a) a loading bay must measure not less than 4.5 metres x 10 metres for perpendicular loading, and 2.5 metres x 12 metres for parallel loading;

(b) no carriageway crossing to be accessed by loading vehicles may be less than 3 metres in width, and no combined entrance and exit way may be less than 6 metres in width; and

(c) covered loading areas must have a minimum headroom of 3.7 metres.

**Minimum off-street loading bay requirements**

<table>
<thead>
<tr>
<th>Land use</th>
<th>Floor area (m²)</th>
<th>Number of loading bays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>0–5 000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>5 001–15 000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>15 001–30 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Every additional 30 000 or part thereof</td>
<td>1 additional bay</td>
</tr>
<tr>
<td>Business premises other than offices,</td>
<td>0–1 000</td>
<td>0</td>
</tr>
<tr>
<td>supermarket, industry</td>
<td>1 001–2 500</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>2 501–5 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>5 001–10 000</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Every additional 10 000 or part thereof</td>
<td>1 additional bay</td>
</tr>
<tr>
<td>Supermarket</td>
<td>0–500</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>501–1 000</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1 001 and greater</td>
<td>3 x requirements for business premises other than offices, supermarket, industry</td>
</tr>
</tbody>
</table>

**CHAPTER 9
REFUSE ROOMS AND SERVICE YARDS**

**Refuse rooms**

50. The Municipality may, for the purposes of collecting refuse, require the owner to install a refuse receptacle on a property and require the refuse receptacle to—

(a) be of sufficient size to accommodate the refuse generated from the property for one week;

(b) be located adjacent to a public street, or in a position which will provide acceptable access to a refuse collection vehicle;

(c) be designed in a manner that is architecturally compatible with the other structures on the property and will screen refuse bins from public view; and

(d) to comply with any other conditions or standard requirements that the Municipality may impose relating to access, health, pollution control, safety or aesthetics.

**Service yards**

51. (1) The Municipality may require the owner to install a screened area providing utility services, including washing lines, for residential developments.

(2) The utility services must—

(a) be designed in a manner that is architecturally compatible with the other structures on the property and in the case of refuse bins must be screened from public view; and

(b) comply with any other conditions or standard requirements that the Municipality may impose relating to access, health, pollution control, safety or aesthetics.
## USE ZONES TABLE

<table>
<thead>
<tr>
<th>Zoning</th>
<th>Primary use</th>
<th>Consent uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGRICULTURAL ZONES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Agricultural Zone I (AI)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td></td>
<td>• Agriculture</td>
<td>• Abattoir</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Additional additional dwelling unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Airfield</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Animal care centre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Aqua-culture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Camping site</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Farm shop</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Freestanding base telecommunication station</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Function venue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Guest house</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Helicopter landing pad</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Off road trail</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Plant nursery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Quarry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Renewable energy structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Tourist facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Utility service</td>
</tr>
<tr>
<td><strong>Agricultural Zone II (AII)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td></td>
<td>• Smallholding</td>
<td>• Agriculture industry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Animal care centre</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Aqua-culture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Farm shop</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Freestanding base telecommunication station</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Guest house</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Intensive animal farming</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Intensive horticulture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Plant nursery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Quarry</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Renewable energy structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Riding school</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rooftop base telecommunication station</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Second dwelling unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Tourist facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Utility service</td>
</tr>
<tr>
<td>Zoning</td>
<td>Primary use</td>
<td>Consent use</td>
</tr>
<tr>
<td>------------------------------</td>
<td>------------------</td>
<td>---------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Agricultural Zone III (AIII)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
</tbody>
</table>
| The purpose of this zone is to support the government’s rural land development programme and provide for the establishment of worker accommodation outside conventional towns. This will help to address the accommodation needs of workers and their dependants in rural areas such as farms, forestry and conservation areas. Provision is made for complementary uses that will improve the amenity of the settlement or supplement the economic base for residents. | - Agri-village | - Freestanding base telecommunication station  
- Rooftop base telecommunication station |
| **Single Residential Zones** | **Primary use**  | **Consent uses**                                        |
| **Single Residential Zone I (SRI)** | **Primary use**  | **Consent uses**                                        |
| The objective of this zone is to provide for residential development where the predominant type of accommodation is a dwelling house for a single family, where each dwelling has its own land unit, and adequate outdoor space. Limited employment and additional accommodation opportunities are possible as primary or consent uses, provided that the dominant use of the property remains residential, and impacts of employment and additional accommodation uses do not adversely affect the quality and character of the surrounding residential environment. | - Dwelling house | - Crèche  
- Guest house  
- Halfway house  
- House shop  
- Second dwelling unit |
<table>
<thead>
<tr>
<th>Zoning</th>
<th>Primary use</th>
<th>Consent use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single Residential Zone II (SRII)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| *The objective of this zone is to provide a high degree of flexibility for low- to medium-density residential projects that have integrated site and design features, individual design solutions and individually tailored development control provisions. This zone should not accommodate a resort, but is particularly suitable for residential estates that are governed by a property owners’ association, with access control and coordinated design requirements (such as golf estates, equestrian estates and residential marinas).* | Primary use  
- Estate housing | Consent uses  
- Home occupation  
- Rooftop base telecommunication station |
| **Single Residential Zone III (SRIII)** |             |                                       |
| *The objective of this zone is to provide for upgrading and incremental housing from informal settlements to formal settlements and also to allow formal as well as informal housing types on a single erf. In recognition of the realities of poor and marginalised communities, development management provisions are not restrictive and local employment generation is encouraged within this zone.* | Primary use  
- Dwelling house  
- Shelters | Consent uses  
- Halfway house  
- House shop |
<table>
<thead>
<tr>
<th>Zoning</th>
<th>Primary use</th>
<th>Consent uses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL RESIDENTIAL ZONES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General Residential Zone I (GRI)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The objective of this zone is to facilitate in designated areas low intensity densification that will not have an adverse effect on the character of the existing built area and may contribute to the optimal utilisation of land and infrastructure. The residential development consists of two dwelling units in a single structure, each of which may accommodate a single family. Individual ownership of the units will be allowed through a sectional title scheme. Architecturally, the dwelling units will be uniform and will be developed to the same scale and extent.</td>
<td>Primary use&lt;br&gt;- Double dwelling house</td>
<td>Consent uses&lt;br&gt;- Home occupation</td>
</tr>
<tr>
<td><strong>General Residential Zone II (GRII)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The objective of this zone is to encourage residential development of a medium density, with a coordinated design, and to accommodate group housing where special attention is given to aesthetics, architectural form and the inter-relationship between components of the group housing scheme. Group housing may be located in single residential areas in places where an increased density is desirable, including along main roads, near local shopping centres and other activity nodes, and also preferably near to public open spaces.</td>
<td>Primary use&lt;br&gt;- Group housing</td>
<td>Consent uses&lt;br&gt;- Flats&lt;br&gt;- Home occupation&lt;br&gt;- Retirement resort</td>
</tr>
<tr>
<td>Zoning</td>
<td>Primary use</td>
<td>Consent use</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>--------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td><strong>General Residential Zone III (GRIII)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td>The objective of this zone is to encourage residential development of a greater density than for General Residential Zone II, while retaining the emphasis on design coordination and a modest scale in terms of height. This zone has particular location requirements, including proximity to transport and amenities, and should not be randomly located without due consideration of the availability of open space and community facilities. Town housing may be located in and around central business areas, near high density nodes and along activity axis including railway lines and main traffic routes, where flats are often found.</td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td></td>
<td>Town housing</td>
<td>Flats</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Home occupation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retirement resort</td>
</tr>
<tr>
<td><strong>General Residential Zone IV (GRIV)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td>The objective of this zone is to promote higher density residential development. The dominant use within this zone must be residential, but limited mixed-use development is possible with the Municipality’s consent. This zone has particular location requirements, including proximity to transport and amenities, and should not be randomly located without due consideration of the availability of open space and community facilities.</td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td></td>
<td>Flats</td>
<td>Backpackers’ lodge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boarding house</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Convenience shop</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Home occupation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Renewable energy structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retirement resort</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rooftop base</td>
</tr>
<tr>
<td></td>
<td></td>
<td>telecommunication station</td>
</tr>
<tr>
<td><strong>General Residential Zone V (GRV)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td>The objective of this zone is to provide a temporary residence for transient guests in an appropriately scaled establishment that may include a small conference/training facility that also caters for business meetings and where lodging and meals are provided.</td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td></td>
<td>Guest lodge</td>
<td>Backpackers’ lodge</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restaurant</td>
</tr>
<tr>
<td>Zoning</td>
<td>Primary use</td>
<td>Consent use</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>General Residential Zone VI (GRVI)</td>
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<td>Consent uses</td>
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<td></td>
<td>Primary use</td>
<td>Backpackers’ lodge</td>
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<td></td>
<td>Hotel</td>
<td>Renewable energy structure</td>
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<td>BUSINESS ZONES</td>
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<tr>
<td>Business Zone I (BI)</td>
<td>Primary use</td>
<td>Consent uses</td>
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<td></td>
<td>Business premises</td>
<td>Adult entertainment</td>
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<td>Adult services</td>
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<td>Freestanding base telecommunication station</td>
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<td>Helicopter landing pad</td>
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<td>Motor repair garage</td>
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<td>Renewable energy structure</td>
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<td>Transport use</td>
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<td>Warehouse</td>
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<td>Business Zone II (BII)</td>
<td>Primary use</td>
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<td>Shop</td>
<td>Adult shop</td>
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<td>Conference facility</td>
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<td>Dwelling house</td>
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<td>Freestanding base telecommunication station</td>
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<td>Liquor store</td>
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<td>Primary use</td>
<td>Consent uses</td>
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<tr>
<td><strong>Business Zone III (BIII)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
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</table>
| The objective of this zone is to provide for low intensity commercial and mixed-use development that serves local neighbourhood needs for convenience goods and personal services. The development should be limited in scale and nature and capable of integration into the adjacent residential neighbourhood, without adversely affecting the amenity of the residential neighbourhood. While mixed use development is encouraged, care must be taken not to compromise business operations. | • Neighbourhood shop | • Dwelling house  
• Flats  
• Liquor store  
• Restaurant  
• Service trade  
• Supermarket |
| **Business Zone IV (BIV)**  | **Primary use**      | **Consent uses**        |
| The objective of this zone is to provide an intermediate zone that may, if required, act as a buffer or interface between high- and medium-intensity business zones, and residential zones. Retail activities are limited to those which are ancillary to the dominant permitted uses, namely offices and flats. In order to protect the amenity of adjacent residential areas, appropriate levels of landscaping and environmental management are required. | • Offices  | • Dwelling house  
• Flats  
• Institution  
• Place of assembly  
• Place of entertainment  
• Place of instruction  
• Renewable energy structure  
• Restaurant  
• Rooftop base telecommunication station  
• Shop  
• Supermarket |
<table>
<thead>
<tr>
<th>Zoning</th>
<th>Primary use</th>
<th>Consent use</th>
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</thead>
<tbody>
<tr>
<td><strong>Business Zone V (BV)</strong></td>
<td><strong>Primary uses</strong></td>
<td><strong>Consent uses</strong></td>
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<tr>
<td></td>
<td>• Big box retail</td>
<td>• Place of entertainment</td>
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<td>• Renewable energy structure</td>
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<td>• Rooftop base telecommunication station</td>
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<td>• Warehouse</td>
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<td>• Place of Worship</td>
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<tr>
<td><strong>Business Zone VI (BV1)</strong></td>
<td><strong>Primary uses</strong></td>
<td><strong>Consent uses</strong></td>
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<tr>
<td></td>
<td>• Service station</td>
<td>• Motor repair garage</td>
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<td>• Shop</td>
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<td>• Truck stop</td>
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<tr>
<td><strong>INDUSTRIAL ZONES</strong></td>
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<tr>
<td><strong>Industrial Zone 1 (II)</strong></td>
<td><strong>Primary use</strong></td>
<td><strong>Consent uses</strong></td>
</tr>
<tr>
<td></td>
<td>• Light industry</td>
<td>• Adult entertainment</td>
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<td></td>
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<td>• Adult services</td>
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<td>• Adult shop</td>
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<td></td>
<td>• Aqua-culture</td>
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<td></td>
<td>• Caretaker’s quarters</td>
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<td></td>
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<td>• Convenience shop</td>
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<td></td>
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<td>• Liquor store</td>
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<td></td>
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<td>• Office</td>
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<td>• Place of entertainment</td>
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<td>• Renewable energy structure</td>
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<td>• Truck stop</td>
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</table>
**Industrial Zone II (III)**
The objective of this zone is to accommodate all forms of industry, except noxious trade and risk activity, in order to promote the manufacturing sector of the economy. Some allowance is made for non-industrial activities, but these should not compromise the general use of the area zoned for industry. It is accepted that the intensive nature of the industrial activity or the scale of the operation could generate some negative impact on adjacent properties.

<table>
<thead>
<tr>
<th>Primary uses</th>
<th>Consent uses</th>
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<tbody>
<tr>
<td>Industry</td>
<td>Abattoir</td>
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<td>Adult entertainment</td>
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<td>Adult services</td>
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<td>Aqua-culture</td>
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<td>Container site</td>
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<td></td>
<td>Convenience shop</td>
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<td></td>
<td>Crematorium</td>
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<td></td>
<td>Helicopter landing pad</td>
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<td></td>
<td>Liquor store</td>
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<td>Office</td>
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<td></td>
<td>Place of entertainment</td>
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<td>Place of Worship</td>
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<td>Renewable energy structure</td>
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<td>Restaurant</td>
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<td></td>
<td>Scrap yard</td>
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<td>Truck stop</td>
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</tbody>
</table>

**Industrial Zone III (III)***
The objective of this zone is to provide for industries that are noxious in respect of smell, product, waste or other objectionable consequence of their operation, or carry a high risk in the event of fire or accident. While other uses are permitted with consent, the Municipality must ensure there is sufficient capacity for noxious trade in the limited areas suitable for this zone. A noxious trade should not be located close to residential areas.

<table>
<thead>
<tr>
<th>Primary uses</th>
<th>Consent uses</th>
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</thead>
<tbody>
<tr>
<td>Noxious trade</td>
<td>Container site</td>
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<tr>
<td></td>
<td>Convenience shop</td>
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<td></td>
<td>Helicopter landing pad</td>
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<tr>
<td></td>
<td>Industry</td>
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<td></td>
<td>Liquor store</td>
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<td></td>
<td>Motor repair garage</td>
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<td></td>
<td>Renewable energy structure</td>
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<td>Scrap yard</td>
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<td></td>
<td>Service station</td>
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<td></td>
<td>Transport use</td>
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</tbody>
</table>

**Industrial Zone IV (IV)**
The objective of this zone is to provide for the use of land for the extraction of minerals and raw materials and, to a limited extent, associated business operations. This zone is intended for operations of a more permanent nature as opposed to temporary, short-term mining or prospecting activities.

<table>
<thead>
<tr>
<th>Primary uses</th>
<th>Consent uses</th>
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<tbody>
<tr>
<td>Mine</td>
<td>Industry</td>
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<tr>
<td>Zoning</td>
<td>Primary use</td>
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<tr>
<td><strong>COMMUNITY ZONES</strong></td>
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<tr>
<td>Community Zone I (CI)</td>
<td>Primary uses</td>
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<td></td>
<td>• Place of instruction</td>
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<td>Community Zone II (CII)</td>
<td>Primary uses</td>
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<td>• Place of worship</td>
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<tr>
<td>Community Zone III (CIII)</td>
<td>Primary uses</td>
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<td>• Institution</td>
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<tr>
<td><strong>RESORT ZONES</strong></td>
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<tr>
<td>Resort Zone I (RI)</td>
<td>Primary uses</td>
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<td>• Tourist accommodation</td>
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<tr>
<td>Zoning</td>
<td>Primary use</td>
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<tr>
<td>OPEN SPACE ZONE I (OSI)</td>
<td>Primary uses</td>
</tr>
<tr>
<td>The objective of this zone is to provide for active and passive recreational areas on public land, in order to promote recreation, and enhance the aesthetic appearance of an area.</td>
<td>Public open space</td>
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<tr>
<td>OPEN SPACE ZONE II (OSII)</td>
<td>Primary uses</td>
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<tr>
<td>The objective of this zone is to provide for active and passive recreational areas on private land, in order to promote recreation and enhance the aesthetic appearance of an area.</td>
<td>Private open space</td>
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<tr>
<td>OPEN SPACE ZONE III (OSIII)</td>
<td>Primary uses</td>
</tr>
<tr>
<td>The objective of this zone is to provide for the conservation of natural resources in areas that have not been proclaimed as nature areas (non-statutory conservation), in order to sustain flora and fauna and protect areas of undeveloped landscape including woodlands, ridges, wetlands and the coastline. A range of consent uses is provided to supplement and support the main objective of this zone.</td>
<td>Nature conservation area</td>
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<tr>
<td>OPEN SPACE ZONE IV (OSIV)</td>
<td>Primary uses</td>
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<tr>
<td>The objective of this zone is to provide for the conservation of natural resources in areas that have been proclaimed as nature areas (statutory conservation), in order to sustain flora and fauna and protect areas of undeveloped landscape including woodlands, ridges, wetlands and the coastline. A range of consent uses is provided to supplement and support the main objective of this zone.</td>
<td>Nature reserve</td>
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<tr>
<td>Zoning</td>
<td>Primary use</td>
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</table>
| TRANSPORT ZONE I (TU1) | The objective of this zone is to reserve land for transportation systems, excluding public streets, but including all other transport undertakings. | Primary uses  
- Transport use | Consent uses  
- Air and underground rights  
- Airfield  
- Airport  
- Business premises  
- Conference facility  
- Container site  
- Helicopter landing pad  
- Hotel  
- Industry  
- Informal trading  
- Motor repair garage  
- Service station  
- Warehouse |
| TRANSPORT ZONE II (TUII) | The objective of this zone is to provide for public streets, whether constructed or still to be constructed, as well as infrastructure associated with public streets. Provision is also made for the temporary use of the land unit for other purposes as may be approved by the Municipality. | Primary uses  
- Public street | Consent uses  
- Air and underground rights  
- Multiple parking garage |
| TRANSPORT ZONE III (TUIII) | The objective of this zone is to provide private roads that is privately owned and does not vest in the Municipality or any other public authority, for the passage or parking of motor vehicles. | Primary uses  
- Private road | Consent uses  
- None |
| UTILITY ZONE (TU IV) | The objective of this zone is to reserve land for uses that do not fall into another zoning category and that is normally undertaken by national, provincial and municipal government agencies including utility services and substations. Some flexibility for the use of land and development parameters is provided. | Primary uses  
- Utility service | Consent uses  
- Authority use |
<table>
<thead>
<tr>
<th>Zoning</th>
<th>Primary use</th>
<th>Consent use</th>
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</thead>
</table>
| UNDETERMINED USE ZONE (USI) | Primary uses  
  - None | Consent uses  
  - None |

The objective of this zone is to enable the Municipality to defer a decision regarding a specific land use and development management provisions until the circumstances affecting the land unit have been properly investigated; or until the owner of the land makes an application for rezoning; or a zoning determination is made by the Municipality. The objective of this zone is furthermore to create a zone to which land could revert back to when rights under current zonings, other than Single Residential Zone 1, were not exercised, especially in cases where changes in the planning context occurred since the current zoning was granted.

Wording???
Vesting of rights
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SCHEDULE 2

LAND USE DESCRIPTIONS AND DEVELOPMENT PARAMETERS

“abattoir”

Land use description: “abattoir” is a place where animals are slaughtered and prepared for distribution to butchery shops and food markets.

Development parameters:
The development parameters applicable to “industry” apply, as well as those applicable to “agricultural industry” when an abattoir is located on a farm.

“additional dwelling unit”

Land use description: “additional dwelling unit” is a dwelling unit that may be erected on an agricultural land unit with the consent of the Municipality, in addition to a primary dwelling house or agricultural worker accommodation for bona fide agricultural workers, or both, provided that—

(a) one additional unit can be allowed in all cases as a consent use, irrespective of the size of the agricultural land unit;

(b) further additional dwelling units can be allowed at a ratio of one additional dwelling unit per 10 ha, calculated on the basis of all additional dwelling units on the agricultural land unit, up to a maximum of five (5) additional dwelling units per agricultural land unit;

(c) an additional unit may not be erected within 1 km of the high water mark of the sea or a tidal river except where a proclaimed township is situated between the additional dwelling unit and the sea or tidal river;

(d) one additional dwelling unit may be erected within the 1km high water mark of the sea or a tidal river, provided that the additional dwelling unit is attached to the main house and does not exceed a floor area of 60m²; and

(e) no alienation of additional dwelling units will be permitted whether by cadastral subdivision or sectional title.

Development parameters:
The development parameters applicable to “agriculture” apply, together with the following additional development parameters for “additional dwelling units”. Additional dwelling units may be erected with the consent of Municipality provided that—

(a) a dwelling permanently occupied by a person engaged in bona fide agricultural activities on the land unit is not regarded as an additional dwelling unit;

(b) the total floor space of an additional dwelling including the floor space in all ancillary buildings to the additional dwelling, may not exceed 175 m²;

(c) an additional dwelling must be constructed in a style that is similar to the architecture of the main dwelling house, unless otherwise permitted by the Municipality;

(d) an additional dwelling that is a separate structure to a dwelling house may not exceed a height of 6.5 metres;

(e) an additional dwelling that is contained within the same building as a dwelling house must be designed so that the building appears to be a single dwelling house; provided that both units may have a ground floor, or one unit may be on the ground floor and the other unit above;

(f) the existence of an additional dwelling may not in itself be sufficient reason for the Municipality to grant an application in terms of the Planning By-law to subdivide the land unit containing the dwelling units; and

(g) the Municipality must certify that services are available for the construction of an additional dwelling.
“adult entertainment”
Land use description: “adult entertainment”—
(a) means the use of property for adult film theatres or strip clubs where sexually explicit, live or recorded shows are displayed; and
(b) does not include adult services or an adult shop.

Development parameters:
The development parameters applicable to “business premises” apply.

“adult services”
Land use description: “adult services”—
(a) means the use of property for massage parlours or escort agencies where sexually orientated personal services are provided, unless the services form part of a medical or therapeutic service provided by a registered medical practitioner or similar registered professional person; and
(b) does not include adult entertainment or an adult shop.

Development parameters:
The development parameters applicable to “business premises” apply.

“adult shop”
Land use description: “adult shop”—
(a) means the use of property for the retail sale of pornographic, sexually explicit or erotic material, whether or not the material is displayed for sale, unless the material forms part of a medical or therapeutic service provided by a registered medical practitioner or similar registered professional person; and
(b) does not include adult entertainment or adult services.

Development parameters:
The development parameters applicable to “business premises” apply.

“agricultural industry”
Land use description: “agricultural industry”—
(a) means an enterprise for the processing of agricultural products of which the majority of the products is sourced from that land unit and if not produced on that land unit, then from the land units farmed by the owners of the enterprise with a minority of the products sourced from the surrounding or nearby farms;
(b) includes a winery, dairy, distillery, the bottling of water, a saw mill; and
(c) does not include an abattoir.

Development parameters:
Development parameters applicable to “agriculture” or “smallholding” apply.

“agricultural worker accommodation”
Land use description: “agricultural worker accommodation” means accommodation provided for bona fide agricultural workers, including accommodation for labourers and farm managers, as determined by the Municipality based on the extent of the bona fide agricultural activities on the land unit.

Development parameters:
The development parameters applicable to “agriculture” apply with the following additional development parameters:
(a) the number of units must be reasonably connected to the bona fide agricultural activities on the land unit; and
no agricultural worker accommodation may be erected within 1 km of the high water mark of the sea or a tidal river.

“agriculture”

Land use description: “agriculture” means the cultivation of land for raising crops and other plants, including plantations, the keeping and breeding of animals, birds or bees, stud farming, game farming, intensive horticulture; intensive animal farming; a riding school or natural veld, and—

(a) includes—
   (i) the harvesting, packing, cooling, storing, sorting, packing and packaging of agricultural produce grown on that land unit and surrounding or nearby farms;
   (ii) harvesting of natural resources limited to living organisms for delivery to the market;
   (iii) agricultural buildings or infrastructure that are reasonably connected with the main farming activities, including a dwelling house, agricultural worker accommodation and rooftop base telecommunication stations;
   (iv) a camping site limited to a maximum of 10 tent or caravan stands subject to the development parameters applicable to “tourist accommodation”, provided further that for more than 10 tent or caravan stands a consent use must be applied for;
   (v) telecommunication and electricity transmission lines;
   (vi) agricultural industry; and

(b) does not include aquaculture; an abattoir, a farm shop, an animal care centre, any mining activity, utility services and renewable energy structures for commercial purposes.

Development parameters:
The following development parameters apply:

(a) Building lines
   The road or street and common boundary building lines are 30 metres.

(b) Height
   (i) The height of a dwelling house may not exceed 6 metres to the wall plate in all cases and 8,5 metres to the ridge of the roof in the case of a pitched roof.
   (ii) Agricultural buildings other than dwelling houses may not exceed a height of 15 metres to the top of the roof.
   (iii) Earth banks and retaining structures that are in the opinion of Municipality associated with bona fide agricultural activities are exempt from the general provisions in this regard in this By-law.

(c) Site development plan
   For any development in this zone, including any part of the land not zoned Agriculture, a site development plan must be submitted to the Municipality for its approval taking specific cognisance of visual impact given the size and scale of the agricultural buildings and facilities and their location in a rural landscape, and their proximity to tourist routes.

(d) Farm shop, camping site
   Where a farm shop and a resort shop are operated from the same property the combined floor area of the farm shop and resort shop may not exceed 100m².

(e) Agricultural Industry
   In addition to the above parameters the following apply:
      (i) the agricultural industry does not exceed a total floor area of 2 000m²; and
      (ii) the parking requirements for “industry” apply.
“agri-village”

Land use description: “agri-village” means a private settlement of restricted size, established and managed by a legal institution that is situated within an agricultural area and where residence is restricted to bona fide agricultural workers and their dependents of the farms involved in the development. Security of tenure does not include right of ownership but can include a Trust, Communal Property Association or Sectional Title. The development of agri-villages represents a partnership between farmer, agricultural worker and state.

Development parameters:
(a) The Municipality must require a site development plan for an agri-village.
(b) The site development plan as approved by the Municipality constitutes the development parameters.
(c) The provisions for a site development plan in this By-law apply.

“air and underground rights”

Land use description: “air and underground rights” means any use right that may be approved by the Municipality for the development of a defined space above or below a public street, open space, railway line or a public street, open space, railway line or any other land utilised for transport purposes.

Development parameters:
(a) The Municipality must require a site development plan for air and underground rights.
(b) The site development plan as approved by the Municipality constitutes the development parameters.
(c) The provisions for a site development plan in this By-law apply.
(d) The Municipality may approve a consent use for air or underground rights if—
   (i) the consent use does not compromise the intended primary use of the land;
   (ii) an agreement defining the extent of rights, time period, compensation, ownership and maintenance obligations relating to the property is concluded between the parties concerned and is approved by the Municipality;
   (iii) a servitude in respect of the air or underground rights is registered over the land concerned; and
   (iv) the Municipality is satisfied that structural components, clearance and operational characteristics are sufficient to ensure safe and efficient operation of the street, road or parking.

“airfield”

Land use description: “airfield” means runways and associated buildings for the take-off and landing of light aircraft.

Development parameters:
(a) The Municipality must require a site development plan for an airfield.
(b) The site development plan as approved by the Municipality constitutes the development parameters.
(c) The provisions for a site development plan in this By-law apply.

“airport”

Land use description: “airport” means a complex comprising aircraft runways and associated buildings for the take-off and landing of civilian aircraft and facilities for the handling and storage of air freight and includes land uses ancillary to airports, and includes—
(a) a restaurant;
(b) car rental facility;
(c) shop; and
(d) hotel.
Development parameters:
The development parameters applicable to “transport use” and “business premises” apply, provided that a site development plan must be submitted to the Municipality for its approval.

“animal care centre”
Land use description: “animal care centre” means a place for the care of pets and animals, operated on either a commercial or a welfare basis, and includes—
(a) boarding kennels; and
(b) pet training centres.

Development parameters:
The development parameters applicable to “agriculture” apply.

“aqua-culture”
Land use description: “aqua-culture” means the breeding, for commercial purposes, of water flora or fauna in artificially constructed dams or holding tanks, or suspended from floating supports in natural water bodies.

Development parameters:
The development parameters applicable to “agriculture” apply.

“authority use”
Land use description: “authority use” means a use which is practised by or on behalf of a public authority and that cannot be classified or defined under other uses in this zoning scheme, and includes a use practised by—
(a) the national government, including a military centre or installation, police station or correctional facility;
(b) the provincial government, including a road station or road camp;
(c) the Municipality, including a fire service or a municipal depot with related uses, including limited accommodation for staff who are required to be on standby for emergencies; and
(d) a foreign government including an embassy or consulate, but does not include a dwelling house when the dominant use is for living accommodation of foreign diplomatic personnel.

Development parameters:
The development parameters and additional provisions as approved by the Municipality according to the site development plan apply to every site, use and type of building.

“backpackers’ lodge”
Land use description: “backpackers’ lodge” means a building where lodging for backpackers is provided per bed and not per bedroom, and includes a youth hostel.

Development parameters:
The development parameters applicable to “guest lodge” apply.

“bed and breakfast establishment”
Land use description: “bed and breakfast establishment” means a dwelling house, second dwelling or additional dwelling unit—
(a) in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; and
(b) provided that the dominant use, structure and design of the dwelling house concerned remains for the living accommodation of a single family.

Development parameters:
The development parameters applicable to “dwelling house”, “second dwelling” and “additional dwelling unit” apply.
The following further parameters apply:

(a) no more than two rooms per land unit may be used for bedroom accommodation for paying guest, and no more than four paying guest per land unit may be supplied with lodging or meals at any time;

(b) the requirement in paragraph (a) is also applicable where a land unit contains both a bed and breakfast establishment and rooms that are available for letting to lodgers;

(c) the owner of a bed and breakfast establishment must live on the property and inform the Municipality in writing before the establishment opens for business;

(d) a register of guests must be kept, and completed when rooms are let, and the register must be produced for inspection on request by an authorised municipal official;

(e) any new structure or alteration to the property related to its use as a “bed and breakfast establishment” must be compatible with the residential character of the area, particularly with regard to the streetscape or rural character on a farm, and must be capable of reverting to use as part of the dwelling house, second dwelling, additional dwelling unit or outbuilding concerned;

(f) no more than three employees may be employed in activities related to the bed and breakfast establishment;

(g) no alcoholic beverages may be sold except to resident guests for consumption on the premises with meals;

(h) guest rooms may not be converted to, or used as, separate self-catering dwelling units;

(i) meals may only be supplied to guests who have lodging on the property, employees, and the family residing in the dwelling;

(j) no advertising sign may be displayed except a single un-illuminated sign or notice not projecting over a public street in accordance with the Municipality’s policy or by-law on outdoor advertising and signage, and the size of the sign may not exceed 1 m² in area;

(k) no weddings, receptions, conferences, training or similar activities are permitted in a bed and breakfast establishment;

(l) no activities that constitute, or are likely to constitute, a source of public nuisance may be carried out; and

(m) on-site parking must be provided in accordance with the provisions of this By-law; provided that the Municipality may at any stage require additional on-site parking if, in the opinion of the Municipality, the bed and breakfast establishment does not have enough parking.

“big box retail”

Land use description: “big box retail” means large buildings with footprints larger than 2 000 m² per enterprise, where the nature of the retail business is typified by attracting customers with low prices or large selections or both low prices and large selections, with large floor space and high volume sales, and may include a restaurant that is ancillary to the main use.

Development parameters:

(a) Coverage

Coverage must be in accordance with the site development plan approved by the Municipality.

(b) Floor factor

The maximum floor factor is 2.

(c) Height

(i) The highest point of a building may not exceed 10 metres to the top of the roof.

(ii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(d) Building lines

(i) The street building line is at least 10 metres.

(ii) Side and rear building lines are 0 metres or at least 10 metres if the site abuts any single residential zone or general residential zone.

(iii) The general building line encroachments in this By-law apply.
Parking, access and loading space
Parking, access and loading space must be provided on the land unit in accordance with this By-law.

Refuse room
A refuse room must be provided on the land unit in accordance with this By-law.

“boarding house”
Land use description: “boarding house” means a building where lodging is provided, and includes ancillary communal cooking, dining and other communal facilities for the use of lodgers, together with outbuildings that are normally used in connection with a boarding house and—
(a) includes a building in which rooms are rented for residential purposes, a guest house or guest lodge, a home for the aged, a residential facility for handicapped persons or orphans; and
(b) does not include a hotel, dwelling house, second dwelling, backpackers’ lodge or group house.

Development parameters:
(a) Coverage
The maximum coverage is 60%.
(b) Floor factor
The floor factor may not exceed 1.
(c) Height
(i) The highest point of a building may not exceed 15 metres to the top of the roof.
(ii) The general provisions regarding earth banks and retaining structures in this By-law apply.
(d) Building lines
(i) The street building line is at least 5 metres.
(ii) Side and rear building lines are at least 4.5 metres.
(iii) The general building line encroachments in this By-law apply.
(e) Parking and access
Parking and access must be provided in accordance with this By-law.
(f) Screening
The Municipality may require screening in accordance with this By-law.
(g) Site development plan
The Municipality may require a site development plan to be submitted for its approval.
(h) Open space
(i) Every boarding house must have access on the land unit to an outdoor living area that may include private or communal open space, but excludes roads, service yards and parking areas.
(ii) An outdoor living area of at least 10% of the net erf area must be provided.
(iii) The outdoor living area(s) must be of reasonable proportions and location, to the satisfaction of the Municipality, to allow for leisure or recreational use by residents, and may include open courtyards within the complex.
(i) Service yard
A service yard must be provided on the land unit in accordance with this By-law.
(j) Refuse room
A refuse room must be provided on the land unit in accordance with this By-law.

“builder’s yard”
Land use description: “builder’s yard” means a property used for the storage of material and equipment that—
(a) is required for or is normally used for construction work;
(b) was obtained from demolitions of structures or excavations of ground; or
(c) is necessary for, or is normally used for land development, including storage of material used for building roads, installing essential services, or for any other construction work, whether for public or private purposes.

**Development parameters:**
The development parameters applicable to “industry” apply.

**“business premises”**

**Land use description:** “business premises” means a property from which business is conducted and—

(a) includes a shop, big box retail, supermarket, restaurant, sale of alcoholic beverages, two electronic or mechanical playing devices, plant nursery, office, funeral parlour, financial institution and building for similar uses, place of assembly, institution, hotel, hospital, conference facility, rooftop base telecommunication station, and multiple parking garage;

(b) includes also the following land uses above ground floor:
   (i) flats;
   (ii) caretaker’s quarters;
   (iii) backpackers’ lodge;
   (iv) youth hostel;
   (v) boarding houses; and

(c) does not include a place of entertainment, motor repair garage, industry, noxious trade, risk activity, adult entertainment, adult services, or adult shop.

**Development parameters:**
The following development parameters apply:

(a) **Coverage**
The maximum coverage for all buildings on a land unit is 100%.

(b) **Street centre line setback**
The Municipality may require a street centre line setback, in which case all buildings or structures on a land unit must be set back at least 8 metres from the centre line of the abutting public street or streets.

(c) **Floor factor**
The maximum floor factor on the land unit is 3, but may be departed from if item (h) of these development parameters is complied with.

(d) **Height**
   (i) The highest point of a building may not exceed 15 metres to the top of the roof.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(e) **Building line**
   (i) The street building line is 0 metres.
   (ii) Side and rear building lines are 0 metres, provided that the Municipality may lay down common building lines in the interest of public health and safety or in order to enforce any other law or right.
   (iii) Minor architectural and sunscreen features may project beyond the street boundary building line, provided that such features do not project more than 250 millimetres beyond the street boundary.

(f) **Hotel floor space concession**
Where it is proposed to erect a hotel of at least 30 bedrooms in terms of this use right, the development parameters applicable to “hotel” apply.

(g) **Canopy or balcony projection**
The Municipality may require, and may approve, a canopy or balcony projection over the street boundary in accordance with the following conditions:
   (i) the canopy or balcony may not project closer than 500 millimetres to a vertical plane through the kerb line or proposed kerb line;
(ii) no portion of a canopy or balcony projection may be less than 2.8 metres above the pavement;
(iii) the Municipality may lay down more restrictive requirements relating to the dimensions, design and materials of the canopy or balcony; and
(iv) the owner must enter into an encroachment agreement with the Municipality and register a servitude area in the case of a balcony projection.

(h) **Public pedestrian footway along street boundary**
If the owner provides on the land unit a public pedestrian footway that is accessible to the public at all times of at least 3 metres wide, next to a building situated alongside the street boundary, with a canopy and pavement that ties in with the street pavement, then, in recognition of the urban design contribution to the street environment, the maximum floor space of the building may be increased by twice the area of the public pedestrian footway.

(i) **Street corners**
The Municipality may require the owner of a building to be situated at a public street corner, and where the Municipality considers the street corner to be significant, to incorporate in the building architectural features that focus visual interest on the corner and emphasise the importance of pedestrian movement around the corner. The architectural features may include building cut-offs, walkthrough covered arcades, plazas or other elements.

(j) **Parking and access**

(i) Parking and access must be provided on a land unit in accordance with this By-law, except in a case where the Municipality has approved alternative parking supply under section 43.(1).

(ii) Except with the approval of the Municipality, no parking bays at ground floor level on a land unit, either outside or within a building, may be located closer than 10 metres to a street boundary in order to enhance amenity at street level.

(k) **Loading**
Loading bays must be provided on the land unit in accordance with this By-law.

(l) **Screening**
The Municipality may require screening in accordance with this By-law.

(m) **Refuse room**
A refuse room must be provided on the land unit in accordance with this By-law.

*“camping site”*

**Land use description:** “*camping site*” means land set aside for camping where tents or caravans are used for accommodation of guests and may include facilities for use by guests including facilities for outdoor food preparation, resort shop, road access for vehicles, picnic facilities, raised platforms on which to set up tents or caravans, camper trailers ablution facilities, communal scullery and laundry facilities and waste disposal facilities for short term holiday accommodation.

**Development parameters:**
The development parameters applicable to “tourist accommodation” apply, provided that a site development plan must be submitted to the Municipality for its approval.

*“caretaker’s quarters”*

**Land use description:** “*caretaker’s quarters*” means an outbuilding of not more than 60 m² in total floor area, including sanitary and cooking facilities used for the accommodation of a caretaker employed at an industrial site or business premises where the operation requires that somebody is on the land unit at all hours.

**Development parameters:**
As determined by the Municipality.
“cemetery”

Land use description: “cemetery” means a place for the burial of human or domestic animal remains, and—

(a) includes—
   (i) ancillary buildings including an office and chapel;
   (ii) a “garden of remembrance” or a “wall of remembrance”; and

(b) does not include a crematorium.

Development parameters:
The development parameters applicable to “public open space” apply in the case of publicly owned land, and the parameters applicable to “private open space” apply in the case of land in private ownership.

“clinic”

Land use description: “clinic” means a place that has limited facilities and an emphasis on outpatients for the diagnosis and treatment of human illness or the improvement of human health provided that—

(a) a clinic may contain live-in facilities for no more than 20 persons, including patients and staff; and

(b) a clinic may include medical consulting rooms, operating theatres, an outpatients centre, and a wellness centre with ancillary uses.

Development parameters:
The development parameters applicable to “place of instruction” apply.

“conference facility”

Land use description: “conference facility” means a place where information is presented and ideas or information exchanged among groups of people or delegates, and includes the supply of meals to delegates.

Development parameters:
The development parameters applicable to “business premises” apply.

“container site”

Land use description: “container site” means property used for the storage of shipping or transport containers.

Development parameters:
The development parameters applicable to “industry” apply.

“convenience shop”

Land use description: “convenience shop” means a small retail concern that is open long hours and that typically stocks a range of everyday items including groceries, snack foods, candy, toiletries, soft drinks, tobacco products, newspapers and magazines.

Development parameters:

(a) The development parameters applicable to “service station” apply.

(b) When approved as a consent use in another zone, the development parameters applicable to “shop” apply.

“correctional facility”

Land use description: “correctional facility” means a place where persons are housed and trained on instruction of a court of law and includes a reformatory, place of detention; industrial school and prison.
Development parameters:
Development parameters applicable to “authority use” apply.

“crèche”

**Land use description:** “crèche” means the use of a portion of a dwelling house or outbuildings by the occupant to provide day care, pre-school, play group or after-school care services for children.

**Development parameters:**
(a) The services provided must primarily be day care and educational, and not medical services.
(b) The services may not operate outside the hours 6:00 to 18:00.
(c) The dominant use of the dwelling house must remain for the living accommodation of a single family.
(d) Not more than 20 children may be registered at a time, or on the property at any time.
(e) Parking and access must be provided in accordance with this By-law.

“crematorium”

**Land use description:** “crematorium” means a place for incinerating corpses in a furnace, and includes—
(a) ancillary facilities such as a chapel and offices; and
(b) a “garden of remembrance” or a “wall of remembrance”.

**Development parameters:**
Development parameters applicable to “industry” apply.

“double dwelling house”

**Land use description:** “double dwelling house” means—
(a) a building designed as a single architectural entity that appears as a single dwelling house, containing two dwelling units on one land unit; and
(b) does not include second dwelling units.

**Development parameters:**

(a) **Coverage**
The coverage may not exceed 50%.

(b) **Floor space**
There may not be more than 10% difference in the floor space of the two dwelling units and the total floor space of each of the two units may not exceed 250 m² per unit.

(c) **Height**
(i) The height of a double dwelling house may not exceed 6 metres to the wall plate in all cases, and 8,5 metres to the ridge of the roof in the case of a pitched roof.
(ii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(d) **Building lines:**
(i) The street building line is at least 4 metres.
(ii) The side building line is at least 3 metres.
(iii) The rear building line is at least 2 metres.
(iv) The general building line encroachments in this By-law apply.

(e) **Window and door placement**
Any portion of a building that contains an external window or door facing onto a common boundary must—
(i) be set back at least 1,5 metres from such boundary; and
(ii) the portion of building to be set back from the boundary must include the door or window, together with the additional length of wall as is required to make up a total minimum length of 3 metres.
Ordinary Council Meeting

Agenda
27 June 2018

(j) Garages, carports and outbuildings

(i) A garage, carport and outbuildings are permitted within the common boundary building line provided that the garage and carport do not—

(aa) extend higher than 3,5 metres to the top of the roof;

(bb) contain more than a double garage façade; and

(cc) exceed a width of 6,5 metres.

(ii) For land units of 650 m² and less, a garage or carport is permitted up to 1,5 metres from the street boundary provided the garage or carport—

(aa) is not higher than 3,5 metres to the top of the roof;

(bb) does not contain more than a double garage façade; and

(cc) does not exceed a width of 6,5 metres.

(iii) For land units exceeding 650 m², a garage or carport may not be closer than 5 metres from the street boundary, notwithstanding the street building line.

(iv) Despite subparagraphs (ii) and (iii), a garage or carport may be erected within the street boundary building line if, in the opinion of the Municipality, compliance with the street boundary building line is not practical due to steep slopes of the ground between the road and the property concerned. The Municipality must determine the street boundary building line in such a case.

(g) Parking and access

Parking and access must be provided in accordance with the requirements of this By-law, both dwelling units must obtain vehicle access from and to a street, and at least one garage parking bay per dwelling unit must be provided for parking purposes, limited to a maximum of two garages per dwelling unit.

(h) Refuse room or service yard

The Municipality may require a refuse room or service yard or both to be provided on the land unit(s) concerned, in accordance with this By-law.

(i) Connection

The two units must be connected by means of a communal wall of the dwelling, and connected garages, outside lapas and braai areas may not be used to satisfy this requirement.

“dwelling house”

Land use description: “dwelling house” means a building containing only one dwelling unit, together with such outbuildings as are ordinarily used with a dwelling house, including:

(a) a storeroom and garaging;

(b) a second dwelling unit or additional dwelling, with a floor area which does not exceed 60 m²;

(c) a braai room;

(d) renewable energy structures for household purposes;

(e) home occupation;

(f) letting to lodgers;

(g) a bed and breakfast establishment; and

(h) home child care.

Development parameters:

(a) Height

(i) The height of a dwelling house may not exceed 6 metres to the wall plate in all cases, and 8,5 metres to the ridge of the roof in the case of a pitched roof.

(ii) The general provisions regarding earth banks and retaining structures in this By-law apply.
(b) Coverage and building lines
   (i) Building lines are at least the distance indicated in the table entitled “Coverage and building lines” from the relevant erf boundary:

<table>
<thead>
<tr>
<th>Erf size</th>
<th>Coverage</th>
<th>Building lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to 250 m²</td>
<td>80%</td>
<td>1 metre</td>
</tr>
<tr>
<td>Greater than 250 m², but not exceeding 500 m²</td>
<td>65%</td>
<td>3 metres</td>
</tr>
<tr>
<td>Greater than 500 m², but not exceeding 1 000 m²</td>
<td>50%</td>
<td>4 metres</td>
</tr>
<tr>
<td>Greater than 1 000 m²</td>
<td>500 m² or 40%, whichever is greater</td>
<td>5 metres</td>
</tr>
</tbody>
</table>

(ii) The general building line encroachments in this By-law apply.

(c) Single Residential Zone III
   In the case of a “dwelling house” in Single Residential Zone III, the development parameters pertaining to coverage, height and building lines of “shelter” apply.

(d) Window and door placement
   Any portion of a building that contains an external window or door facing onto a common boundary must—
   (i) be set back at least 1,5 metres from the boundary; and
   (ii) the portion of building to be set back from the boundary must include the door or window, together with the additional length of wall that is required to make up a total minimum length of 3 metres.

(e) Garages, carports and outbuildings
   (i) A garage, carport and outbuildings are permitted within the common boundary building line provided that the garage and carport do not—
       (aa) extend higher than 3,5 metres to the top of the roof;
       (bb) contain more than a double garage façade; and
       (cc) exceed a width of 6,5 metres.
   (ii) For land units of 650 m² and less, a garage or carport is permitted up to 1,5 metres from the street boundary provided the garage or carport—
       (aa) is not higher than 3,5 metres to the top of the roof;
       (bb) does not contain more than a double garage façade; and
       (cc) does not exceed a width of 6,5 metres.
   (iii) For land units exceeding 650 m², a garage or carport may not be closer than 5 metres from the street boundary, notwithstanding the street building line.
   (iv) Despite subitems (ii) and (iii), a garage or carport may be erected within the street boundary building line if, in the opinion of the Municipality, compliance with the street boundary building line is not practical due to steep slopes of the ground between the road and the property concerned. The Municipality must determine the street boundary building line in such a case.

(f) Parking and access
   (i) Parking and access must be provided on the land unit in accordance with this By-law.
   (ii) Where a dwelling unit is occupied by unrelated persons as defined in paragraph (b) of the definition of “family” in section 1, provision must be made for parking in accordance with the parking requirements for a boarding house.

(g) Garaging
   Garaging for up to four vehicles is permitted.
“environmental facilities”
Land use description: “environmental facilities” means facilities for the management, study, interpretation, education, and public appreciation of a predominantly natural area or heritage site and may include hiking trails, but does not include tourist facilities or tourist accommodation.

Development parameters:
The Municipality must determine the land use restrictions and the development parameters for the property based on the objectives of this zoning and the specific circumstances including adherence with an approved environmental management plan, where applicable.

“estate housing”
Land use description: “estate housing” means residential housing in a residential estate governed by an owners’ association with access control, integrated site and design features including golf estates, equestrian estates, eco estates and residential marinas, and includes—
(a) a dwelling house;
(b) group houses;
(c) town houses;
(d) flats;
(e) a retirement resort;
(f) a hotel;
(g) a restaurant;
(h) a resort shop;
(i) private open space;
(j) private roads; and
(k) parking.

Development parameters:
(a) The Municipality may stipulate conditions with regard to the use of buildings and land, density, height, coverage, layout, building design, open space, landscaping, parking, access and environmental management.
(b) Where no parameters have been stipulated as contemplated in item (a), above, the parameters specified in the architectural guidelines, approved by the Municipality apply.
(c) The applicant must submit the following documents and obtain the Municipality’s approval for:
   (i) a site development plan;
   (ii) a constitution for a owners’ association or governing body;
   (iii) architectural guidelines and a proposed system of architectural control; and
   (iv) an environmental management plan.
(d) The land must be developed
   (i) in accordance with the site development plan, architectural guidelines and environmental management plan as approved by the Municipality; and
   (ii) to the satisfaction of the Municipality.

“factory”
Land use description: “factory” means property containing an industrial assembly plant used for the manufacture of goods.

Development parameters:
The development parameters applicable to “industry” apply.

“factory shop”
Land use description: “factory shop” means property used for the retail sale of goods that are completely or predominantly manufactured in a factory on the property concerned and may include a shop.
Development parameters:
The development parameters applicable to “industry” apply.
The occupant of an industry may operate a factory shop provided that—

(a) the total floor space devoted to the sale of goods may not exceed 10% of the total floor space of all the buildings on the land unit; and

(b) any goods that are offered for sale but have not been manufactured on the property, must be directly connected with the goods that are manufactured on the property.

“farm shop”

Land use description: “farm shop” means a building or structure not exceeding 100 m² in floor space located on a farm and from where the farmer sells produce grown on the farm and other goods to the general public, including storage facilities.

Development parameters:
The development parameters applicable to “agriculture” apply.

“farmers’ market”

Land use description:

(a) “farmers’ market” means a predominantly fresh food market where farmers and food producers sell, directly to consumers, farm-origin and associated value-added specialty foods and plant products including—

(i) primary food products;

(ii) seafood, game and foraged foods;

(iii) value-added foods;

(iv) specialty food products;

(v) garden inputs; and

(vi) small livestock;

(b) A farmers’ market—

(i) operates regularly within a community;

(ii) is located at a focal public location that provides a suitable environment for farmers to conduct trade;

(iii) typically consists of booths, tables or stands, outdoors or indoors, where farmers sell farm produce, meats, and sometimes prepared foods and beverages; and

(iv) may include:

(aa) a subservient component of stalls for the sale of locally produced handmade crafts and arts; and

(bb) live family entertainment, outdoor recreation activities and children’s play area.

Development parameters:
The development parameters applicable to “agriculture”, apply.

additional parameters apply:

(a) the Municipality may stipulate conditions with regard to the layout, building design, open space, landscaping, parking, access and environmental management; and

(b) the development must occur in accordance with an approved site development plan.

“flats”

Land use description: “flats” means a building containing three or more dwelling units of which at least one does not have a ground floor, together with such outbuildings, open space and private roads as are ordinarily associated with flats.
Development parameters:

(a) **Coverage**
The maximum coverage is 60%.

(b) **Floor factor**
The floor factor may not exceed 1.

(c) **Height**
   (i) The highest point of a building may not exceed 15 metres to the top of the roof.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(d) **Building lines**
   (i) The street building line is at least 5 metres.
   (ii) Side and rear building lines are at least 4.5 metres.
   (iii) The general building line encroachments in this By-law apply.

(e) **Parking and access**
Parking and access must be provided in accordance with this By-law.

(f) **Screening**
The Municipality may require screening in accordance with this By-law.

(g) **Site development plan**
The Municipality may require a site development plan to be submitted for its approval.

(h) **Institution, place of instruction and place of assembly**
The development parameters that apply to “institution”, “place of instruction” and “place of assembly” apply to this use; provided that where the institution, place of instruction or place of assembly is situated within a building which is also used for flats or a boarding house, then the coverage, height and building line requirements for the flats or boarding house apply.

(i) **Open space**
   (i) Every block of flats must have access on the land unit to an outdoor living area, including private or communal open space, but excludes roads, service yards and parking areas.
   (ii) An outdoor living area of at least 10% of the net erf area must be provided and the outdoor living area(s) must be of reasonable proportions and location to allow for leisure or recreational use by residents, and may include open courtyards within the complex.

(j) **Service yard**
A service yard must be provided on the land unit in accordance with this By-law.

(k) **Refuse room**
A refuse room must be provided on the land unit in accordance with this By-law.

(l) **Flats as a consent use in a group housing scheme**
The following conditions apply to flats as a consent use right in this zone:
   (i) the flats must form an integrated part of a group housing site and must comply with the development parameters for “group housing”;
   (ii) the total floor space of flats may not exceed 40% of the total floor space of all buildings on the group housing site; and
   (iii) the open space requirement for dwelling units in a group housing site applies.

“freestanding base telecommunication station”

**Land use description:** “freestanding base telecommunication station” means a freestanding support structure on land or anchored to land and used for telecommunication infrastructure to transmit or receive electronic communication signals, and may include access roads to the structure.

Development parameters:
The development parameters applicable to “utility service” apply.
"function venue"

Land use description: “function venue” means a building or structure used for functions, weddings and expos on what is mainly a rural property.

Development parameters:
Development parameters applicable to “agriculture” apply on a rural property, together with the limitation that any function venue in a rural area, including all components of the venue, may not exceed a total floor space of 500 m².

“funeral parlour”

Land use description: “funeral parlour” means property where the dead are prepared for burial or cremation and—
(a) includes facilities for ancillary administrative and religious functions; and
(b) does not include a crematorium.

Development parameters:
The development parameters applicable to “shop” and “industry” apply.

“garden of remembrance”

Land use description: “garden of remembrance” is a section of a cemetery or crematorium set aside for the erection of memorial plaques or structures, placing or scattering of ashes.

Development parameters:
The development parameters applicable to “cemetery” and “crematorium” apply.

“group housing”

Land use description: “group housing” and “group housing scheme” means a group of separate or linked dwelling units where—
(a) every dwelling unit has a ground floor;
(b) the units may be cadastrally subdivided;
(c) the units are planned, designed and built as a harmonious architectural entity in an ordered way; and
(d) the units are integrated with communal private open spaces, private roads and parking.

Development parameters:
(a) Design principles
All buildings and structures must be planned, designed and built as a harmonious architectural entity and special attention must be given to aesthetics, architectural coordination, urban design and landscaping.

(b) Density
The maximum gross density on a group housing site is 35 dwelling units per hectare.

(c) Height
(i) The height of dwelling units may not exceed 6 metres to the wall plate in all cases, and 8.5 metres to the ridge of the roof in the case of a pitched roof.
(ii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(d) Open space
Within a group housing site, outdoor space of at least 50 m² per dwelling unit must be provided and the outdoor space may include private or communal open space or any functional outdoor space that is inaccessible to motor vehicles, but excludes roads, service yards and parking areas.

(e) Building lines along the perimeter of a group housing site
The following building lines apply along the perimeter of a group housing site:
(i) a street boundary building line of 5 metres applies where the group housing site abuts an external public street;
(ii) side and rear boundary building lines are 3 metres along the perimeter of the group housing site; and

(iii) the general building line encroachments in this By-law apply.

(f) Building lines within a group housing site
The following building lines apply within a group housing site:

(i) street boundary building lines on internal roads are 0 metres; provided that any garage door facing the road must be set back at least 5 metres from the kerb of such internal road; and

(ii) side and rear boundary building lines within the group housing site are 0 metres, unless the Municipality requires a building line for fire-fighting purposes, in which case the common boundary building lines must be determined by the Municipality.

(g) Parking and access

(i) Parking and access must be provided in accordance with the requirements of this By-law.

(ii) Parking may be provided in the form of communal parking.

(h) Site development plan
A site development plan of the proposed group housing scheme must be submitted to the Municipality for its approval, and, if approved, the development of the group housing site must be in accordance with the approved site development plan.

(i) Service yard
Service yard(s) must be provided on the land unit in accordance with this By-law.

(j) Refuse room
A refuse room must be provided on the land unit in accordance with this By-law.

“guest house”

Land use description: “guest house” means a dwelling house, second dwelling or additional dwelling unit that is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment that exceeds the restrictions of a bed and breakfast establishment (more than 2 guest rooms or 4 guests), and—

(a) includes business meetings or training sessions by and for guests on the property for up to 12 persons; and

(b) does not include agricultural workers’ accommodation.

Development parameters:
The development parameters applicable to “dwelling house”, “second dwelling” and “additional dwelling unit” apply.

The following further parameters apply:

(a) the Municipality may require a site development plan to be submitted for a proposed guest house and the guest house may not open for business until the plan is approved;

(b) the owner of a proposed guest house establishment must live on the property and must have consent use approval from the Municipality before the guest house establishment may open for business;

(c) a register of guests and lodgers must be kept and completed when rooms are let, and the register must be produced for inspection on request by an authorised municipal official;

(d) any new structure or alteration to the property related to its use as a guest house must be compatible with the residential character of the area, particularly with regard to the streetscape, and must be capable of reverting to use as part of the dwelling house, second dwelling, additional dwelling unit or outbuilding concerned;

(e) no more than 6 rooms per land unit may be used for bedroom accommodation for paying guests or lodgers, and no more than 12 paying guests or lodgers may be supplied with lodging or meals at any time;

(f) the requirement in paragraph (e) is also applicable where a land unit contains both a guest house and rooms which are available for letting to lodgers;
(g) no alcoholic beverages may be sold except to resident guests for consumption on the premises with meals;
(h) guest rooms may not be converted to, or used as, separate self-catering dwelling units;
(i) meals may only be supplied to guests or lodgers who have lodging on the property, employees, and the family residing in the dwelling;
(j) no advertising sign may be displayed other than a single un-illuminated sign or notice not projecting over a public street in accordance with the Municipality’s policy or by-law on outdoor advertising and signage, and the sign may not exceed 1 m² in area;
(k) no weddings, receptions, conferences, training or any similar activities are permitted in a guest house;
(l) no activities that constitute, or are likely to constitute, a source of public nuisance may be carried out; and
(m) on-site parking must be provided in accordance with the provisions of this By-law, provided that the Municipality may at any stage require additional on-site parking if, in the opinion of the Municipality, the guest house does not have enough parking.

“guest lodge”

Land use description: “guest lodge” means an appropriately scaled establishment that provides temporary residence for transient guests lodging and meals are provided and—
(a) includes a small conference or training facility and also caters for business meetings, and
(b) does not include a restaurant or backpackers’ lodge.

Development parameters:
(a) Coverage
   The maximum coverage is 60%.
(b) Floor factor
   The floor factor may not exceed 1.
(c) Height
   (i) The highest point of a building may not exceed 8,5 metres from natural ground level to the top of the roof.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.
(d) Building lines
   (i) The street building line is at least 5 metres.
   (ii) Side and rear building lines are at least 4,5 metres.
   (iii) The general building line encroachments in this By-law apply.
(e) Parking and access
   Parking and access must be provided in accordance with this By-law.
(f) Screening
   The Municipality may require screening in accordance with this By-law.
(g) Site development plan
   The Municipality may require a site development plan to be submitted for its approval.
(h) Open space
   (i) Every guest lodge must have access to an outdoor living area on the land unit, and the outdoor living area may include private or communal open space, but excludes roads, service yards and parking areas.
   (ii) An outdoor living area of at least 10% of the net erf area must be provided; the outdoor living area(s) must be of reasonable proportions and location to allow for leisure or recreational use by guests and lodgers, and may include open courtyards within the complex.
(i) Service yard
   A service yard must be provided on the land unit in accordance with this By-law.
(j) Refuse room
   A refuse room must be provided on the land unit in accordance with this By-law.
A register of guests and lodgers must be kept, and completed when rooms are let, and the register must be produced for inspection on request by an authorised municipal official.

No more than 20 rooms per land unit may be used for bedroom accommodation for paying guests or lodgers, and no more than 40 paying guests or lodgers may be supplied with lodging or meals at any time.

No alcoholic beverages may be sold except to resident guests for consumption on the premises with meals.

Guest rooms may not be converted to, or used as, separate self-catering dwelling units.

Meals may only be supplied to guests or lodgers who have lodging on the property, employees, and the family residing in the guest lodge.

No advertising sign may be displayed other than a single un-illuminated sign or notice not projecting over a public street in accordance with the Municipality’s policy or By-law on outdoor advertising and signage, and the sign may not exceed 1 m² in area.

“halfway house”

Land use description: “halfway house” means a facility that provides temporary accommodation for persons who have completed a formal treatment programme for substance abuse, but does not include inpatient treatment or similar facilities.

Development parameters:
The development parameters applicable to “dwelling house” apply.

“harvesting of natural resources”

Land use description: “harvesting of natural resources” means the gathering of flora or fauna (living organisms) within a conservation-worthy area, for sale or use by a person or agency other than a recognised environmental agency, provided that the harvesting—

(a) is sustainable;
(b) does not deplete the resources below acceptable levels;
(c) is not detrimental to the ecosystem; and
(d) is in accordance with any applicable law.

Development parameters:
The development parameters applicable to “agriculture” apply.

“helicopter landing pad”

Land use description: “helicopter landing pad” means any portion of land, building, structure or part thereof demarcated for the purposes of landing or take-off of helicopters or vertical lift-off aircraft.

Development parameters:
As determined by the Municipality.

“home child care”

Land use description: “home child care” means the use of a portion of a dwelling house or its outbuildings by the occupant to provide day care, after school care or instruction for a limited number of infants or children.

Development parameters:

(a) The dominant use of the property must be for accommodation of a single family.
(b) The owner of the home child care activity must live on the property.
(c) Any new structure or alteration to the property to accommodate an additional use right must be compatible with the residential character of the area, particularly with regard to the streetscape, and must be capable of reverting to use as part of the dwelling house, second dwelling, outbuilding, or shelter concerned.
(d) No more than 3 employees may be engaged by the owner for the home child care activity.
No more than 6 children may be enrolled at the home child care facility at a time.

The home child care services must primarily be day care or educational, not medical.

The home child care services may not operate outside the hours 6:00 to 18:00 from Monday to Friday, and from 8:00 to 13:00 on Saturday. No home child care services are permitted on public holidays or Sundays.

Areas for indoor play space and outdoor play space must be provided in accordance with any health requirement or a policy plan as might be approved by the Municipality from time to time, and outdoor play space must be fenced off from any public street or neighbouring property by a 1,8 metre-high fence or wall.

No advertising sign may be displayed, other than a single un-illuminated sign or notice, not projecting over a public street, and the sign may not exceed 0,2 m² in area.

At least one off-street parking bay must be provided, plus one additional parking bay which is suitable for drop off and collection of children. The Municipality may at any stage require additional on-site parking where, in the opinion of the Municipality, the home child care service does not have enough parking for its operations.

“home for the aged”

**Land use description:** “home for the aged” means a building where permanent lodging is provided, with or without meals, to persons who are 50 years of age or older and—

(a) includes—
(i) outbuildings as are normally used therewith; and
(ii) a frail care facility; and

(b) does not include—
(i) a dwelling house;
(ii) a hotel;
(iii) a bed and breakfast establishment; or
(iv) flats.

**Development parameters:**
The development parameters applicable to “boarding house”, apply.

“home occupation”

**Land use description:** “home occupation” means the practising of an occupation or the conducting of an enterprise by one or more occupants who reside on the property, provided that the dominant use of the property concerned must remain for the living accommodation of the occupants and home occupation does not include a house shop.

**Development parameters**

(a) The dominant use of the property must be for accommodation of a single family.

(b) The proprietor of the home occupation concerned must live on the property.

(c) Any new structure or alteration to the property to accommodate a home occupation must be compatible with the residential character of the area, particularly with regard to the streetscape, and must be capable of reverting to use as part of the dwelling house, second dwelling or outbuilding concerned.

(d) Not more than three employees may be engaged by the occupant in the home occupation concerned.

(e) No home occupation may include a noxious trade, risk activity, adult entertainment, adult services, adult shop, sale of alcoholic beverages, motor repair garage, funeral parlour or activities that are likely to generate a public nuisance, including but not limited to panel beating and spray painting, auto electrician, builder’s yard, welding works or joinery.

(f) No goods for sale may be publicly displayed and no external evidence of the home occupation may be visible from a public street, except for an advertising sign in accordance with paragraph (g).
No advertising sign may be displayed other than a single, un-illuminated sign or notice not projecting over a public street in accordance with the Municipality’s outdoor advertising and signage by-law, and the sign may not exceed 0.2 m² in area.

No activities that constitute or are likely to constitute a source of public nuisance, or generate waste material that may be harmful to the area or requires special waste removal processes, may be carried out.

Off-street parking must be provided at a ratio of 1 parking bay per 25 m² area used for home occupation. The Municipality may at any stage require additional on-site parking where, in the opinion of the Municipality, there is not enough parking for the home occupation concerned.

The total area used for all home occupation activity on a land unit, including storage, may not consist of more than 25% of the total floor area of the dwelling units on the land unit or 50 m², whichever is smaller.

The storage of all goods and equipment connected with the home occupation concerned must be inside a building or screened from neighbours and the public street.

Not more than two vehicles may be used in connection with a home occupation, and no one vehicle may exceed 3,500 kg in gross weight.

The hours of operation of a home occupation may not extend beyond 8:00 to 17:30 from Monday to Friday, and 8:00 to 13:00 on Saturday. No home occupation operations are permitted on public holidays or Sundays.

The Municipality may, at any stage, call for a cessation of the home occupation activity or impose conditions in order to minimise any potential nuisance to surrounding neighbours or the general public.

When “home occupation” is approved as a consent use right in any zone, the development parameters of “home occupation” apply over and above the development parameters of the relevant land use allowed as a primary right in the zone.

In order to exercise the consent use right under paragraph (o), the owner must obtain the written consent, where applicable, of the relevant owners’ association or Body Corporate, or all the owners within a housing scheme if the owners’ association or Body Corporate is not functioning.

“hospital”

**Land use description:** “hospital” means a place for the diagnosis and treatment of human illness, with integrated facilities including operating theatres and live-in accommodation for patients and may include—

(a) a clinic;
(b) medical consulting rooms;
(c) a pharmacy;
(d) a subservient restaurant; and
(e) a shop.

**Development parameters:**
The development parameters applicable to “place of instruction” apply.

“hotel”

**Land use description:** “hotel” means a property used as a temporary residence for transient guests, where lodging and meals are provided, and—

(a) includes—
(i) restaurants;
(ii) conference and entertainment facilities and a chapel that are subservient and ancillary to the dominant use of the property as a hotel;
(iii) premises that are licensed to sell alcoholic beverages for consumption on the property;
(iv) flats;
(v) a wellness centre; and
(vi) a boarding house; and

(b) does not include—

(i) a liquor store;
(ii) a backpackers’ lodge;
(iii) a dwelling house, and
(iv) a dwelling unit.

Development parameters:
The development parameters applicable to “business premises” apply with the following concession:

(a) Where it is proposed to erect a hotel of at least 30 bedrooms within this zone, the following portions of the hotel must be disregarded when calculating the total floor space of the building:

(i) rooms that are used by residents and visitors as dining rooms, banqueting rooms, bars, restaurants, ballrooms, rooms for games and sports, lounges, sitting rooms, reading rooms, writing rooms and conference rooms;
(ii) public foyers and areas comprising public or communal stoeps, verandahs, balconies, terraces or sun decks used by hotel residents or visitors;
(iii) barber shops, hairdressing salons, florists and similar enterprises within the hotel for the exclusive use of hotel residents;
(iv) offices forming part of the hotel premises, used solely for the administration and management of the hotel;
(v) kitchens, sculleries, laundries and similar service facilities forming part of the hotel premises;
(vi) storerooms appurtenant to the hotel; and
(vii) staff quarters appurtenant to the hotel, including corridors, stairs and other means of access within such staff quarters, including all kitchens, dining rooms, recreation rooms, laundries and other similar rooms for the exclusive use of staff.

(b) If, in the opinion of the Municipality, a room is primarily for the use of persons other than hotel residents, staff or visitors, the room must be included in the floor space calculation of the building notwithstanding that it may be referred to in paragraph (a)(i) to (vii), and any rooms that are not specifically referred to in paragraph (a)(i) to (vii) must also be included in the floor space calculation of the building.

“house shop”

Land use description: “house shop” means the conducting of a retail trade from a dwelling house, second dwelling, shelter or outbuilding by one or more occupants who must reside on the property; provided that the dominant use of the property must remain for the living accommodation of the occupants.

Development parameters:
Development parameters applicable to “dwelling house”, “second dwelling” and “shelter” apply.

“house tavern”

Land use description: “house tavern”—

(a) means an enterprise for the sale of alcoholic beverages including on-site consumption, where the enterprise is conducted from a dwelling house, second dwelling, shelter or outbuilding, by one or more occupants who must reside on the property provided that the dominant use of the property concerned must remain for the living accommodation of the occupants; and

(b) does not include a distribution depot or any form of manufacturing of alcoholic beverages.

Development parameters:
Development parameters applicable to “dwelling house”, “second dwelling” and “shelter” apply.
Note: This zoning scheme does not make provision for a “house tavern” as a primary or consent use right in any use zone and existing legal enterprises may only be allowed as a non-conforming use.

“industrial hive”

**Land use description:** “*industrial hive*” means a complex of uniformly designed buildings, containing a mix of retail and manufacturing activities arranged in an orderly manner around common spaces including—

(a) common parking and access;
(b) light industry;
(c) service trade;
(d) storage facilities;
(e) service station;
(f) restaurant; and
(g) open air motor vehicle display.

**Development parameters**
The development parameters applicable to “light industry” apply.

“industry”

**Land use description:** “*industry*” means a property used as a factory and in which an article or part of the article is made, manufactured, produced, built, assembled, compiled, printed, ornamented, processed, treated, adapted, repaired, renovated, rebuilt, altered, painted (including spray painting), polished, finished, cleaned, dyed, washed, broken up, disassembled, sorted, packed, chilled, frozen or stored in cold storage; including offices, caretaker’s quarters, factory shop or other uses that are subservient and ancillary to the use of the property as a factory; and—

(a) includes—

(i) an industrial hive;
(ii) builder’s yard
(iii) funeral parlour;
(iv) service station;
(v) transport usage;
(vi) rooftop base telecommunication station;
(vii) freestanding base telecommunication station; and
(viii) warehouse and agricultural industry; and

(b) does not include a noxious trade, scrap yard or risk activity.

**Development parameters:**

(a) **Floor factor and coverage**

(i) The floor factor may not exceed 1.5.
(ii) The maximum coverage is 75%.

(b) **Height**

(i) The highest point of a building may not exceed 18 metres to the top of the roof.
(ii) The highest point of a stack of shipping or transport containers stored outside a building may not exceed 15 metres above average ground level.
(iii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(c) **Street boundary building line**
The street boundary building line is 0 metres, with a street centreline setback of at least 8 metres.

(d) **Side and rear boundary building lines**

Side and rear boundary building lines are 0 metres, provided that the Municipality may impose down side and rear building lines of up to 3 metres in the interest of public health and/or safety.
Boundary walls
Where a land unit has a common boundary with another land unit that is not zoned Industrial Zone II or Industrial Zone III, the Municipality may require a 1.8 metre-high wall to be erected, to the satisfaction of the Municipality, along the common boundary.

Parking and access
Parking and access must be provided on the land unit in accordance with this By-law.

Loading
Loading bays must be provided on the land unit in accordance with this By-law.

Screening
The Municipality may require screening in accordance with this By-law.

Hazardous substances
Despite the fact that an activity constitutes a primary use right in terms of this zone, no activity or use that includes the on-site storage of hazardous substances may be permitted unless a risk management and prevention plan has been submitted to the Municipality for its approval. The risk management and prevention plan must include guidelines approved by the Municipality to prevent or minimise danger to the environment or humans from a particular activity or series of activities, and to deal with the consequences of any dangerous event involving the hazardous substances.

Industrial hive
The same development management provisions that apply to an industrial hive under “light industry” apply to an industrial hive in this zone.

Site development plan
The Municipality may require a site development plan to be submitted for its approval in accordance with this By-law.

Refuse room
A refuse room must be provided on the land unit in accordance with this By-law.

“informal trading”
Land use description: “informal trading” means the legal selling of products in areas demarcated by the Municipality specifically for these purposes, including markets and other areas demarcated in accordance with the Municipality’s informal trading By-law.

Development parameters:
As determined by the Municipality.

“institution”
Land use description: “institution”—
(a) means a property used as a facility that renders services to the community including—
   (i) hospital;
   (ii) clinic;
   (iii) home for the aged, retired, indigent or handicapped;
   (iv) a social facility including a counselling centre, orphanage and rehabilitation centre; and
   (v) ancillary accommodation, administrative, health care, training and support services and facilities; and
(b) does not include a correctional facility.

Development parameters:
Development parameters applicable to “place of instruction” apply.

“intensive animal farming”
Land use description: “intensive animal farming”—
(a) means the breeding, feeding and keeping, on an intensive basis, of animals or poultry confined to buildings, or structures; and
(b) does not include the breeding, feeding and keeping of wildlife.
Development parameters:
Development parameters applicable to “agriculture” apply.

“intensive horticulture”

Land use description: “intensive horticulture” means the culture of plants on an intensive scale, including—
(a) the culture of plants under a roof or in greenhouses; and
(b) the sale of self-produced plants on a property.

Development parameters:
Development parameters applicable to “agriculture” apply.

“light industry”

Land use description: “light industry”—
(a) means an industry, not being a hazardous or offensive industry or involving use of hazardous or offensive storage establishment, and where the processes carried on, the transportation involved or the machinery or materials used do not interfere with the amenity of the neighbourhood by reason of noise, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil, or otherwise;
(b) involves manufacturing that is less capital-intensive and requires less machinery than other types of manufacturing; and
(c) includes—
   (i) the manufacturing of consumer products, including electronics and clothing;
   (ii) warehousing;
   (iii) industrial hive;
   (iv) service trade;
   (v) service station;
   (vi) restaurant; and
   (vii) open air motor vehicle display.

Development parameters
(a) Floor factor
   The maximum floor factor on the land unit is 1.5.
(b) Coverage
   The maximum coverage for all buildings on a land unit is 75%.
(c) Height
   (i) No building may exceed a height of two storeys.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.
(d) Street building line
   The street building line is at least 5 metres.
(e) Side building line
   The side building line is at least 3 metres.
(f) Rear building line
   The rear building line is at least 3 metres.
(g) Boundary walls
   Where a land unit has a common boundary with another land unit that is not zoned for industrial purposes, the Municipality may require a 1.8 metre-high wall to be erected to the satisfaction of the Municipality, along the common boundary.
(h) Parking and access
   Parking and access must be provided in accordance with this By-law.
(i) Loading bays
   Loading bays must be provided in accordance with this By-law.
(j) **Screening**
   The Municipality may require screening in accordance with this By-law.

(k) **Refuse room**
   A refuse room must be provided on the land unit in accordance with this By-law.

(l) **Hazardous substances**
   No activity which includes storage of on-site hazardous substances may be permitted unless a risk management and prevention plan has been submitted to the Municipality for its approval. The risk management and prevention plan must include guidelines approved by the Municipality to prevent or minimise danger to the environment or humans from a particular activity or series of activities, and to deal with the consequences of any dangerous event involving the hazardous substances.

(m) **Site development plan**
   A site development plan must be submitted to the Municipality for its approval.

(n) **Industrial hive**
   The following additional development parameters apply for an industrial hive, namely:
   
   (i) the design principles which are reflected in the definition of “industrial hive” must be closely followed and implemented;
   
   (ii) special attention must be given to aesthetics, architectural coordination, urban design and landscaping; and
   
   (iii) the Municipality may impose conditions specifying limits on the mix of retail and manufacturing activities, and the industrial hive may not allocate more than 50% of the total floor space to retail activities, shops or associated uses.

“liquor store”

**Land use description**: “liquor store” means an establishment where the dominant use is the retail sale of alcoholic beverages, for consumption off the property.

**Development parameters**: The development parameters applicable to “shop” apply.

“medical consulting rooms”

**Land use description**: “medical consulting rooms” means an office or offices and ancillary rooms used by a registered medical professional for human medical or medical-related consultation, where the office is not attached to a hospital or clinic.

**Development parameters**: The development parameters applicable to “office” apply.

“mine”

**Land use description**: “mine” means mine as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) and includes extracting gas for market production purposes.

**Development parameters**: The following development management provisions apply:

(a) the owner must comply with national and provincial statutory requirements applicable to mining;

(b) any application to rezone land to Industrial Zone IV must contain an explanation of the measures that will be implemented to address safety and environmental concerns that may be imposed as conditions of approval by the Municipality, including—

   (i) control of drainage, sedimentation and erosion;
   
   (ii) preservation of surface and substance water;
   
   (iii) preservation of topsoil;
   
   (iv) provision for restoration and the re-use of the site;
   
   (v) provision for noise and visual buffering;
(vi) accommodation of heavy traffic and vehicles on roadways; and
(vii) a phased programme for rehabilitation; and
(c) a site development plan must be submitted to the Municipality for its approval.

“mobile home”
Land use description: “mobile home” means a transportable structure that is designed so that it can be used as a permanent dwelling and that has the necessary service connections for a permanent dwelling.

Development parameters:
As determined by the Municipality.

“motor repair garage”
Land use description: “motor repair garage” means a commercial enterprise where motor vehicles are provided with fuel or major services including engine overhauling, spray-painting, panel beating, blacksmithery, exhaust fitment, shock absorber fitment or body work, and includes a service station.

Development parameters:
The development parameters applicable to “shop” apply. The following additional development parameters apply:
(a) a site development plan must be submitted to the Municipality for its approval;
(b) any part of the property of a motor repair garage that is used for the repair of motor vehicles, the storage of inoperable motor vehicles or parts of motor vehicles, empty containers including oil drums and packing cases, or any other scrap, must be enclosed with a solid screen wall at least 2 metres high, or contained in a building; and
(c) any motor repair garage that supplies fuel must comply with the following access requirements:
(i) the width of motor vehicle carriageway crossings over the street boundary, whether one-way or two-way, may not exceed 8 metres;
(ii) a wall, at least 100 millimetres thick and 350 millimetres high, must be erected on the street boundary between different motor vehicle carriageway crossings, and the wall must continue along the boundary unless the property is otherwise enclosed;
(iii) the motor vehicle carriageway crossings must be limited to two per site unless the total length of a street boundary exceeds 30 metres, in which case one additional motor vehicle carriageway crossing may be permitted;
(iv) at the point where it crosses the street boundary, a motor vehicle carriageway crossing may not be closer than:
(aa) 30 metres to the intersection of a provincial road and with any other road of a similar status;
(bb) 30 metres to the nearest point of an intersection where traffic is controlled, or is proposed to be controlled, by a traffic signal or traffic island;
(cc) 10 metres from the corner of an intersection not described in items (aa) and (bb), if the intersection is not splayed, or 5 metres from the point where the splay meets the road boundary if the intersection is splayed; and
(dd) 1.5 metres from a side boundary; and
(v) no fuel pump may be erected so that the base or island on which the pump stands is less than 3.5 metres from the nearest street boundary.

“multiple parking garage”
Land use description: “multiple parking garage” means a place, excluding a road, street and on-site parking associated with a primary or consent use, that is used for parking of motor vehicles by the public, with or without a fee, and may include parking within a building.
Development parameters
Development parameters applicable to “business premises” apply.

“nature conservation area”
Land use description: “nature conservation area” means the use and management of land with the objective of preserving the natural biophysical characteristics of that land, including the fauna and flora, but does not include tourist facilities, tourist accommodation or agriculture.

Development parameters:
(a) The Municipality may require an environmental conservation plan to be submitted for its approval.
(b) The Municipality must determine the land use restrictions and the development parameters for the property based on the objectives of this zoning, the particular circumstances of the property and, where applicable, in accordance with an approved environmental management plan.
(c) One dwelling house is allowed if no dwelling house exists on another portion of the land unit zoned for agriculture purposes or if the full extent of the land unit is zoned Open Space III.
(d) When a consent use to provide tourist facilities in a “nature conservation area” is approved, it is subject to conditions imposed by the Municipality with regard to layout, landscaping and building design.
(e) A site development plan must be submitted to the Municipality for its approval, clearly indicating the position of all structures, services and internal roads.

“nature reserve”
Land use description: “nature reserve” means a national park or some other nature area that is owned by a public authority or remains in private ownership and has been declared as a nature reserve or has a similar status in terms of legislation; it consists of an area that is utilised as a game park or reserve for fauna and flora in their natural habitat and—
(a) includes environmental facilities and worker accommodation; and
(b) does not include accommodation facilities for tourists or holiday makers.

Development parameters:
(a) An environmental management plan must submitted to the Municipality, SANParks or CapeNature for their approval or to all of them for approval.
(b) SANParks or CapeNature or both must, in consultation with the Municipality, determine the land use restrictions and the development parameters for the property based on the objectives of this zoning, the particular circumstances of the property, and in accordance with an approved environmental management plan.
(c) When consent uses to provide tourist facilities or tourist accommodation in a “nature reserve” are approved, conditions must be imposed with regard to density, layout, landscaping, and building design.
(d) A site development plan must be submitted to the Municipality for its approval, clearly indicating the position of all structures, stands, services and internal roads.

“neighbourhood shop”
Land use description: “neighbourhood shop” means a property used for the retail sale, principally, of convenience goods to the public and providing service almost exclusively to the inhabitants of a specific neighbourhood and its surrounding area, and—
(a) includes laundrette, hair salon, medical practitioner and clinic; and
(b) does not include a liquor store; shop, supermarket; service trade; or office.

Development parameters
The development parameters applicable to “shop” apply.
“noxious trade”

**Land use description:** “noxious trade” means an industry that is offensive, poisonous or a potentially harmful use or activity that, because of the fumes, emissions, smell, vibration, noise, waste products, nature of material used, processes employed, or other cause, is considered by the Municipality to be a potential source of danger, nuisance or offence to the general public or persons in the surrounding area and includes —

(a) an abattoir; and  
(b) a crematorium.

**Development parameters**
The following development parameters apply:

(a) **Floor factor**  
The maximum floor factor on the land unit is 2.

(b) **Coverage**  
The maximum coverage for all buildings on the land unit is 75%.

(c) **Height**  
(i) No height restriction applies to buildings used for a noxious trade, risk activity or manufacturing in this zone.  
(ii) Buildings not used for noxious trade, risk activity or manufacturing purposes may not exceed a height of 18 metres to the top of the roof.  
(iii) The general provisions regarding earth banks and retaining structures in this By-law apply.  
(iv) The highest point of shipping or transport containers, when stored or stacked outside a building connected with a noxious trade, may not exceed 15 metres above average ground level.

(d) **Building lines**  
(i) The street boundary building line is at least 5 metres.  
(ii) The side and rear boundary building lines are at least 5 metres.

(e) **Parking and access**  
Parking and access must be provided on the land unit in accordance with this By-law.

(f) **Loading**  
Loading bays must be provided on the land unit in accordance with this By-law.

(g) **Screening**  
The Municipality may require screening on the land unit in accordance with this By-law.

(h) **Boundary walls**  
Where a land unit has a common boundary with another land unit that is not zoned Industrial Zone II or Industrial Zone III, the Municipality may require a 1.8 metre-high wall, of the quality and with finishings to the satisfaction of the Municipality, to be erected along the common boundary.

(i) **Hazardous substances**  
Despite the fact that an activity constitutes a primary use right in terms of this zone, no activity or use that includes the on-site storage of hazardous substances is permitted unless a risk management and prevention plan has been submitted to the Municipality for its approval. The risk management and prevention plan must include guidelines approved by the Municipality to prevent or minimise danger to the environment or humans from a particular activity or series of activities, and to deal with the consequences of any dangerous event involving the hazardous substances.

(j) **Refuse room**  
A refuse room must be provided on the land unit in accordance with this By-law.

(k) **Site development plan**  
The Municipality may require a site development plan to be submitted for its approval.
“occasional use”

Land use description: “occasional use” means a temporary departure granted by the Municipality for a specific occasion or event including—
(a) craft markets;
(b) circuses;
(c) religious gatherings;
(d) film shoots;
(e) builder’s yards;
(f) seasonal camping sites; and
(g) other outdoor events.

Development parameters:
The following development parameters apply:
(a) the applicant must provide parking and toilet facilities to the satisfaction of the Municipality.
(b) the temporary activities may not extend for a continuous period of more than 30 days;
(c) despite paragraph (b), the Municipality may determine a longer period for a builder’s yard; and
(d) the Municipality may withdraw the approval by written notice to the applicant if any condition of approval is not complied with or if, in the opinion of the Municipality, the occasional use concerned creates a public nuisance.

“office”

Land use description: “office” means property used for the conducting of an enterprise primarily concerned with administrative, clerical, financial or professional duties, and includes—
(a) medical consulting rooms; and
(b) a clinic.

Development parameters
The following development parameters apply:
(a) Floor factor
   The floor factor may not exceed 1.
(b) Coverage
   Coverage may not exceed 60%
(c) Street centre line setback
   The municipality may require that all buildings or structures on the land unit are set back at least 6,5 metres from the centre line of the abutting street or streets.
(d) Height
   (i) The highest point of a building may not exceed 11 metres from average ground level to the top of the roof.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.
(e) Building lines
   (i) The street building line is at least 5 metres.
   (ii) The side and rear building lines are at least 3 metres.
   (iii) Despite subparagraph (ii), the side building lines for properties smaller than 650 m² must be 0 metres for the first 12 metres measured perpendicular from street boundary; 0 metres for 60% of total remaining linear distance along all side and rear boundaries around the land unit; and 3 metres for the remainder.
   (iv) The general building line encroachments in this By-law apply.
(f) Garages and carports
   (i) A garage or carport is permitted within the common boundary building line provided the garage or carport—
      (aa) does not exceed 3,5 metres to the top of the roof; and
      (bb) does not contain more than a double garage façade with a maximum width of 6,5 metres.
(ii) For land units of 650 m² and less, a garage or carport is permitted up to 1.5 metres from the street boundary provided the garage or carport:
   (a) does not exceed 3.5 metres to the top of the roof; and
   (b) does not contain more than a double garage facade with a maximum width of 6.5 metres.

(iii) For land units exceeding 650 m², a garage or carport may not be closer than 5 metres from the street boundary, notwithstanding the street building line.

(g) Parking and access
Parking and access must be provided on the land unit in accordance with this By-law, except in a case where the Municipality has approved alternative parking supply under section 43.(1).

(h) Loading
Loading bays must be provided on the land unit in accordance with this By-law.

(i) Screening
The Municipality may require screening in accordance with this By-law.

(j) Canopy or balcony projection
Canopy and balcony projections for “business premises” apply.

(k) Refuse room
The Municipality may require a refuse room to be provided on the land unit in accordance with this By-law.

“off-road trail”
Land use description: “off-road trail” means a series of roads, tracks and routes designed for recreational use and—
   (a) includes buildings and facilities normally required for the administration and maintenance of the trail; and
   (b) does not include tourist accommodation or tourist facilities.

Development parameters:
The development parameters applicable to “agriculture” apply.

“open air motor vehicle display”
Land use description: “open air motor vehicle display” means the display of motor vehicles for the purpose of trading under open air where the open air area does not form part of a covered showroom and where shade cloth may not be construed as a permanent method of covering.

Development parameters:
The development parameters of “shop”, apply.

“place of assembly”
Land use description: “place of assembly”—
   (a) means a place that has a civic function to serve the social and community needs of an area, may attract people in relatively large numbers and is not used predominantly for a commercial enterprise;
   (a) includes a civic hall, concert hall, indoor sports centre, gymnasium, sport stadium, and club house; and
   (b) does not include a place of entertainment, or conference facility.

Development parameters:
Development parameters applicable to “place of instruction” apply.

“place of entertainment”
Land use description: “place of entertainment” means a place used predominantly for commercial entertainment that may attract relatively large numbers of people, operate outside normal business hours or generate noise from music or revelry on a regular basis, including—
(a) a cinema;
(b) theatre;
(c) amusement park;
(d) dance hall;
(e) ball room hall;
(f) gymnasium;
(g) sport centre;
(h) skating rink;
(i) pool room;
(j) pub;
(k) facility for betting;
(l) electronic or mechanical playing devices;
(m) gambling hall; and
(n) nightclub.

Development parameters:
Development parameters applicable to “business premises” apply.

“place of instruction”:  
Land use description: “place of instruction”—
(a) means a place for education or training at pre-school, school or post-school levels;
(b) includes a crèche, nursery school, primary school, secondary school, college, university or research institute;
(c) includes ancillary uses including—
   (i) a boarding hostel,
   (ii) a civic facility for the promotion of knowledge to the community including—
       (aa) a public library,
       (bb) place of worship,
       (cc) public art gallery,
       (dd) museum;
       (ee) place of instruction in sport where the main objective is instruction rather than participation of the public as competitors or spectators; and
       (f) does not include a reformatory or commercial conference facility.

Development parameters:
(a) Floor factor
   The maximum floor factor is 1.2.
(b) Coverage
   The maximum coverage is 60%.
(c) Height
   (i) The highest point of a building to the top of the roof may not exceed 12 metres, provided that there is no height limit for a bell tower, steeple, minaret or similar architectural feature designed to accentuate the significance of a building.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.
(d) Building lines
   (i) The street building line is at least 5 metres.
   (ii) Side and rear building lines are at least 5 metres.
   (iii) The general building line encroachments in this By-law apply.
(e) Parking and access
   Parking and access must be provided on the land unit in accordance with this By-law.
(f) Loading bays
   Loading bays must be provided on the land unit in accordance with this By-law.
(g) Screening
   The Municipality may require screening in accordance with this By-law.
(h) **Noise mitigation**
The Municipality may require the owner to install noise mitigation measures if excessive noise is created or likely to be created.

(i) **Refuse room**
A refuse room must be provided on the land unit in accordance with this By-law.

“place of worship”
**Land use description:** “place of worship”—
(a) means a church, synagogue, mosque, temple, chapel or other place for practising a faith or religion, provided that a dwelling where the occupants engage in worship does not constitute a place of worship;
(b) includes ancillary uses such as a religious leader’s dwelling, office, function hall, or place for religious instruction; and
(c) does not include a funeral parlour, cemetery or crematorium,

**Development parameters:**
Development parameters applicable to “place of instruction” apply.

“plant nursery”
**Land use description:** “plant nursery” means a property used for one or more of the following uses as a commercial enterprise:
(a) cultivation of plants;
(b) sale of plants; and
(c) sale of gardening products and gardening equipment.

**Development parameters:**
Development parameters applicable to “agriculture” apply.

“private open space”
**Land use description:** “private open space”—
(a) means land not designated as public open space and that is used primarily as a private site for sport, play, rest or recreation, or as a park or nature conservation area:
(b) includes ancillary buildings, infrastructure, and public land that is or will be leased on a long term basis; and
(b) does not include shops, restaurants and gymnasiums.

**Development parameters:**
The following development parameters apply:
(a) the Municipality must require a site development plan to be submitted for its approval; and
(b) the site development plan as approved by the Municipality constitutes the development parameters for a primary use and, if applicable, a consent use.

“private parking”
**Land use description:** “private parking” means property reserved exclusively for parking purposes and that is not normally accessible to the general public.

**Development parameters:**
A site development plan must be submitted to the Municipality for its approval. The site development plan as approved constitutes the development parameters for such private parking.

“private road”
**Land use description:** “private road”—
(a) means privately owned land designated as a private road that provides vehicle access to a separate cadastral property or properties;
(b) includes utility services and ancillary access control infrastructure, including a gatehouse, guardhouse, refuse room and utility room; and
(c) does not include a driveway on a property, or a servitude right of way over a property as these do not constitute private roads for the purpose of this zoning scheme.

**Development parameters:**
As determined by the Municipality.

**“prospecting”**

**Land use description:** "prospecting" means the first stage of physical search for minerals, fossils, precious metals or mineral specimens and may be granted as a temporary departure from this By-law by the Municipality since it does not constitute a primary, consent or occasional use right in terms of this By-law.

**Development parameters:**
As determined by the Municipality.

**“public open space”**

**Land use description:** "public open space"—
(a) means land, with or without access control —
   (i) owned by the Municipality or other public authority;  
   (ii) not leased out by the Municipality or that other authority on a long-term basis,
   (iii) set aside for the public as an open space for recreation or outdoor sport and designated as public open space; and
(b) includes a park, playground, public or urban square, picnic area; public garden, nature area and ancillary buildings and infrastructure.

**Development parameters:**
The following development parameters apply:
(a) the Municipality must require a site development plan to be submitted for its approval; and
(b) the site development plan as approved by the Municipality constitutes the development parameters for a primary use, if applicable, and a consent use.

**“public parking”**

**Land use description:** "public parking" means property that is accessible to the general public for parking purposes with or without a fee and/or access control.

**Development parameters:**
A site development plan must be submitted to the Municipality for its approval. The site development plan as approved constitutes the development parameters for the public parking.

**“public street”**

**Land use description:** "public street" means any land, owned by or vesting in the Municipality, indicated on an approved plan, diagram or map as having been set aside as a public thorough way for vehicles and pedestrians and includes—
(a) open public parking areas;
(b) sidewalks;
(c) those parts of a public place that are travelled parts;
(d) informal trading; and
(e) appropriate and necessary street furniture and infrastructure, including reticulation networks that does not present any threat to the safety or obstruct or inhibit free movement of pedestrians.

**Development parameters:**
A site development plan must be submitted to the Municipality for its approval. The site development plan as approved constitutes the development parameters for the public street.
“quarry”

**Land use description:** “quarry” means a place from which dimension stone, rock, construction aggregate, riprap, sand, gravel or slate is excavated from the ground. A quarry is a type of open-pit mine that produces building materials and dimension stone.

**Development parameters:**

(a) Development parameters applicable to “agriculture” together with additional parameters determined by the Municipality apply.

(b) If a quarry is approved as a consent use in Agricultural Zone I, the consent may only be granted for the number of years equal to the expected lifetime of the quarry concerned.

(c) The owner must comply with national and provincial statutory requirements applicable to mining.

(d) Any application to rezone land to Industrial Zone IV must set out the measures that will be implemented to address safety and environmental concerns including—

(i) control of drainage, sedimentation and erosion;

(ii) preservation of surface and substance water;

(iii) preservation of topsoil;

(iv) provision for restoration and the re-use of the site;

(v) provision for noise and visual buffering;

(vi) accommodation of heavy traffic and vehicles on roadways; and

(vii) a phased programme for rehabilitation.

(e) The Municipality may impose the measures to address safety and environmental concerns as conditions of approval.

(f) A site development plan must be submitted to the Municipality for its approval.

“rehabilitation centre”

**Land use description:** “rehabilitation centre” means a facility providing treatment for substance abuse.

**Development parameters:**

Development parameters applicable to “place of instruction” apply.

“renewable energy structure”

**Land use description:** “renewable energy structure”—

(a) means any wind turbine, solar energy generating apparatus, including solar photo-voltaic and concentrated solar thermal, hydro turbines or bio mass facility or any grouping thereof, that captures and converts wind, solar radiation or bio mass into energy for commercial gain; and

(b) includes any appurtenant structure necessary for, or directly associated with, generation of renewable energy, or any test facility or structure that may lead to the generation of energy on a commercial basis, excluding electrical grid connections.

**Development parameters:**

(a) **Height**

(i) The maximum height of a renewable energy structure is technology dependent.

(ii) The height of buildings may not exceed 8,5 metres from natural ground level to the top of the roof.

(b) **Setback**

In the case of a wind turbine the setback is—

(i) a distance equal to 1,5 times the overall blade tip height of the turbine, measured from the nearest residential, commercial or critical agricultural structures including animal housing, outbuildings, store rooms, excluding structures such as water troughs, feed dispensers, and windmills;
(ii) a distance of 100m from the cadastral boundary of the land unit, unless the renewable energy structure straddles two or more cadastral boundaries, in which case no setback applies;

(iii) a distance of 100m from any public road or private or public right of way, unless it provides access to the turbine;

(iv) a distance of 100m from any electrical infrastructure; and

(v) a distance of 1000m from towns, settlements or urban areas.

(c) Site development plan

(i) A site development plan must be submitted to the Municipality for its approval.

(ii) The site must be surveyed and the exact delineation of the construction footprint must be shown in the site development plan.

(iii) To the extent necessary, any relevant measures contained in these regulations must be incorporated into the site development plan submitted to the Municipality for approval.

(d) Land clearing, soil erosion and habitat impact

(i) The clearing of natural vegetation is limited to that which is necessary for the construction, operation and maintenance of the renewable energy structure as regulated by applicable environmental legislation.

(ii) Wind turbines, solar structures, access roads and other infrastructure must be located to minimise damage to natural vegetation, water courses and wetlands.

(iii) All land cleared that does not form part of the footprint of a renewable energy structure must be rehabilitated according to a rehabilitation plan for the land concerned, approved by the Municipality.

(iv) Constructing or operating the renewable energy structure may not cause soil erosion, and any high-risk erosion areas must be rehabilitated by the operator, to the satisfaction of the Municipality.

(v) The applicant must prove, to the satisfaction of the Municipality, that planning for the renewable energy structure concerned has taken into account and mitigated the risk of all impacts on, and necessary distances that should be maintained from, wetlands, water bodies, threatened ecosystems, mountains, ridges, hills, coastal buffers, settlements, telecommunication towers, transmission towers and power lines.

(vi) The applicant must provide exact coordinates relevant to land clearing, soil erosion and habitat impact to assist the Municipality to evaluate the risk of possible negative environmental impacts of the renewable energy structure concerned.

(e) Noise, air quality and nuisance

The renewable energy structure may not exceed a noise limit of 45 dB(A) during the night and 55 dB(A) during the day at the nearest dwelling.

(f) Finishing, colour and design

(i) A wind turbine structure must be treated with a neutral, non-reflective exterior colour and designed to blend in with the surrounding natural environment, to the satisfaction of the Municipality.

(ii) A solar structure must minimise any adverse effects related to its reflective surfaces and must be designed and built in a way that mitigates this impact, as required by the Municipality.

(g) Appurtenant structures

(i) All appurtenant structures to a renewable energy structure prescribed by the Municipality concerning bulk, height, yard sizes, building lines, open space, parking and building coverage requirements are subject to applicable by-laws.

(ii) Appurtenant structures, including equipment shelters, storage facilities, transformers and sub-stations must be architecturally compatible with the receiving environment as required by the Municipality, and contained within a renewable energy structure site development plan submitted for approval by the Municipality.
(iii) Appurtenant structures may only be used for the storage of equipment or other uses directly related to the operation of the particular facility that they are associated with.

(iv) Appurtenant structures must be screened from view by indigenous vegetation or be joined and clustered to minimise adverse visual impacts.

(h) Lighting

(i) A renewable energy structure or any part of such a structure may only be lit for safety and operational purposes and the lighting must be appropriately screened from abutting land units.

(ii) A renewable energy structure must comply with the lighting air safety requirements of the South African Civil Aviation Authority in terms of the Civil Aviation Act, 2009 (Act 13 of 2009).

(i) Signage and advertising

Signs on renewable energy structures must comply with the laws regulating signage and be limited to signage necessary to—

(i) identify the operator;

(ii) provide 24-hour emergency contact numbers; and

(iii) provide warning of any dangers associated with the structure.

No commercial advertising, including advertising for the provider or operator, may be displayed on any renewable energy structure.

(j) Maintenance

The owner is responsible for maintaining a renewable energy structure in good condition, including any access road, unless deemed a public way, and for paying the cost of repairing any damage resulting from construction or operation. Maintenance includes—

(i) painting;

(ii) structural repairs;

(iii) rehabilitation measures; and

(iv) the upkeep of security and safety measures.

(k) Modification

Any modification to a renewable energy structure, excluding inconsequential *in situ* technical improvements, made after approval and that is not in accordance with the approval and conditions of approval, requires authorisation from the Municipality within the parameters of these regulations by means of—

(i) the amendment of approved conditions;

(ii) a new consent use approval;

(iii) amendment of the approved site development plan; or

(iv) amendment of the approved building plan.

(l) Decommissioning

(i) Any renewable energy structure and associated infrastructure that has reached the end of its productive life or has been abandoned, including buildings, cables and roads, must be removed by the owner.

(ii) A renewable energy structure is considered abandoned when the structure fails to continuously operate for more than two years.

(iii) When a renewable energy structure is scheduled to be decommissioned or operations have been discontinued or it has been abandoned, the land owner must, by registered mail, notify the Municipality within 30 days after the operation ceased, and of plans for removal of the structure and infrastructure referred to in subparagraph (i).

(iv) The owner is responsible for the removal of the structure in all its parts, within 150 days after the date of discontinued operation, or as agreed upon by the Municipality after submission of a plan for decommissioning. The Municipality may grant an extension of the deadline for removing the structure and its parts. The land must then be rehabilitated by the owner, to the satisfaction of the Municipality, to the condition prescribed in the approved environmental management plan and the approved decommissioning plan.
Decommissioning must include—

(aa) the removal of all renewable energy structures and appurtenant structures, including equipment, bases, foundations, security barriers and transmission lines directly related to the renewable energy;

(bb) disposal of all solid and hazardous waste in accordance with provincial and local waste disposal regulations; and

(cc) the stabilisation and re-vegetation of the site with indigenous vegetation to minimise erosion.

The Municipality may, in order to minimise erosion and disruption to natural vegetation and habitats, grant permission to the owner to depart from the decommissioning plan in respect of removing landscaping, underground foundations or other underground components, provided these do not cause any pollution.

Before the construction of the renewable energy structure commences, the owner must make financial provision or an alternative reasonable arrangement, to the satisfaction of the Municipality, for protection against failure by the owner to comply with the obligations in terms of this By-law and in the event of the owner being unable to fulfil the necessary financial obligations for the rehabilitation or management of the negative environmental impact of decommissioning or of abandonment.

If the owner fails to remove the structure or its parts in accordance with the requirements of these regulations within 150 days of abandonment or the date of decommissioning or an approved extension date, the Municipality may enter the property and remove the structure and its parts, and recover all removal costs incurred from the owner.

If the owner fails to meet the requirements of subitem (i), the Municipality may, after written notice to the owner, use all or part of the financial provision or other provision referred to in subitem (vii) to rehabilitate or manage the negative environmental impact concerned, or to remove the facility.

“resort shop”

Land use description: “resort shop” means a shop that provides for the daily needs of the inhabitants of a holiday resort or residential estate that may include a retirement resort.

Development parameters:
The floor space of a resort shop may not exceed 100 m².

“restaurant”

Land use description: “restaurant” means a commercial establishment where meals and liquid refreshments are prepared or served or prepared and served to paying customers primarily for consumption on the property, and may include licensed provision of alcoholic beverages for consumption on the property, and the option for customers to purchase food for consumption off the property.

Development parameters:
Development parameters applicable to “business premises” apply.

“retirement resort”

Land use description: “retirement resort” means estate housing, flats, group housing or town housing that conforms to the following additional conditions:

(a) each dwelling unit must be occupied by a retiree or pensioner or by a family of which at least one member is a retiree or pensioner; and

(b) a full spectrum of frail care and other facilities reasonably associated with a retirement resort may be provided at the a retirement resort.
Development parameters: Development parameters applicable to “estate housing” apply.

“riding school”
Land use description: “riding school” means a place or undertaking for the leasing of horses and riding instructions against payment, and includes the care and stabling of the horses.

Development parameters: Development parameters as applicable to “agriculture” apply.

“risk activity”
Land use description: “risk activity” means an undertaking where the material handled or the process carried out is liable to cause extremely rapid combustion, give rise to poisonous fumes, or cause explosion, and includes major hazardous installations and activities involving dangerous and hazardous substances that are controlled in terms of national legislation.

Development parameters: Development parameters applicable to “agriculture” apply.

“rooftop base telecommunication station”
Land use description: “rooftop base telecommunication station” means a support structure attached to the roof, side or any part of a building and used to accommodate telecommunication infrastructure for the transmitting or receiving of electronic communication signals.

Development parameters: The general provisions of section 31 of this By-law apply.

“scrap yard”
Land use description: “scrap yard” means a property that is utilised for one or more of the following purposes:
(a) storing, depositing or collecting of junk, scrap material or articles that have value depending mainly or entirely on the material used during their manufacture;
(b) the dismantling of second-hand vehicles or machines to recover components or material; and
(c) the storage or sale of second-hand parts, poles, steel, wire, lumber yards, tyres, bricks, containers or other articles suited to being left in the open.

Development parameters: Development parameters applicable to “industry” apply.

“second dwelling”
Land use description: “second dwelling” means another dwelling that may, in terms of this By-law, be erected on a land unit where a dwelling house is also permitted; and the second dwelling may be a separate structure or attached to an outbuilding or may be contained in the same structure as the dwelling house; provided that—
(a) a second dwelling may only be erected in a use zone where provision has been made in column 2 of the table set out in Schedule 1 for a second dwelling unit as a consent use; and
(b) the second dwelling must remain on the same land unit as the dwelling house and not be alienated separately.

Development parameters: The development parameters applicable to “dwelling house” apply, together with the following additional parameters:
(a) the total floor space of a second dwelling unit may not exceed 150 m² including the floor space of all ancillary buildings;
(b) a second dwelling must be constructed in a style that is similar to the architecture of the main dwelling house;
(c) a second dwelling that is a separate structure to a dwelling house may not exceed a height of 6 metres to the top of the roof;
(d) a second dwelling may not be alienated by means of sectional title within any type of single residential zone;
(e) a second dwelling that is contained within the same building as a dwelling house must be designed so that the building appears to be a single dwelling house; both units may have a ground floor, or one unit may be on the ground floor and the other unit above;
(f) the existence of a second dwelling may not in itself be sufficient reason for the Municipality to grant an application in terms of planning law to subdivide the land unit containing the dwelling units; and
(g) the construction of a second dwelling is subject to the Municipality’s municipal services department certifying that adequate services network capacity is available to serve the needs of the second dwelling.

“service station”

Land use description: “service station” means property for the retail supply of fuel, and—
(a) may include uses including washing of vehicles, a convenience shop and a restaurant; and
(b) does not include spray-painting, panel beating, motor repair garage, open air motor vehicle display or truck stop.

Development parameters:
The development parameters applicable to “shop” apply. The following additional development parameters apply:

(a) A site development plan must be submitted to the Municipality for its approval. The site development plan must at least address matters pertaining to vehicle access, risk management of fuel pumps and fuel storage areas, screening and minimising any visual intrusion or operational disturbance with adjoining properties.

(b) Any part of the property of a service station that is used for the repair of motor vehicles, the storage of inoperable motor vehicles or parts of motor vehicles, empty containers including oil drums and packing cases, or any other scrap, must be enclosed by a solid screen wall at least 2 metres high, or contained within a building.

(c) Any service station must comply with the following access requirements:
   (i) the width of motor vehicle carriageway crossings over the street boundary, whether one-way or two-way, may not exceed 8 metres;
   (ii) a wall, at least 100 millimetres thick and 350 millimetres high, must be erected on the street boundary between different motor vehicle carriageway crossings, and the wall must continue along the boundary unless the property is otherwise enclosed;
   (iii) the motor vehicle carriageway crossings must be limited to two per site unless the total length of a street boundary exceeds 30 metres, in which case one additional motor vehicle carriageway crossing may be permitted; and
   (iv) at the point where it crosses the street boundary, a motor vehicle carriageway crossing may not be closer than—
      (aa) 30 metres to the intersection of a provincial road and with any other road of a similar status;
      (bb) 30 metres to the nearest point of an intersection where traffic is controlled, or is proposed to be controlled, by a traffic signal or traffic island;
      (cc) 10 metres from the corner of an intersection not referred to in subitems (aa) or (bb) if such intersection is not splayed, or 5 metres from the point where the splay meets the road boundary if such intersection is splayed; and
      (dd) 1,5 metres from a side boundary.
No fuel pump may be erected so that the base or island on which the pump stands is less than 3,5 metres from the nearest street boundary.

“service trade”

Land use description: “service trade” means an enterprise—
(a) primarily involved in the rendering of a service for the local community including the repair of household appliances or the supply of household services;
(b) not likely to be a source of disturbance to surrounding properties;
(c) that employs at most 10 people;
(d) not likely, in the event of fire, to cause extremely rapid combustion, give rise to poisonous fumes or cause explosions;
(e) that includes laundry, bakery, dairy depot, and similar types of uses; and
(f) that does not include an abattoir, brick-making site, builder’s yard, sewage works, service station, open air motor vehicle display or motor repair garage.

Development parameters
The development parameters applicable to “shop” apply.

“shelter”

Land use description: “shelter” means a unit of accommodation, intended for human occupation with outbuildings as are ordinarily used with a dwelling unit, constructed of any material whatsoever, even though the material may not comply with the standards of durability intended by the National Building Regulations, and includes—
(a) renewable energy structures for household purposes;
(b) home occupation;
(c) a bed and breakfast establishment; and
(d) home child care.

Development parameters:
(a) It is the sole responsibility of the occupant or owner of the shelter to ensure the structural, habitability, fire resistance or other standards of a shelter.
(b) The Municipality may instruct any occupant or owner of a shelter to take action to remedy a public safety, health or fire risk.
(c) The dominant use of the unit must remain residential.
(d) No noxious trade, risk activity, adult entertainment, adult services or adult shop is permitted in a shelter.
(e) No activities may be carried out in a shelter that constitute or are likely to constitute a source of nuisance, including the use of equipment that generates excessive noise, or any activity that results in the generation of dust, fumes, smoke, or waste material that could be detrimental to health, or requires special waste removal processes.
(f) The Municipality may, at any stage, call for a cessation of the land use or activity, or impose conditions in order to minimise any potential nuisance to surrounding neighbours or the general public.

Coverage
There is no restriction on coverage.

Height
A shelter structure may not exceed two storeys and its height is restricted to 8,5 metres to the top of the shelter.

Building lines
(i) Side building lines are at least 1 metre on one side or 1,5 metres in the case where the shelter has windows or doors.
(ii) If a midblock sewage system is present, a rear building line of up to 2 metres may be required by the Municipality.
(iii) The street building line is 1 metre, if required by the Municipality.
“shop”

Land use description: “shop” means property used for the retail sale of goods and services to the public, and—

(a) includes a retail concern where goods that are sold in the concern are manufactured or repaired, a funeral parlour, service trade, clinic and the sale of motor vehicles; and

(b) does not include a hotel, industry, supermarket, motor repair garage, open air motor vehicle display, service station, restaurant, adult entertainment, adult services, adult shop or sale of alcoholic beverages.

Development parameters:
The following development parameters apply:

(a) Floor factor
   The maximum floor factor on the land unit is 1.

(b) Coverage
   The maximum coverage of all buildings on a land unit is 75%.

(c) Height
   (i) The maximum height of a building is 12 metres to the top of the roof.
   (ii) The general provisions regarding earth banks and retaining structures in this By-law apply.

(d) Street centreline setback
   The Municipality may require a street centreline setback, in which case all buildings or structures on the land unit must be set back 8 metres from the centre line of the abutting public street or streets.

(e) Street boundary building line
   The street boundary building line is 0 metres, subject to the following conditions:
   (i) the street centreline setback restriction in subparagraph (d);
   (ii) minor architectural and sunscreen features may project beyond the street boundary building line provided that such features do not project more than 250 millimetres beyond the street boundary; and
   (iii) for service stations, the street boundary building line is 5 metres subject to the general building line encroachments in this By-law.

(f) Side and rear boundary building lines
   The side and rear boundary building lines are 0 metres.

(g) Canopy projection
   The Municipality may approve a canopy projection over the street boundary in accordance with the following conditions:
   (i) the canopy may not project nearer than 500 millimetres to a vertical plane through the kerb line or proposed kerb line;
   (ii) no portion of a canopy projection may be less than 2,8 metres above the pavement;
   (iii) the Municipality may lay down more restrictive requirements relating to the dimensions, design and materials of the canopy; and
   (iv) the owner must enter into an encroachment agreement with the Municipality in the case of a canopy projection.

(h) Street corners
   (i) The Municipality may require the owner of a building to be situated at a public street corner, and where the Municipality considers the street corner to be significant, to incorporate in the building, architectural features that focus visual interest on the corner and emphasise the importance of pedestrian movement around the corner. The architectural features may include building cut-offs, walk-through covered arcades, plazas or other elements.

(i) Parking and access
   Parking and access must be provided on the land unit in accordance with this By-law, except in a case where the Municipality has approved alternative parking supply under subsection 43.(1).
(k) **Loading**
Loading bays must be provided on the land unit in accordance with this By-law.

(l) **Screening**
The Municipality may require screening in accordance with this By-law.

(m) **Repair or manufacturing concern in a shop**
The floor space relating to any manufacturing or repair concern in a shop may not comprise more than 40% of the floor space of the shop.

(n) **Refuse room**
The Municipality may require a refuse room to be provided on the land unit in accordance with this By-law.

(o) When a shop is approved as a consent use in Business Zone V, the total floor space of the shop or shops may not exceed 5% of the floor space of the building.

**“smallholding”**

**Land use description:** “smallholding” means an extensive landholding, including a dwelling house that is primarily a place of residence on which small scale agricultural activities may take place.

**Development parameters:**
(a) Development parameters applicable to “agriculture” apply, except that the following building lines apply:
   (i) 10 metres from any boundary in respect of properties smaller than 2 hectares;
   (ii) 20 metres from any boundary in respect of properties smaller than 4 hectares; and
   (iii) 30 metres from any boundary in respect of properties larger than 4 hectares.

(b) Any newly created smallholding areas must be situated within the urban edge of a town.

**“supermarket”**

**Land use description:** “supermarket” means a shop having a total floor space in excess of 400 m², where a range of goods, including foodstuff and household goods, is offered for sale on a predominantly self-service basis.

**Development parameters:**
Development parameters applicable to “shop” apply.

**“telecommunication infrastructure”**

**Land use description:** “telecommunication infrastructure”—
(a) means any part of the infrastructure of a telecommunication network for radio or wireless communication;
(b) includes voice, data and video telecommunications, including antennae, any support structure, equipment room, radio equipment or optical communications equipment (laser or infra-red);
(c) includes ancillary structures needed for the operation of telecommunication infrastructure; and
(d) does not include fibre optic installations and point-to-point copper (cable) installation and rooftop base telecommunication stations.

**Development parameters:**
As determined by the Municipality.
“tourist accommodation”

Land use description: “tourist accommodation” means a harmoniously designed and built holiday development, used for holiday or recreational purposes, whether in private or public ownership, that—

(a) consists of a single enterprise that provides overnight accommodation by means of short-term rental or time sharing only;
(b) may include the provision of a camping site, caravan park, chalets or mobile home park, resort shop, private or public roads; and
(c) does not include a hotel or wellness centre.

Development parameters:

(a) When land is rezoned to Resort Zone 1, the Municipality must impose conditions with regard to density, layout, landscaping, and building design.
(b) A site development plan must be submitted to the Municipality for its approval, clearly indicating the position of all structures, stands, services and internal roads.
(c) Provided that if a hotel or wellness centre is approved as a consent use within Resort Zone 1, the following additional conditions apply:
   (i) rooms may not be alienated by means of sectional title;
   (ii) the hotel may not accommodate more than 50% of the number of accommodation units;
   (iii) the architectural design of the hotel or wellness centre must conform to that of the rest of the resort; and
   (iv) the maximum height for the hotel or wellness centre is 6 metres to the wall plate in all cases and 8.5 metres to the top of the roof in the case of a pitched roof.

“tourist facilities”

Land use description: “tourist facilities” means amenities for tourists or visitors and—

(a) includes lecture rooms, restaurants, gift shops, restrooms, farmers’ market and recreational facilities; and
(b) does not include an off-road trail, a hotel, wellness centre; or tourist accommodation.

Development parameters:
Development parameters applicable to “agriculture” apply.

“town housing”

Land use description: “town housing” means a row or group of linked or attached dwelling units, planned, designed and built as a harmonious architectural entity where every dwelling unit has a ground floor and dwelling units may be cadastrally subdivided.

Development parameters:
The development parameters of “group housing” apply, provided that:

(a) Density
The maximum gross density on a town housing site is 60 dwelling units/hectare.

(b) Open space
The open space requirements for group housing do not apply to town housing.

(c) Coverage
The maximum coverage for all buildings on a land unit is 60%.

“transport use”

Land use description: “transport use” means the use of land, a building or structure for the operation of a service for the transportation of goods (including liquids and gases) or passengers by means of rail, road, sea or pipeline and—

(a) includes the use of that land, building or structure for the purpose of a harbour, railway station, bus depot or taxi interchange, and a transport undertaking;
includes a public-private undertaking including a railway station, bus depot, multiple parking garage, taxi rank, public transport interchange, harbour and ancillary purposes; and
does not include an airport, airfield; or helicopter landing pad.

Development parameters:
Development parameters applicable to “business premises” apply.

“truck stop”
Land use description: “truck stop” means a facility with direct access from a freeway, inner city road or major transport route that—
(a) provides a range of rest, service and fuelling facilities for heavy duty, long haul vehicles and trucks; and
(b) does not include accommodation.

Development parameters:
Development parameters are determined by the Municipality by means of conditions of approval for a truck stop as a consent use, provided that—
(a) the Municipality must require a site development plan to be submitted for its approval; and
(b) the site development plan must at least address matters pertaining to vehicle access, placement of overnight parking and ablution facilities or rest rooms, screening and minimising any visual intrusion or operational disturbance to adjoining properties.

“urban agriculture”
Land use description: “urban agriculture” means the cultivation of crops, on relatively small areas within the urban area or edge, for own consumption or sale in neighbouring markets; provided that cultivation of a garden by an occupant is not regarded as urban agriculture for the purpose of this By-law.

Development parameters:
As determined by the Municipality.

“utility service”
Land use description: “utility service” means a use or infrastructure that is required to provide engineering and associated services for the proper functioning of urban development and—
(a) includes a water reservoir and purification works, electricity substation, storm water retention facilities, and a waste-water pump station and treatment works, rooftop base telecommunication station and freestanding base telecommunication station; and
(b) does not include renewable energy structures or transport use; and
(c) provided that a road is not regarded as a utility service.

Development parameters:
As determined by the Municipality.

“wall of remembrance”
Land use description: “wall of remembrance” is a wall in a cemetery or crematorium provided for the placement of inscribed tablets commemorating deceased persons.

Development parameters:
Development parameters applicable to “cemetery” and “crematorium” apply.

“warehouse”
Land use description: “warehouse” means a building used primarily for the storage of goods, except for goods that are offensive or dangerous and—
(a) includes property used for business of a predominantly wholesale nature, and
(b) does not include property used for business of a predominantly retail nature.
Development parameters:
Development parameters applicable to “industry” apply.

“wellness centre”
Land use description: “wellness centre” means a business that provides a variety of services for the purpose of improving health, beauty and relaxation through personal care treatments including massages, rehabilitation, exercise programmes, diet, instruction on wellness, life coaching, and facials and includes—
(a) facilities like saunas, pools, steam rooms, gymnasiums, treatment rooms, relaxation areas and whirlpools; and
(b) the provision of meals to guests.

Development parameters:
Development parameters applicable to “tourist accommodation” apply.

“winery”
Land use description: “winery” means a place where wine is made, and may include a selling point to the general public and wine-tasting area.

Development parameters:
Development parameters applicable to “agriculture” apply.
SCHEDULE 3

OVERLAY ZONES APPROVED IN TERMS OF SECTION 16

1. SUBDIVISIONAL AREA OVERLAY ZONE

1.1. General purpose of Subdivisional Area Overlay Zone

The subdivisional area overlay (SAO) zoning designates land for future subdivision with development rights by providing development directives through specific conditions as approved in terms of this By-law. The SAO zoning confirms the principle of development and acceptance of future subdivision of land; but not the detailed layout that will be determined when an actual application for subdivision is approved.

1.2. Use of the property

1.2.1 Land zoned as a subdivisional area may be subdivided as contemplated in the Planning By-law.

1.3. Development parameters

1.3.1 When the municipality approves a subdivisional area overlay zone, it must impose conditions making provision for at least—
(a) density requirements;
(b) main land uses and the extent of the uses; and
(c) a detailed phasing plan or a framework including—
   (i) main transport routes;
   (ii) main land uses;
   (iii) bulk infrastructure;
   (iv) requirements of organs of state;
   (v) public open space requirements; and
   (vi) physical development constraints.

2. SPECIAL PLANNING AREA OVERLAY ZONE

2.1. General purpose of special planning area overlay zone

The general purpose of the special planning overlay zone is to provide for a package of plans mechanism to plan and manage the development of large or strategic urban development areas with a greater degree of flexibility. The package of plans mechanism is a phased process of negotiation, planning and approvals, where appropriate levels of planning detail are approved together with conditions for those approvals.

A special planning area overlay zone is generally created in respect of an application that involves a mixed use development proposal or where the development does not generally comply with the development parameters of the applicable land uses of this zoning scheme.

2.2. Use of the property

2.2.1 Primary uses are as stipulated in the conditions of approval imposed in terms of the Planning By-Law.

2.2.2 Consent uses are as stipulated in the conditions of approval imposed in terms of the Planning By-Law.
2.3. Development parameters

2.3.1 The Municipality must require a package of plans as set out in section 2.3.4 of Schedule 3 to be submitted for areas zoned as special planning area overlay zones.

2.3.2 The applicant must, during pre-application discussions with the Municipality, ascertain whether a package of plans procedure has to be followed.

2.3.3 The development parameters of the lowest order package of plans as contemplated in section 2.3.2 of Schedule 3 and as approved by the Municipality are the development parameters of the special planning overlay zone applicable to the property concerned.

2.3.4 The package of plans consists of all of the following components that are listed in a hierarchy from higher-order to lower-order plans, and the lower-order plans must be in compliance with the higher-order plan:

(a) Contextual framework
   (i) The contextual framework lays down broad land use policy for the development and the surrounding area.
   (ii) It may include principles or heads of agreement summarising the general obligations of the Municipality and the developer in relation to the development.
   (iii) The contextual framework may be prepared by the Municipality, or by a land owner or development agency under supervision of the Municipality, and may not be in conflict with a spatial development framework or structure plan approved by the Municipality.

(b) Development framework
   (i) The development framework must identify overall policy, broad goals, and principles for development within the development.
   (ii) The development framework must identify the range of uses, general spatial distribution of uses, major transport and pedestrian linkages, infrastructure and any limits to development within the development, including but not limited to density and floor space.

(c) Precinct plans
   (i) Precinct plans apply to specific areas within the development framework that have common features, functional relationships or phasing requirements.
   (ii) There may be several precinct plans that make up a development area.
   (iii) A precinct plan must describe in more detail the development objectives and intentions for a specific area in the development, as well as principles for urban form, land use, pedestrian links, traffic movement, floor space and environmental management.

(d) Subdivision plans
   (i) Subdivision plans, if required, must be processed in terms of planning law to establish new cadastral boundaries and to facilitate the transfer of land units.
   (ii) Subdivision plans may be approved at any stage after the development framework has been approved, and the provisions of section 16.2 apply to such plans.

(e) Site development plans
   (i) Site development plans depict more detailed design and development provisions for one or more land units within a development.
   (ii) These provisions may include details relating to land use, floor space, building lines, height, parking requirements, municipal services and landscaping, as well as details relating to the position and appearance of buildings, open space, pedestrian links and traffic movement.
   (iii) A site development plan may be required before or after a subdivision plan, and must provide for the information as required for a site development plan in terms of this By-law.
Building plans

(i) Building plans contain detailed specifications as required by the National Building Regulations.

(ii) Building work may only commence once building plans have been approved by the Municipality.

2.3.5 The Municipality may require all or only some of the components of the package of plans to be applied in respect of a particular development.

2.3.6 The Municipality may require that the area covered by a contextual framework must extend beyond the land under consideration if, in its opinion, the proposed development will have a wider impact, and the Municipality may determine the extent of that area.

2.3.7 In approving a special planning area overlay zone, the Municipality must determine the total floor space or density permitted within the development as a condition of approval.

2.3.8 The allocation of floor space must take into account the carrying capacity of internal and external infrastructure including roads and utility services, and any urban design principles approved by the Municipality as part of a rezoning or contextual framework.

2.3.9 The approved floor space may remain as “floating floor space” assigned to the overall development for later allocation, or may be assigned to particular precincts when a precinct plan is approved; and in either case must be allocated to individual subdivisions or site development plans.

2.3.10 When a special planning area overlay zone and a package of plans is required in terms of this By-law, the relevant components must be submitted to the Municipality for its approval before any development on a land unit can commence, provided that—

(a) the development may not be refused if it is consistent with the development parameters of a base zone, overlay zone, or condition of approval; and

(b) the Municipality may require amendments to the detail of the site development plan to address reasonable concerns relating to access, parking, architectural form, urban form, landscaping, environmental management, engineering services or similar concerns.

2.3.11 The general provisions contained in this By-law apply with regard to site development plans.
The purpose of this item is to report on the viability of Storm Water levies and to set the context within which such a levy could be implemented but not to determine a monetary value at this stage.

BACKGROUND

Council resolved at its Technical Services Committee on the 11th of October 2017 that the Director: Technical Services should submit a “report on the viability of such a levy”. The department understands a levy to mean to impose a tax, fee or fine as it relates to the municipal storm water system.

It is further understood that the levy would be imposed for the use of the system such as a user charge/tax/fee and/or abuse of the system by means of a fine/punitive charge. Alternatively, as raised in Section 80 meetings in the past a levy could also mean a rebate or incentive paid for storm water reduction or water usage.

DISCUSSION

The department researched municipalities in the District and the City of Cape Town and could not find any levy, tax, tariff, rebate or incentive for storm water with the exemption of augmentation/bulk contribution fees for developments. The Institute of Municipal Engineers of South Africa (IMESA) also has not investigated storm water levies as an infrastructure management option.

Levies as Fines or Punitive charges

The purpose of a fine or punitive charge would be to curb abuse of the storm water system in terms of the Knysna Municipality by-laws.

The relevant sections of the municipality’s Roads and Traffic By-law published in the Province of the Western Cape: Provincial Gazette on the 12th of February 2016 reads as follows:

- Section 22. “No person may cause or allow any water other than rainwater to flow into the street”;
- Section 30 (2)(b). “Any person who fails to comply with a notice in terms of subsection (10 commits an offence and the Municipality may…take action against the offender…at the expense of the owner of the premises…”
- Section 36. “A person who contravenes or fails to comply with any provision of this by-law commits an offence and is liable upon conviction to – (a) a fine or imprisonment…”

At present the municipal tariffs also do not contain any mention of fines relating to the storm water system.
Levies as User charges, Service charges, Taxes or Fees
The municipality levies an annual fixed service charge for Solid Waste (Refuse) services, Waste Water (sewage) services, Water trading Services and Electricity Trading services. Over and above the fixed charge, a per-usage charge is also levied for Waste water, Water, Electricity, Fire brigade and Traffic services on a unit rate cost method. This is in line with most municipalities in South.

The unit rate charge increases the cost as the usage increases which means the more is used the higher the price will be. Similarly, the waste water, water and electricity increases with use but is measured on a block tariff that caps the demand at a certain price hereafter the unit rate increases with demand. That is, the more is used the higher the unit rate.

Monthly electricity usage for a household with a 20A connection as an example:
- If one uses less than 50 kWh (50 units) per month electricity is free;
- Using 51 units up 350 units per month will cost R 1.29 per unit at a maximum cost of R 385.71 per month,
- Using 351 units up to 600 units per month will cost R 1.83 per unit at a maximum cost of R 841.38 per month.

Levies as Incentives
During the drought debate the possibility of storm water incentives were also discussed as a water conservation mechanism. The thinking was to incentivize residents to install water tanks and water saving devices which would allow property owners to collect water for irrigation and other non-human consumption purposes instead of using potable water. This would reduce the demand and pressure on the system and would allow the town to build up reserves whilst reducing the monthly household bill.

After considerable debate it was recognized that should residents install such tanks and reservoirs, they will already receive an incentive of a reduced water bill.

A storm water/water saving incentive could therefor become a perverse incentive in a sense that the municipality is promoting lower revenue by encouraging savings (lower consumption) and, “paying” residents to do so by virtue of incentivizing residents through either a discount or rebate for. This will constitute a double revenue “loss” to Council.

FINANCIAL IMPLICATIONS
It is undeniable that water conservation and environmental protection is paramount to the survival of the town but so too is financial sustainability. The municipal domestic block water consumption tariffs have huge financial implications if viewed in reverse.

A reduction of 1 kl per month from the 21 - 30 kl to the 11 - 20 kl per month block tariff per household per month (as per the level 3 restrictions) would result in a revenue drop of R 25 per household per month and in relation to 24 000 households that equates to a R 720 000 per annum revenue loss plus, the cost of the incentive/rebate. Granted many households only qualify for free basic water but many also use more than the 20 kl per month called for. The calculations only reflect the situation if level 3 restrictions are adhered to by all and not even a the Cape Town Day Zero scenario.

Using the City of Cape Town’s water restriction levels of 80 l per person per day, the total monthly domestic revenue for water (assuming 4 persons per household and 24 000 households) would be only R 3.1 million as compared to the income from a usage of 11 kl per household per month of R 5.5 million, a loss of more than R 2 million per month. It is
clear from this perspective that a rebate or storm water incentive will have a compounding negative impact on revenue especially in the light of generating an operating surplus on water of at least 10% per annum in terms of the Tariff policy.

The alternative levy that could be imposed would be in the form of a tax or fee and at present there is no precedence for such a levy and therefore no comparison could be made. However, the municipality does charge a basic charge or availability for other services irrespective of use or demand – residents pay because the service is available.

The basic charge or minimum charge is defined in the Tariff policy as: “… is the recovery of the distribution and billing-related costs, which include having a distribution system in place, plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining customer records.” As per this definition the storm water system would qualify for a basic charge as it is a “distribution network”.

At this stage it would not be possible to estimate the value of the basic charge as the existing system first needs to be categorized by type, i.e. piped, open, formal or informal as these may be rated differently due to their aesthetic value and/or maintenance requirements.

As a comparison a piped system and an open channels system may have the same capacity to convey water but the piped system is more aesthetically pleasing, requires less cleaning but costs more to install and maintain periodically. The open channel on the other hand costs less, looks less appealing, is more open to abuse and thus maintenance.

It therefore stands to reason that residents may argue that their system is informal or nonexistent in the case of grass ditches for example and that they would qualify for a rebate or discount because of this whereas they currently “pay” for storm water as part of their rates accounts.

Similarly, those who collect all storm water on their properties, i.e. those with absolutely zero run-off, may consider themselves to off the grid and not connected to the service.

The proposal for a storm water levy is at this stage not feasible for the following reasons:
• It is not clear whether the levy would be an incentive or a tax,
• there is not enough data to determine a value,
• the full impact of the municipality’s finances needs to be investigated in order to make a decision.

As a middle ground the municipality could provide water tanks to residents who would pay them off through their rates and taxes like with the refuse wheelie bins. This result in the following benefits:
• less run-off into the storm water system and will reduce the need to upgrade the capacity due to on-site attenuation;
• less erosion and thus lower maintenance;
• reduced abuse of the potable water system due to alternative sources being available on site;
• achievement of the water restriction levels at the users cost.
• Possible reduced load on the WWTW as a result of ingress.
UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

That the Storm Water Levies: Viability Report, be considered.

APPENDIX / ADDENDUM

File Number: 9/1/2/1
Execution: Director: Technical Services
M03/05/18 VIREMENT OF OPERATIONAL FUNDS: REFUSE REMOVAL WASTE TRANSFER STATION TO PETRO SA (MOSEL BAY)

REPORT FROM THE ACTING DIRECTOR: COMMUNITY SERVICES

PURPOSE OF THE REPORT

To request consideration for the virement of Operational funds as per the approved budget 2017/18 for project 1. Refuse Removal: Waste Transfer Station to PetroSA (Mossel Bay) 35-72-50-18-7445

BACKGROUND

Refuse Removal: Waste Transfer Station to PetroSA (Mossel Bay)
The transportation of domestic waste between the Waste Transfer Station and the PetroSA landfill site is currently a contractual operational requirement since the Municipality does not have a permitted landfill site. Transportation is being outsourced to Greens Scrap Recycling based on T 13/2015 which were awarded on 2015-12-14 for a period of 1 (one) years with the option to extend for another 2 (two) years.

Waste Volumes generated for the financial year 2017/18:

<table>
<thead>
<tr>
<th>Month</th>
<th>Jul-17</th>
<th>Aug-17</th>
<th>Sep-17</th>
<th>Oct-17</th>
<th>Nov-17</th>
<th>Dec-17</th>
<th>Jan-18</th>
<th>Feb-18</th>
<th>Mar-18</th>
<th>Apr-18</th>
<th>May-18</th>
<th>Jun-18</th>
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</thead>
<tbody>
<tr>
<td>Unit (Ton)</td>
<td>656</td>
<td>1227</td>
<td>1122</td>
<td>1215</td>
<td>1175</td>
<td>1487</td>
<td>1416</td>
<td>1064</td>
<td>1056</td>
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Waste Volumes generated for the financial year 2016/17:

The abovementioned graphs indicate the variance in waste volumes for the past 9 months of the financial year with a projected 3 months remaining.

The service provider is being remunerated per containers transported to PetroSA.

Current budget compared to the 2016/17 financial year without the adjustment.

<table>
<thead>
<tr>
<th>NO.</th>
<th>DESCRIPTION</th>
<th>2016/17 FINANCIAL YEAR</th>
<th>2017/18 FINANCIAL YEAR</th>
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<tr>
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<td>AMOUNT AFTER ADJUSTMENT</td>
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<tr>
<td>1.</td>
<td>Refuse Removal: WTS to Petro SA</td>
<td>R 5 459 300.00</td>
<td>R 4 700 000.00</td>
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The shortfall in funds clearly seen based on the budget received for the 2017/18 financial compared to the previous financial year. Further, note the increase in waste Volumes from 12 747.94t to 13 889t in the two financial years.

FINANCIAL IMPLICATIONS

<table>
<thead>
<tr>
<th>CAPITAL PROJECT/ITEM</th>
<th>VOTE</th>
<th>Funding Source</th>
<th>BUDGET TO DATE (DECREASE)</th>
<th>LINE ITEM (INCREASE)</th>
<th>TOTAL BUDGET AFTER VIREMENT</th>
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<tbody>
<tr>
<td>Temp/Casual Staff</td>
<td>33-52-50-02-7141</td>
<td>OWN</td>
<td>1 600 000.00</td>
<td>800 000.00</td>
<td>800 000.00</td>
</tr>
<tr>
<td>Refuse Removal:</td>
<td>35-72-50-18-7445</td>
<td>OWN</td>
<td>4 700 000.00</td>
<td>800 000.00</td>
<td>5 500 000.00</td>
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</table>
PART 9: VIREMENT REQUIREMENTS AND RESTRICTIONS

9.1. The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Vote during a financial year.

9.2. Virement can be approved as follows:
9.2.1. 0 - 200 000 - Director recommends to the CFO for approval
9.2.2 200 001 - 500 000 - CFO recommends to the AO for approval
9.2.3 >500 000 - AO recommends to Council for approval

9.3. In order for a “Vote” to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.

UNANIMOUSLY RECOMMENDED
(by the Mayoral Committee on 24 May 2018)

[a] That the report from the Acting Director: Community Services regarding the virement of funds be noted;

[b] That approval be granted to virement funds within the Solid Waste Operational budget in the amount of R800 000.

APPENDIX / ADDENDUM

Virement

File Number : 9/1/2/5
Execution : Director: Community Services
### MOTIVATION

Funds to pay Greens Recycling for the transport of waste to Petro SA.

<table>
<thead>
<tr>
<th>New Code</th>
<th>Old Vote number</th>
<th>Old Description</th>
<th>Scao Item Description</th>
<th>Budget</th>
<th>TRANSFER IN</th>
<th>TRANSFER OUT</th>
<th>New Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/1004-1029-3901</td>
<td>33-52-50-02-7142</td>
<td>Temp/Casual Staff</td>
<td>2704-027142: Basic Salary and Wages</td>
<td>1 600 000,00</td>
<td>800 000,00</td>
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<td>800 000,00</td>
</tr>
<tr>
<td>9/234-18-19</td>
<td>35-72-50-18-7445</td>
<td>Refuse Removal: Transnet/MossB</td>
<td>Contr Serv: Outsourced Services: Refuse Removal</td>
<td>4 700 000,00</td>
<td>800 000,00</td>
<td>800 000,00</td>
<td>5 500 000,00</td>
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<td>6 300 000,00</td>
<td>800 000,00</td>
<td>800 000,00</td>
<td>6 300 000,00</td>
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</table>
MAYORAL COMMITTEE MEETING
AGENDA
7 MAY 2018

9.2.24

M04/05/18 SSEG (SOLAR) PLANT REGULATIONS AND POLICY

REPORT FROM MANAGER: ELECTRO – TECHNICAL

PURPOSE OF THE REPORT

This report is to obtain Council’s approval for the policy and regulations to be adopted by the Knysna Municipality for the installation of Small Scale Embedded Generation (SSEG), also known as Solar Generation or PV plant. This policy titled,

Requirements for Small Scale Embedded Generation.
Conditions and application process to become a solar PV embedded generator in the Municipality of Knysna.

This policy is attached hereto for Council approval and adoption.

All tariffs will be found in the annual Tariff Tables as is approved in the annual budget.

BACKGROUND

Solar electricity generation is an ever increasing part of the energy supply mix in South Africa.

South Africa is blessed with sunshine and this can be of benefit to the municipality in reducing their energy purchases from Eskom. Many residents wish to install SSEG plant as roof top plant in their premises, be they residential, commercial or industrial. The principle behind this is that individuals can generate electricity when the sun is shining for their own use thus reducing their consumption. It will happen that they generate more energy than they require then they can on-sell this to the municipality who in turn sell this to their other customers.

These same customers then consume electricity when the sun is not shining (night and overcast days). In effect they are using the municipality’s electrical network as their storage batteries. This has advantages for the municipality as will be highlighted below.

DISCUSSION

There is a national programme to “go green”. One such method is to encourage the generation of electricity by a “sustainable” method – solar generation is one such method.

The Western Cape Government is encouraging municipalities to adopt a policy regulating SSEG, and in conjunction with, inter alia, the AMEU have produced such a policy, as is attached here. At present there are only four (4) municipalities in the Western Cape that do not have a municipal council approved SSEG policy; the Knysna Municipality being one of these.

Solar generating plant consists essentially of:

- Solar panels, which make electricity when the sun’s rays fall on them.
- An inverter to convert the dc electricity from the solar panels into the same voltage and frequency of the municipal electrical network (i.e. 230 volt ac at 50 Hertz).
The generation plant considered here is the Small Scale Embedded Generator (SSEG) up to 1MW and is an installation provided by the owner on their property typically as a "roof-top" installation. This installation is for the use of the owner and will not provide for the owner’s total electricity requirement. The owner will still purchase electricity from the municipality (typically when there is overcast weather, at night, and when the demand exceeds the SSEG’s output). The consumer will always be a net consumer of electricity from the municipality.

It is necessary that the Knysna Municipality implements a policy which states how the SSEG plant may be installed, which is safe to the municipal employees who work on the network and the residents who derive electricity from the network, and is financially of benefit to both the residents and the Knysna Municipality.

There have been numerous requests from residents to fit SSEG, but as there was no policy and thus they could not on-sell their excess energy to the municipality, they lost interest.

FINANCIAL IMPLICATIONS

The important factor in the matter of solar power generation is that electricity is only generated when the sun shines. The more cloud cover there is the less electricity is generated. The energy cannot be stored unless very expensive batteries are installed.

If the energy is not used at the time it is generated it is gone – it cannot be recovered.

This means that there must also always be a reliable source of electricity in a National electrical supply network, i.e. from Eskom.

However, with an SSEG plant the excess energy generated is supplied into the municipality's network who then sells this on to other consumers. It does not go back to Eskom. This means that the municipality does not have to purchase all of the electricity it requires to supply other customers, as the town is effectively generating some electricity itself. The result is that less electricity is purchased from Eskom.

In order to motivate residents to consider PV electricity generation it is necessary for the municipality to compensate the resident for the energy that is fed-into the network from their SSEG plant. The tariffs are set such that the amount the municipality pays the SSEG supplier is less than the cost from Eskom.

This means that essentially the SSEG plant is using the municipal network as their “battery” for storing the energy. This does not compromise the municipality's network in any way.

RELEVANT LEGISLATION

There is extensive legislation relating to electrical work through the Occupation Health and Safety Act and the various codes falling thereunder.

In the main the owner has to have a qualified electrician install the plant and issue an Electrical Certificate of Compliance (CoC) certifying the plant safe and accordance with the abovementioned OHS Act.
[a] That the report on the SSEG (Solar) Plant Regulations and Policy, be noted; and

[b] That the Requirements for Small-Scale Embedded Generation-Conditions and Application process to become a solar PV embedded generator in the Municipality documents, be approved for implementation.

**APPENDIX / ADDENDUM**

Requirements for small-scale embedded generation
Conditions and application process to become a solar pv embedded generator in the Municipality of Knysna

File Number: 9/1/2/1
Execution: Director : Technical Services
           Manager : Electrical Services
REQUIREMENTS FOR
SMALL-SCALE EMBEDDED GENERATION

Conditions and application process to become a solar PV embedded generator in the
Municipality of Knysna

February 2017

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Indemnity

Anyone using these Requirements for Small Scale Embedded Generation (SSEG), in part or in full, as a basis for their own SSEG program does so on the basis that they indemnify and hold harmless the authors and their successors or assigns in respect of any claim, action, liability, loss, damage or lawsuit arising from their use of this document.

Acknowledgements

This document was based on the GreenCape SSEG guideline for Western Cape municipalities

The development of the document was funded by GIZ’s support programme for renewable energy in South Africa

SALGA facilitated and contributed to the development of the standard AMEU documentation

Sustainable Energy Africa contributed to and compiled the standard AMEU documentation

AMEU Working Group on standardised SSEG documentation:
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**ORDINARY MUNICIPAL COUNCIL MEETING**

**AGENDA**

27 JUNE 2018
Contact details:

AMEU: 011 061 5000
SALGA: 012 369 8000
(a) Information on this document

**Purpose of the document**

The purpose of this document is to guide stakeholders regarding the requirements and application process of the Municipality of Knysna in connecting solar PV embedded generation to the municipal electricity network (other forms of generation will be included in future versions – e.g. wind, hydro).

**The need for this document**

The parallel connection of any generator to the municipal electrical grid, however powered, has numerous implications for the local Municipality. It shall therefore be regulated and managed. This document serves to:

- Ensure the safety of the municipal staff, the public and the user of the SSEG installation.
- Uphold the power quality of the municipal electricity network
- Clarify metering and billing requirements and options
- Balance municipal revenue impact to enable continued operation of all municipal functions

In addition, municipalities are faced with low carbon development imperatives and economic growth challenges. SSEG can play a role in both of these areas, and the document therefore also serves to:

- Promote the development of the SSEG industry by creating a conducive environment for growth.
Scope

This document covers:

- The connection of solar PV SSEG to the municipal electrical grid
- Installations up to 1MVA (although different conditions apply above or below 350kVA – see later)
- Installations connected to low voltage networks
- Installations where customers remain net consumers (consume more electricity from the grid than they generate on average)

This document does not cover:

- Systems above 1MW (anyone wanting to connect a SSEG system greater than 1MW will not be able to connect under the conditions of these requirements). Systems of 1MW or smaller do not require a generating licence from NERSA.
- Wheeling regulations
- The connection of SSEG to the Eskom electrical grid.
- Systems connecting to MV and HV networks (although the NRS 097-1 standards covering MV and HV connections are not complete, such systems may be approved by the municipality, but are likely to require grid impact studies and should be discussed separately with the municipality)
- Installations where customers are net generators (generate more than they consume on average)
- Non solar PV forms of generation (options such as wind and hydro will be included in future versions)

Defining small scale embedded generation

Small-scale embedded generation (SSEG) refers to power generation installations less than or equal to 1MW/1000kW which are located on residential, commercial or industrial sites where electricity is also consumed. SSEG is in contrast to large-scale generation units that generate large amounts of power, typically in the multi-Megawatt range.

A SSEG customer generates electricity on the customer’s side of the municipal electricity meter, where the generation equipment is connected to, and synchronised with, the municipal electricity grid (i.e. ‘embedded’).
Who this document is for

This document will assist all relevant stakeholders involved in the commissioning, installation, management and ownership of a SSEG system, with generation capacity less than or equal to 1 MW (1000 kW), to the municipal electrical grid. It is intended to provide guidance in this regard to:

✓ SSEG project developers
✓ Residential and commercial property owners
✓ SSEG installers
✓ Energy consultants commissioned to design SSEG systems
✓ Municipal officials involved in SSEG generation
✓ Registered professional engineers, professional technologists or professional engineering technicians who are involved in SSEG commissioning

(b) Glossary & Definitions

Alternating current

The flow of electrical energy that follows a sine wave and changes direction at a fixed frequency (i.e. it ‘alternates’). Most residential and commercial uses of electricity require alternating current.

Direct Current

The flow of electrical energy in one constant direction. Direct current is typically converted to alternating current for practical purposes as most modern uses of electricity require alternating current.

Anti-Islanding

The ability of an SSEG installation to instantly and automatically disconnect the generator from the municipal electrical grid whenever there is a power outage in the utility municipal electrical grid, thus preventing the export of electricity to the municipal electrical grid from the SSEG. This is done primarily to protect municipal electrical grid workers who may be working on the grid and who may be unaware that the grid is still being energized by the SSEG.

Bi-directional meter

A meter that separately measures electricity flow in both directions (import and export).

Cogeneration

The sequential or simultaneous generation of multiple forms of useful energy (usually mechanical and thermal) in a single, integrated system.

Customer

In the context of this document, customers who also generate shall be referred to as “customers”, although in effect they are “customer/generators”.

Generating capacity

The maximum amount of electricity, measured in kilovolt Amperes (kVA), which can flow out of the generation equipment into the customer’s alternating current wiring system. This is therefore the maximum alternating current
### Grid-tied
An SSEG that is connected to the municipal electrical grid either directly or through a customer’s internal wiring is said to be “grid-tied”. The export of energy onto the municipal electrical grid is possible when generation exceeds consumption at any point in time.

### Inverter
A power device that converts direct current to alternating current at a voltage and frequency which enables the generator to be connected to the municipal electrical grid.

### Isolated
A section of an municipal electrical grid which is disconnected from all other possible sources of electrical potential is said to be isolated.

### Load profile
The profile or curve showing the variation of the customer’s rate of electricity consumption (or demand) over time.

### Low-voltage
Voltage levels up to and including 1 kV. (1kV = 1000 Volts)

### Medium-voltage
Voltage levels greater than 1 kV up to and including 35 kV.

### Net customer
A net customer is someone who purchases (imports) more kWh of electricity than they export (sell) it over any 12-month period.

### Net consumer
See net customer.

### Net generator
A situation where the site generates more electricity than is consumed on site over a 12 month period, and therefore exports more power onto the municipal network than it draws from the network.

### Pr Eng or Pr Tech Eng or Pr Techni Eng
This refers to a professional engineer, professional technologist or professional engineering technician who is registered with the Engineering Council of South Africa (ECSA).

### Reverse power flow
The flow of energy from the customer electricity installation onto the municipal electrical grid (i.e. export) as a result of the instantaneous generation exceeding the instantaneous consumption at the generation site in question.

### Reverse power flow blocking
A device which prevents power flowing from an embedded generator back onto the municipal electrical grid.

### Small Scale embedded generator
A small-scale embedded generator for the purposes of these guidelines is an embedded generator with a generation capacity of less than or equal to 1000 kW (1MW).

### Stand-alone generator/
A generator that is not in any way connected to the municipal electrical grid. Export of energy onto the
off-grid generator  municipal electrical grid by the generator is therefore not possible.

(c) Abbreviations

<table>
<thead>
<tr>
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<tr>
<td>AC</td>
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</tr>
<tr>
<td>AMI</td>
<td>Advanced Metering Infrastructure</td>
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<td>DC</td>
<td>Direct current</td>
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<tr>
<td>ECSA</td>
<td>Engineering Council of South Africa</td>
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<tr>
<td>kVA</td>
<td>Kilo-Volt Ampere (unit of apparent electrical power, often similar in magnitude to kW)</td>
</tr>
<tr>
<td>kW</td>
<td>Kilo-Watt (unit of electrical power)</td>
</tr>
<tr>
<td>kWp</td>
<td>Kilo-Watt peak (the rated peak output of solar PV panels)</td>
</tr>
<tr>
<td>LV</td>
<td>Low Voltage</td>
</tr>
<tr>
<td>MV</td>
<td>Medium Voltage</td>
</tr>
<tr>
<td>MVA</td>
<td>Mega-Volt Amperes (1000 kVA)</td>
</tr>
<tr>
<td>MW</td>
<td>Mega-Watt (1000 kW)</td>
</tr>
<tr>
<td>NERSA</td>
<td>National Energy Regulator of South Africa</td>
</tr>
<tr>
<td>NMD</td>
<td>Notified Maximum Demand</td>
</tr>
<tr>
<td>PV</td>
<td>Photovoltaic</td>
</tr>
<tr>
<td>SSEG</td>
<td>Small Scale Embedded Generation/Generator</td>
</tr>
<tr>
<td>VAT</td>
<td>Value Added Tax</td>
</tr>
</tbody>
</table>
1. **Introduction**

Due to increases in the price of electricity from the national grid and a steady decline in the price of decentralised generation options such as PV small-scale embedded generation (i.e. 'rooftop' type systems), these decentralised generation sources are becoming financially more attractive in South Africa. Increasingly such systems are being installed by businesses and residences. It is therefore important that approval procedures are established and standards are adhered to within municipal distributors to regularise this fast changing situation.

Municipal distributors are obliged to ensure that distribution grid power quality and safety standards are upheld to protect municipal staff working on the distribution system, to protect the public in general, and to protect municipal infrastructure. Also, the potential revenue impact of accelerating SSEG installations needs to be managed. This requires changes to tariff structures, in particular residential tariffs.

The above needs to be balanced with municipal obligations to embrace low-carbon energy and green economic growth opportunities, so a user-friendly framework around installation application and approval is important to promote the growth of this sector. Such a framework will also minimise systems being installed without going through official channels, thereby potentially not meeting required safety and quality standards.

Municipalities play a vital role in facilitating the necessary regulatory environment to enable the establishment and growth of the SSEG field. This document outlines the municipal requirements for prospective SSEGs such that the above factors are balanced.

2. **Indemnity, Legal Requirements & Curtailment**

2.1. **Legal and Illegal Connections to the municipal electrical grid**

Customers wishing to connect SSEG legally to the municipal electrical grid shall be required to follow the normal application procedure as detailed in this document, and comply with the regulations and standards listed herein.

Paragraph __________________ of Electricity Supply By-Law states that no generation equipment may be connected to the municipal electrical grid without the express consent of the Manager: Electro – Technical.
Failure to obtain this consent constitutes an offence which could lead to a fine and/or imprisonment.

Furthermore, the installation may also be in contravention of the Occupational Health and Safety Act, for which punitive sanctions also apply.

Customers found to have illegally connected SSEG to the municipal electrical grid (either before or after their electricity meter) shall be instructed to have the installation disconnected from the municipal electrical grid. A Certificate of Compliance issued by a registered electrical contractor shall be required as proof of such disconnection. Should the customer fail to have the SSEG disconnected from the municipal electrical grid, the Manager: Electro – Technical shall disconnect the electricity supply to the property (as provisioned for in the Electricity Supply by-Law)

In cases where unauthorised reverse feed-in takes place which results in the meter reversing to the benefit of the customer, the municipality will institute action to recover lost revenue and relevant punitive fines will be applicable.

No exemption from any of the Municipality’s requirements shall be granted for “retrospective applications”.

2.2. Generation Curtailment

In the event of operating conditions resulting in municipal electrical grid parameters not meeting statutory minimum quality-of-supply standards it may become necessary to impose peak generation limits on embedded generator installations. It is expected that these limitations would be of a temporary nature, applied only during abnormal system conditions or low load periods.

2.3. Right to adapt rules & regulations

In the event of provincial or national changes to the regulatory environment it may become necessary to implement changes to the municipal requirements which SSEGs are to comply with. All SSEGs, new and existing, will be obliged to comply with these changes, and will do so at their own cost.

2.4. Right to deny access

It is essential that all customers wishing to install a SSEG system, regardless of generation capacity, complete the relevant sections of the application process in full, and that written approval to commence is received from the Municipality before system installation starts. The Municipality needs to ensure that, amongst other considerations, the SSEG installation can be accommodated on the municipal electrical grid and that the total SSEG capacity of the municipal electrical grid has not been exceeded, considering parameters in the NRS097-2-3 and other applicable standards. Equipment should not be purchased prior to obtaining written approval from the Municipality to commence, as approval is not guaranteed and the Municipality shall not be held liable for equipment expenses where approval is denied.
3. **General Guidelines - Small Scale Embedded Generators**

This section covers important considerations in terms of the Municipality’s SSEG rules and regulations that apply to all customers including residential, commercial and industrial customers who wish to connect a SSEG system, with generation capacity no greater than 1 MW (1000 kW), to the municipal electrical grid.

Anyone wanting to connect systems over 1 MW shall not be able to connect under the conditions in this document, but should approach the municipality directly to discuss the way forward. It is likely that grid impact studies will be necessary in these circumstances, amongst other work. In addition, a generating licence or exemption letter from NERSA shall be required before connection of systems over 1MW are considered.

3.1. **Registered Professional Sign off**

Until SANS 10142-Part 3 covering SSEG installation requirements and DC wiring are published, all SSEG projects shall be signed off on commissioning by a registered professional engineer or technologist.

3.2. **Testing of Inverters**

Until such time as a SABS mark is issued for inverters, the Municipality shall require proof in the form of test certificates, of type tests having been successfully carried out by a third party testing authority certifying compliance of the inverters with NRS097-2-1 (and NRS097-2-2 when published). The use of inverters without such certification is not permitted, both in new and existing installations.

The certification body must be SANAS accredited or be recognised by the International Laboratory Accreditation Co-operation (ILAC) or the International Accreditation Forum (IAF) in terms of ISO/IEC 17025:2005 for photovoltaic systems. The accreditation bodies must provide accreditation documentation for the specific test location.

The SSEG applicant should require the inverter suppliers to provide the necessary certification before the equipment is purchased.

3.3. **All generators shall be nett customers**

All SSEG installations shall consume more energy than they produce over a consecutive 12-month period.

3.4. **Generating licence**

Draft legislation stipulates that generators of 1MW or smaller do not require a license from NERSA. Should this requirement change, the Municipality will change the requirements in this document accordingly, and will require all existing and new SSEGs to comply with the new requirements, at their own cost.
If a NERSA generation licence is required then it is the customer’s responsibility to interact with NERSA to obtain such. The Municipality is obliged to report to NERSA on a regular basis regarding all municipal electrical grid connected generation and it is also obliged to disconnect generators that are not adhering to regulations.

3.5. **Eskom grid connection**

Customers residing within the municipal boundaries, but located in Eskom’s area of supply, need to apply to Eskom for consent to connect SSEG to the Eskom electrical grid. The municipality will not be involved in this process.

3.6. **Decommission of a SSEG system and transfer/change of ownership**

The Municipality requires notice of any SSEG system which has been decommissioned. The system shall be removed at the owners cost and a decommissioning report filed (on the prescribed form).

3.7. **Transfer/change of ownership**

If a transfer of the property and/or change of ownership of the electricity account holder takes place, a new SSEG Supply Contract shall be signed or alternatively the SSEG system shall be decommissioned.

3.8. **Islanding / Anti-Islanding installations**

Grid-tied inverters are required to have an anti-islanding function (immediate disconnection when there is a general power outage) as stipulated in the NRS 097-2-1. Certification to this effect is required (see Testing of Inverters).

Should the inverter or SSEG installation have the facility to both comply with these anti-islanding requirements AND operate in “islanded mode” where the SSEG installation supplies power to a portion of the customer’s electrical grid during a general power outage, it shall be effectively isolated from the municipal electrical grid during operation (as is legally required of any standby generator).

If the SSEG installation is to be configured as a standby supply after islanding from the municipal electrical grid, a registered person in terms of the Electrical Installation Regulations (2009) shall issue a Certificate of Compliance to the owner if the generator is to be connected to the existing internal wiring of the property. Requirements of SANS 10142-1 (Section on ‘Alternative supplies including low voltage generating sets, installations, etc.’) apply.

3.9. **Fire safety and emergency shut-off switch**

Emergency disconnection switching shall be in accordance with NRS 097-2-1.

3.10. **Off-grid system**

Stand-alone generators (not connected to the municipal electrical grid in anyway) do not need permission from the Electrical department. However, approvals from other
departments may still be necessary (e.g. building), and it is the responsibility of the applicant to comply with any such requirements.

3.11. Load Profile Management

Customers will generally find it most financially beneficial to ensure that they utilise as much of the generated electricity as they can and avoid or minimise reverse power flow. For example, with a residential SSEG PV system, loads such as geysers and pool pumps could be shifted to the middle of the day when solar generation is typically at its highest – between mid-morning and mid-afternoon.

![Figure 1: Load profile management - alignment between load profile (red line) and SSEG (PV) generation.](image)

![Figure 2: Load profile management - misalignment between load profile (red line) and SSEG (PV) generation.](image)

3.12. Applicable technical standards

Most of the technical requirements that SSEGs are required to comply with are covered in the following standards:
1. **NRS 097-2: Grid interconnection of embedded generation: Part 2 Small Scale Embedded Generators (Sections 1 to 4)**

In addition, SSEG installations are to comply with the following standards, legislation and regulations:

[a] *South African Renewable Power Plant Grid Code (although the NRS 097-2 series cover most issues relevant to SSEG)*
[b] *NRS 048: Electricity Supply – Quality of Supply*
[c] *SANS 10142- Parts 1 to 4: The wiring of premises (as amended and published)*
[d] *SANS 474 / NRS 057: Code of Practice for Electricity Metering*
[e] *Municipality of Knysna Electricity Supply by-law*

4. **Metering**

4.1. **Municipal electrical grid connection and reverse power flow/ feed-in to the municipal electrical grid**

Customers installing SSEG shall have a bi-directional SSEG approved meter. The Municipality shall provide and install the requisite meters at the customer’s cost. Conventional credit or prepayment meters are not allowed to run backwards.

4.2. **Adaption of electrical installation**

All customers moving onto a SSEG tariff shall adapt their electrical installations in such a way that metering is accommodated in a meter kiosk in the road reserve. This does not apply where an acceptable meter box or meter room already exists on the street-front property boundary. If no kiosk exists or there is no room for the meter in an existing kiosk, a meter kiosk shall be installed in the road reserve at the Municipality’s cost. Only in cases where there are extremely narrow or no footways, thereby precluding the installation of a meter kiosk, shall customers be required to provide metering accommodation on the street-front property boundary. Such a meter box shall face outwards and be locked with a standard Electricity Department lock.

4.3. **Refunds of electricity already pre-purchased**

Where applicants currently have prepayment meters, these will need to be replaced with meters appropriate for SSEG systems and tariffs. Refund of Prepayment meter (PPM) units when a customer changes to the SSEG tariff and has an appropriate (credit) meter installed will be undertaken as follows:

(a) **PPM vending unit tokens already loaded on the PPM:**
   
   a. The customer may delay the installation of an SSEG-appropriate meter
   b. Alternatively, the customer may elect to forfeit the units on the PPM

(b) **PPM vending unit tokens not yet loaded onto the meter**

   a. The customer may request a refund. The token shall be validated to confirm that it has not been used after which the customer shall be refunded at the
original tariff rate at which the token was purchased. The refund shall be credited to the customer’s municipal account and shall not be paid out in cash.

5. **SSEG connection criteria**

Simplified SSEG connection criteria are specified in the NRS 097-2-3, and applications for systems that fall within these parameters are likely to be easily processed by the municipality, and only in rare cases will require grid impact studies in their assessment. Such parameters include:

- Systems not larger than 350kVA
- Connecting to a LV network

Applications for systems which exceed the parameters of the NRS097-2-3 but do not exceed 1MW will also be accepted by the municipality, but may require specialist grid-impact studies in their assessment. The municipality will advise the customer of such needs after the application form is received.

There are different criteria for simplified connection in shared and dedicated LV feeders, as described below (for details see the relevant sections of the NRS097-2-3):

5.1. **Shared LV feeders**

The NRS 097-2-3 specifies that the maximum individual generation limit in a shared LV feeder (which applies to most small commercial and residential situations) shall not exceed 25% of the consumer’s NMD, and be up to a maximum of 20kVA. The following SSEG size limitations are derived from NRS 097-2-3 for Shared LV connections.

<table>
<thead>
<tr>
<th>Service connection - NRS 097-2-3 for Shared LV connections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of Phases</strong></td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>
Notes to table:

- To determine if you have a single-phase or three-phase connection, check the main circuit-breaker on the distribution board. A single-phase supply will generally have a single main circuit-breaker, and a three-phase a triple main circuit-breaker. If in doubt consult an electrician.

- ‘Maximum total generation capacity’ refers to the total output capacity of the generator. For PV systems in particular, this refers to the maximum output of the inverter. Due to system losses, this is typically 10 to 20% lower than the maximum output of the PV panels, which is specified in DC kilo-Watt-peak (kWp). The system designer/installer will provide guidance here.

  If SSEG generation capacity is 4.6 kVA or less, a single-phase inverter can be installed even if the customer has a three-phase connection. Systems above 4.6 kVA are required to be balanced across the phases.

5.2. Dedicated LV feeders

On dedicated LV feeders the maximum generator size is limited to 75% of the NMD.

5.3. Cumulative SSEG capacity and impact on LV and MV networks

Should the cumulative installed capacity of SSEG systems be such that it may impact negatively on local LV or MV network functioning, as per the stipulations of NRS097-2-3, the municipality will not allow further SSEG connections until they can be undertaken without such negative impact. Specialist grid impact studies may be requested of the new SSEG applicant to demonstrate this, even if the system size falls within the NRS097-2-3 parameters.

6. SSEG Tariffs

6.1. Residential SSEG Tariff

The Residential SSEG tariff comprises of:

(c) A service and network charge
(d) Electricity consumption charges for kWh consumed
(e) A rate per kWh at which the Municipality shall purchase residential generation exported to the grid

6.1.1. Network charge

This charge ensures that fixed costs associated with maintaining and operating the municipal electrical grid are recovered through appropriate charges.

6.1.2. Service charge

The fixed costs associated with providing a retail service network (metering, billing, customer call centre) are recovered through appropriate service charges.
6.1.3. **Energy charge (c/kWh)**

The variable cost associated with the volume of energy consumed is recovered through appropriate charges. This is billed on a per kWh basis and may be simple (Flat or Inclining Block tariff) or complex (Time of Use or other tariff).

6.1.4. **Export (Feed-in) rate (c/kWh)**

The SSEG customer should be compensated through an export tariff for any resulting reduction of cost to the utility (energy bulk purchase costs and line loss costs).

6.1.5. **Billing Period**

The daily service charge along with charges for consumption and credits for feed-in shall be billed monthly (as is done for other Municipal services e.g. water and rates). Tariffs are determined annually by the Municipality and are subject to approval by NERSA. SSEG applicants should check the [Municipality’s website](http://www.municipalitywebsite.com) for the latest tariffs.

6.1.6. **Increased Costs**

The Municipality bares no responsibility should the customer’s electricity bill increase due to changes in the applicable tariff. It is up to the customer to ensure that they understand the financial implications of having an SSEG system installed and the applicable tariffs.

6.1.7. **Example Tariff**

The following table illustrates how the above tariff components may be quantified.

<table>
<thead>
<tr>
<th>Domestic Embedded Generation Tariff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily (service &amp; network) charge</td>
</tr>
<tr>
<td>Energy 0-600kWh</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Energy 600kWh +</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Export tariff</td>
</tr>
</tbody>
</table>

### Table 2: Example 2015/16 Municipality Residential SSEG Tariff

6.2. **Commercial and Industrial SSEG Tariff**

Commercial and industrial customers that are on tariffs which already have a fixed service charge and network demand charge will remain on this tariff, and an export (feed-in) generation tariff component will be added for reimbursement for energy exported onto the municipal electrical grid. Customers on a tariff that does not include fixed service charge and demand charge will be changed to an appropriate tariff.
Commercial and Industrial customers should note that the demand charge component of the tariff is unlikely to change after the installation of the SSEG because the monthly maximum demand is unlikely to reduce due to the regular occurrence of cloudy weather.

Time of Use tariffs are considered best practice for both consumption and export (feed-in) tariffs, and municipalities may increasingly move to such tariffs over time.

Tariffs are determined annually by the Municipality and are subject to approval by NERSA. SSEG applicants should check the Municipality’s website for the latest tariffs.

7. Approvals required from other municipal departments

7.1.1. Planning and Building Development Management

No building plans are required to be submitted provided the SSEG installation does not project more than 1.5 m, measured perpendicularly, above the roof and/or not more than 600mm above the highest point of the roof. If the above parameters are exceeded then full building plans, including an engineer’s endorsement, are required. A relaxation in terms of the Zoning Scheme Regulations is also required under either one or both of the above circumstances.

Ground-mounted PV systems: no building plans are required to be submitted provided the panel(s) in its installed position does not project more than 2.1 metres above the natural/finished ground level. Full building plans are required where any part of the installation projects more than 2.1 metres above the ground level.

7.1.2. Environmental Approvals

Solar PV SSEG installations covered by this document do not require Environmental Approval1.

8. Who pays for what?

The customer is responsible for paying for the following:

- The supply and installation of meters (in accordance with the Municipality’s metering policy)
- Specialist municipal electrical grid impact studies (if required)

---

1 Large-scale embedded generation installations would require environmental authorisation (EA) in terms of the NEMA 2010 EIA Regulations if they generate > 10 MW electricity. In addition the electrical transmission infrastructure that may be associated with a large scale embedded generation system would also require EA if it has a capacity of 275 kV or more within an urban area, or more than 33kV outside urban areas.
9. **Residential, Commercial and Industrial SSEG application process**

The Application for the Connection of Solar PV Embedded Generation form shall be completed for all embedded PV generation. Should metering changes be required for the SSEG installation, the general application form for new or modified connections shall also be completed. The forms are available on the Municipality’s website.

(f) **Step 1: Visit the Municipality website**
   a. Visit the Municipality’s website (www.____________) and download the relevant application form/s as noted above.

(g) **Step 2: Complete application for the connection of solar PV small scale embedded generation form and, if required, the general application form for new or modified connections**
   a. The Municipality requires that the application form/s be signed by the current electricity account holder.
   b. Details of the proposed installer shall also be provided.
   c. The applicant may need support from the proposed installer or a registered professional in completing the application form.

(h) **Step 3: Obtain permission from other Municipality departments**
   a. The Electricity department requires prior approval of the proposed SSEG installation from Planning and Development Department.

(i) **Step 4: Submit completed application form/s and attachments**
   a. Form/s shall be submitted to the relevant contacts at the Electricity Department.
   b. Attachments to the application include an initial design circuit diagram (for >100kVA systems) and the inverter certification of compliance with NRS 097-2-1.

(j) **Step 5: Installation commencement upon approval from the municipality**
   a. After due consideration of the application, the applicant will be informed in writing whether the application has been successful or not.
   b. If further information or grid studies are required by the municipality, the applicant will be notified thereof.
   c. Once notified of a successful application, the applicant may commence installation (it is advised that the applicant does not pay for any equipment until municipal approval to install is granted in writing, as such approval is not guaranteed).
(k) **Step 6: Commissioning and documentation to be submitted to the Electricity Department.**

a. Commissioning of the system shall be undertaken by a registered professional, who shall complete and sign off the *SSEG Installation Commissioning Report*.

b. In addition to the Commissioning Report, the following documentation shall also be completed:
   1. Final as-built circuit diagram
   2. Inverter type test certificate according to NRS 097-2-1.
   3. An electrical installation Certificate of Compliance as per SANS 10142-1 (and SANS 10142-3 when published).
   4. A signed *SSEG Contract*. This is a legally required contract that governs the relationship between the Municipality and the customer. The contract is valid for as long as the project is in existence.

c. All completed documentation shall be submitted to the relevant Electricity Department office.

(l) **Step 7: Inspection of installation if necessary**

a. The Municipality shall inspect the installation if they deem it necessary, although this is unlikely in the case of a residential application.

(m) **Step 8: Approval granted to connect to the municipal electrical grid and generation commences**

a. If all of the above is satisfactory, the Municipality shall install the necessary meter.

b. Approval to connect SSEG to the municipal electrical grid shall be provided by the Electricity Department to the customer, in writing, together with any operation and other requirements deemed necessary.

c. Once this is done, the change to the tariff shall be implemented if applicable.

(n) **Step 9: Repeat the process in the case of SSEG capacity expansion**

a. Should an expansion or a change to the system be required, a new application shall be completed.
9.2.25

M05/05/18 VIEMENT OF FUNDS CAPITAL BUDGET : UPGRADE OF TRANSFER STATION

REPORT FROM THE ACTING DIRECTOR : COMMUNITY SERVICES

PURPOSE OF THE REPORT

To request consideration for the virement of Capital Funds as per the approved budget 2017/18 for project 1. upgrade of the waste transfer station (9/114-3-3).

BACKGROUND

Upgrade of the Waste Transfer Station

The above-mentioned project was identified as critical in terms of service delivery within the waste management section. Very little to no maintenance in the past few years were done on the facility, which is the cause of major upgrades needed now. In case of a mechanical failure at the facility, no compaction of waste will happen and this will result in waste not transported to petrosa.

Permit conditions requires daily compaction of waste at the transfer station and that no waste to be left on the floor. With mechanical equipment failing regularly, it forces the department to make internal arrangements with its counterparts in Plettenberg bay for the transport of waste and for it to be compacted there.

Tender T75 of 2017/18 upgrade of the waste transfer station were advertised on 09 February 2018 and closed on 07 March 2018. Six (6) tender documents were drawn and seven (7) potential tenderers attended the compulsory site meeting from which only two (2) submitted tender documents.

see result below:

<table>
<thead>
<tr>
<th>TENDER NO.</th>
<th>CONTRACTOR</th>
<th>AMOUNT AS TENDERED</th>
<th>CIDB GRADING</th>
<th>REQUIREMENT OF TENDER – 3ME</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>C725 TRADING</td>
<td>R570 900.00</td>
<td>1 CE</td>
<td>NON COMPLIANT</td>
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<tr>
<td>2.</td>
<td>AKURA MANUFACTURING ENGINEERING COMPANY (PTY)LTD</td>
<td>R1 524 884.00</td>
<td>7 ME</td>
<td>COMPLIANT</td>
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</table>

The department only made budgetary provision for R800 000.00 of which consultancy fees is part of. Based on tender submissions a shortfall of R924 864.00 exist in order to implement work based on tender specifications.

FINANCIAL – T65 OF 2017/18
WASTE TRANSFER STATION

<table>
<thead>
<tr>
<th>NO.</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>FUNDS AVAILABLE 2017/18</td>
<td></td>
</tr>
</tbody>
</table>
FUNDS AVAILABLE 2017/18 FINANCIAL YEAR  
R800 000.00

LESS: SUPERVISION, TRAVEL AND DISBURSEMENTS  
R200 000.00

FUNDS AVAILABLE FOR CONTRACT 2017/18 UP TO JUNE  
R600 000.00

2. ESTIMATED EXPENDITURE BASED ON TENDER PRICE

TOTAL OF TENDER AMOUNT  
R1 524 864.00

AVAILABLE FUNDS 2017/18 FINANCIAL YEAR  
R 600 000.00

ESTIMATED SHORTFALL TO COMPLETE PROJECT  
R 924 864.00

IN DISCUSSIONS WITH THE CONSULTANTS, IT WILL BE VERY DIFFICULT TO COMPLETE THE PROJECT IN PHASES. IN THE CASE THAT IT WILL BE SUGGESTED WE WILL ONLY BE ABLE TO SPEND R200 000.00.

### FINANCIAL IMPLICATIONS

<table>
<thead>
<tr>
<th>CAPITAL PROJECT/ITEM</th>
<th>VOTE</th>
<th>FUNDING SOURCE</th>
<th>BUDGET TO DATE</th>
<th>AVAILABLE FUNDS</th>
<th>LINE CREASE)</th>
<th>LINE ITEM (INCREASE)</th>
<th>TOTAL BUDGET AFTER VIREMENT</th>
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<tr>
<td>Upgrading of Waste Transfer Station</td>
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<td>800 000.00</td>
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<td>Ablution Facility The Island Sedgefield</td>
<td>OWN</td>
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<td>1 000 000.00</td>
<td>1 000 000.00</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### PART 9: VIREMENT REQUIREMENTS AND RESTRICTIONS

9.1. The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Vote during a financial year.

9.2. Virements can be approved as follows:

9.2.1. 0 - 200 000 - Director recommends to the CFO for approval

9.2.2 200 001 - 500 000 - CFO recommends to the AO for approval

9.2.3 >500 000 - AO recommends to Council for approval

9.3. In order for a “Vote” to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.

**UNANIMOUSLY RECOMMENDED**

(by the Mayoral Committee on 24 May 2018)

That the virement of R1m from the funding of the Ablution facility of the Island, Sedgefield to the upgrading of the waste transfer station, be considered.

### APPENDIX / ADDENDUM

Memo: Virement of Funds Capital Budget: Upgrade of Transfer Station Virement
File Number: 9/1/2/5
Execution: Acting Director : Community Services
Manager : Solid Waste Management
## ORDINARY MUNICIPAL COUNCIL MEETING

### AGENDA

**27 JUNE 2018**

<table>
<thead>
<tr>
<th>New Code</th>
<th>Old Vote number</th>
<th>Old Description</th>
<th>New Item Description</th>
<th>Budget</th>
<th>TRANSFER IN</th>
<th>TRANSFER OUT</th>
<th>New Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/191-1-1</td>
<td>28-91-85-31-9000</td>
<td>Construction Of Public Toilets</td>
<td>Construction Of Public Toilets</td>
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<td>Upper Transfer Station</td>
<td>Machinery and Equipment Upgrade</td>
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**Proposed & Recommended : HOD**  
**CFO**

**Director**  

**Acting Manager : Budget Office**  

**Verified by**  

**Date**

09/06/2018
OFFICIAL ROUTING FORM
for documentation to the Municipal Manager’s Office

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<td>Date: 2018-03-08</td>
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**COMMENTS BY MANAGER: PERFORMANCE, INTERNAL AUDIT & RISK MANAGEMENT:**  
N/A

**SIGNATURE OF MANAGER: PERFORMANCE, INTERNAL AUDIT & RISK MANAGEMENT:**  
N/A

**DATE:**

#### 9. CONCLUSION:

**COMMENTS BY MUNICIPAL MANAGER:**

**SIGNATURE OF MUNICIPAL MANAGER:**

**APPROVED [ ]**  
**NOT APPROVED [ ]**

**DATE:**

---

Once the DOCUMENT is duly signed by all role players, it must be returned to the Initiator who must ensure that the document is registered on Council’s Official Document Management System, being Collaborator and ensure that all role players are copied in.
MEMORANDUM

TO: Council
FROM: Solid Waste Manager: Mr. Randall Bower
cc: MM: Mr. Kem Chetty, CFO: Mr. Mbulelo Memani
DATE: 2018-03-28
COLLAB. REF.: 5/12
REGARDING: Virement of Funds Capital Budget

1. PURPOSE:

To request consideration for the virement of Capital funds as per the approved budget 2017/18 for project 1. Upgrade of the Waste Transfer Station (9/114-3-3)

2. BACKGROUND
2.1. Upgrade of the Waste Transfer Station

The above-mentioned project was identified as critical in terms of service delivery within the Waste Management section. Very little to no maintenance in the past few years were done on the facility, which is the cause of major upgrades needed now. In case of a mechanical failure at the facility, no compaction of waste will happen and this will result in waste not transported to PetroSA.

Permit conditions require daily compaction of waste at the Transfer Station and that no waste to be left on the floor. With mechanical equipment failing regularly, it forces the department to make internal arrangements with its counterparts in Plettenberg Bay for the transport of waste and for it to be compacted there.

Tender T75 of 2017/18 Upgrade of the Waste Transfer Station were advertised on 09 February 2018 and closed on 07 March 2018. Six (6) tender documents were drawn and seven (7) potential tenderers attended the compulsory site meeting from which only two (2) submitted tender documents.

See result below:

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<td>R1 524 884.00</td>
<td>7 ME</td>
<td>COMPLIANT</td>
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The department only made budgetary provision for R800 000.00 of which consultancy fees is part of. Based on tender submissions a shortfall of R924 864.00 exist in order to implement work based on tender specifications.

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<tr>
<td>WASTE TRANSFER STATION</td>
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<table>
<thead>
<tr>
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<td></td>
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<tr>
<td></td>
<td>Estimated shortfall to complete project</td>
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</tr>
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</table>

In discussions with the consultants, it will be very difficult to complete the project in phases. In the case that it will be suggested we will only be able to spend R200 000.00.

3. MOTIVATION:

- The implementation of the project is of critical importance to the department to prevent further deterioration of the existing infrastructure and to prevent further issues which could lead to non-compliance based on permit condition of the facility.

- The department has highlighted a project that could be sacrificed – Construction of Ablution facility The Island Sedgefield (9/109-3-2) in order to cater for the shortfall in funds. Available funds R1000 000.00 (Internal Surplus)

4. FINANCIAL OR LEGAL IMPLICATIONS:

<table>
<thead>
<tr>
<th>CAPITAL PROJECT/ITEM</th>
<th>VOTE</th>
<th>Funding Source</th>
<th>BUDGET TO DATE</th>
<th>AVAILABLE FUNDS</th>
<th>LINE ITEM REASE</th>
<th>LINE ITEM (INCREASE)</th>
<th>TOTAL BUDGET AFTER VIREMENT</th>
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<tr>
<td>Upgrading of Waste Transfer Station</td>
<td>OWN</td>
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<td>800 000.00</td>
<td>600 000.00</td>
<td></td>
<td>1 000 000.00</td>
<td>1 600 000.00</td>
</tr>
<tr>
<td>Ablution Facility The Island Sedgefield</td>
<td>OWN</td>
<td></td>
<td>1 000 000.00</td>
<td>1 000 000.00</td>
<td>1 000 000.00</td>
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PART 9: VIREMENT REQUIREMENTS AND RESTRICTIONS

9.1. The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Vote during a financial year.

9.2. Virements can be approved as follows:
9.2.1. 0 - 200 000 - Director recommends to the CFO for approval
9.2.2. 200 001 - 500 000 - CFO recommends to the AO for approval
9.2.3. >500 000 - AO recommends to Council for approval

9.3. In order for a “Vote” to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.

5. HUMAN RESOURCE

None

6. LEGISLATION

Municipal Finance Management Act 56 of 2003 (MFMA)
Municipal Virement Policy

5. RECOMMENDATION:

I hereby recommend the Council grant permission for the:

Virement of funds within the Capital Budget from Projects – Building of Ablution Facility on The Island Sedgefield to Upgrade of the Waste Transfer Station in the amount of R1 000 000.00

6. APPROVALS:

As per Routing Form attached hereto.

RAN DA LL B OW IER

NAME & SIGNATURE OF ORIGINATOR
### Ordinary Municipal Council Meeting

#### Agenda

27 June 2018

---

<table>
<thead>
<tr>
<th>New Code</th>
<th>Old Vote number</th>
<th>Old Description</th>
<th>New Item Description</th>
<th>Budget</th>
<th>TRANSFER IN</th>
<th>TRANSFER OUT</th>
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Proposed & Recommended: HOD

Director

Acting Manager: Budget Office

Verified by

---

**KNYSNA Municipality**

Ref#: BU/7/18-0

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9/1/2/5
### Ordinary Municipal Council Meeting

**AGENDA**

**27 June 2018**

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- **DATE:** 2018-03-28

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ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
27 JUNE 2018

MEMORANDUM

TO Council
FROM Solid Waste Manager: Mr. Randall Bower
cc MM: Mr. Kem Chetty, CFO: Mr. Mbulelo Memani
DATE 2018-03-28
COLLAB. REF. 5/12
REGARDING Virement of Funds Capital Budget

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In discussions with the consultants, it will be very difficult to complete the project in phases. In the case that it will be suggested we will only be able to spend R200 000.00.

3. MOTIVATION:

- The implementation of the project is of critical importance to the department to prevent further deterioration of the existing infrastructure and to prevent further issues which could lead to non-compliance based on permit condition of the facility.

- The department has highlighted a project that could be sacrificed – Construction of Ablution facility The Island Sedgefield (9/109-3-2) in order to cater for the shortfall in funds. Available funds R1000 000.00 (Internal Surplus)

4. FINANCIAL OR LEGAL IMPLICATIONS:

<table>
<thead>
<tr>
<th>CAPITAL PROJECT/ITEM</th>
<th>VOTE</th>
<th>FUNDING SOURCE</th>
<th>BUDGET TO DATE</th>
<th>AVAILABLE FUNDS</th>
<th>LINE ITEM REASET</th>
<th>LINE ITEM INCREASE</th>
<th>TOTAL BUDGET AFTER VIREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upgrading of Waste Transfer Station</td>
<td>OWN</td>
<td>800 000.00</td>
<td>600 000.00</td>
<td>1 000 000.00</td>
<td>1 000 000.00</td>
<td>1 600 000.00</td>
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</tr>
<tr>
<td>Ablution Facility The Island Sedgefield</td>
<td>OWN</td>
<td>1 000 000.00</td>
<td>1 000 000.00</td>
<td>1 000 000.00</td>
<td>1 000 000.00</td>
<td>1 600 000.00</td>
<td></td>
</tr>
</tbody>
</table>
PART 9: VIREMENT REQUIREMENTS AND RESTRICTIONS

9.1. The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Vote during a financial year.

9.2. Virements can be approved as follows:
9.2.1. 0 - 200 000 - Director recommends to the CFO for approval
9.2.2. 200 001 - 500 000 - CFO recommends to the AO for approval
9.2.3. >500 000 - AO recommends to Council for approval

9.3. In order for a “Vote” to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.

5. HUMAN RESOURCE

None

6. LEGISLATION

Municipal Finance Management Act 56 of 2003 (MFMA)
Municipal Virement Policy

5. RECOMMENDATION:

I hereby recommend the Council grant permission for the:

Virement of funds within the Capital Budget from Projects – Building of Ablution Facility on The Island Sedgefield to Upgrade of the Waste Transfer Station in the amount of R1 000 000.00

6. APPROVALS:

As per Routing Form attached hereto.

RAN DALL B OWER
NAME & SIGNATURE OF ORIGINATOR
ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
27 JUNE 2018

MEMORANDUM

<table>
<thead>
<tr>
<th>TO</th>
<th>Manager Legal: Ms Melony Paulsen</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM</td>
<td>Manager Solid Waste: Mnr. Randall Bower</td>
</tr>
<tr>
<td>cc</td>
<td></td>
</tr>
<tr>
<td>DATE</td>
<td>2018-03-20</td>
</tr>
<tr>
<td>COLLAB. REF.</td>
<td></td>
</tr>
<tr>
<td>FILE REF.</td>
<td>T12/2015, 8/1/R</td>
</tr>
<tr>
<td>REGARDING</td>
<td>Tender 12/2015: Cancellation of Lease of the Recycling Centre</td>
</tr>
</tbody>
</table>

1. PURPOSE:

Request assistance for the cancellation of lease of the Recycling Centre on a Portion of Erf 1666, Sedgefield for Recycling Purposes.

2. BACKGROUND:

Knysna Municipality advertised Tender 12/2015 in April 2015 for the lease of the Recycling Centre on a Portion of Erf 1666. Based on the outcome of the tender results the lease of the facility were awarded to Stridalong cc – Unit 15-20 Silver Park, Silver Street Brackenfell in the amount of Three Thousand Six Hundred and Forty-Eight Rand R3 648.00 (incl. VAT) per month for a three (3) year period ending 30 June 2018.

Numerous complaints from the public and newspaper articles resulted in what seems to be mismanagement of the facility by the appointed contractor. I refer to the mail dated 14 March 2018 whereby I voiced the departments disappointment in current affairs at the facility (photo evidence were attached). The Department Environmental Affairs and Development conducted an external audit at the Recycling Centre which will give the Municipality an overview of current affairs in term of non-compliance to the permit condition (a copy will be provided once received)

Currently the facility is being run by a third party agent through a sub-contracting agreement which the Municipality have no copy of.
ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
27 JUNE 2018

3. MOTIVATION:

3.1 Stridalong is currently failing to pay the monthly rent as per tender agreement. The memorandum of agreement of lease entered into between the Municipality and Stridalong page 31 (16) refer that Council shall be entitled to give the LESSEE thirty day (30) written notice, drawing his attention to such breach in the event of the LESSEE failing to comply ....... Council shall be entitled to cancel this lease.

3.2 The facility poses a health Risk – very little operational activity is being performed on site through the current sub-contractor which is not keeping up with the incoming volumes.

3.3 Council does not have an agreement with Eden Refuse and Energy Management which is sub-contracting from Stridalong CC. The facility is being sublet to Eden Refuse and Energy Management. The facility furthermore poses a Fire Risk which cannot be ignored at this stage as the waste volumes are stacking up and not being sorted.

4. FINANCIAL OR LEGAL IMPLICATIONS:

Loss of income incurred to the amount of Fifty Thousand, Four Hundred and Eighty Rand and Forty-Eight cents (R50 480.48) as a result of the contractor failing to pay the monthly rental of the facility for the purpose of recycling.

5. RECOMMENDATION:

Based on abovementioned information supplied that:

5.1 Stridalong CC be given 30 days’ notice of Councils intend to cancel his contract based on reason provided above.

5.2 Stridalong CC be registered as a default contractor in term of the Supply Chain Regulations.

6. APPROVALS:

As per Routing Form attached hereto.

RANDALL BOWER
NAME & SIGNATURE OF ORIGINATOR
ORDINARY MUNICIPAL COUNCIL MEETING
AGENDA
27 JUNE 2018

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<td>COLLAB. REF.</td>
<td>697777</td>
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<td>FILE REF.</td>
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6. APPROVALS:

As per Routing Form attached hereto.

RANDALL BOWER
NAME & SIGNATURE OF ORIGINATOR
OFFICIAL ROUTING FORM
for documentation to the Municipal Manager’s Office

PLEASE FORWARD THIS TO THE NEXT PERSON AFTER COMMENTS & SIGNATURE -
note that the MUNICIPAL MANAGER is the last person to sign off on the document

<table>
<thead>
<tr>
<th>DESCRIPTION OF DOCUMENT</th>
<th>MEMO: Tender 12/2015: Cancellation of Lease of the Recycling Centre</th>
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</thead>
<tbody>
<tr>
<td>DATE</td>
<td>2018-03-20</td>
</tr>
<tr>
<td>COUNCIL RESOLUTION</td>
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<tr>
<td>(where applicable)</td>
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<tr>
<td>DELEGATION</td>
<td></td>
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<tr>
<td>(where applicable)</td>
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<tr>
<td>DEPARTMENT</td>
<td>SOLID WASTE</td>
</tr>
<tr>
<td>INITIATOR</td>
<td>Randall Bower</td>
</tr>
</tbody>
</table>

Should none of the Sections below apply to you, please indicate ‘NOT APPLICABLE’ together with your signature and the date:

THE UNDERSIGNED HEREBY CERTIFY THAT
THE ATTACHED DOCUMENTATION COMPLY WITH THE FOLLOWING:

1. LEGISLATION & POLICIES APPLICABLE TO THE MUNICIPALITY:
   COMMENTS BY MANAGER: LEGAL SERVICES:
   in order. Notice of cancellation
   of lease to be drafted. Please follow up on this with legal
   advisor during the week of
   2nd April.
   SIGNATURE OF MANAGER: LEGAL SERVICES:
   M. Basha.
   DATE: 26/03/2018

2. FINANCIAL LAWS & REGULATIONS AS WELL AS FUNDS BUDGETED FOR AND AVAILABLE FOR
   PROPOSED EXPENDITURE, I.e. BUDGET, LESS EXPENDITURE AND COMMITMENTS MUST BE PART
   OF THE APPLICATION:
   COMMENTS BY CHIEF FINANCIAL OFFICER:
   SIGNATURE OF CHIEF FINANCIAL OFFICER:
   DATE:
<table>
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**THE UNDERSIGNED HEREBY CERTIFY THAT THE ATTACHED DOCUMENTATION COMPLY WITH THE FOLLOWING:**

3. **PLANNING AND ENVIRONMENTAL POLICIES & REGULATIONS APPLICABLE TO THE MUNICIPALITY:**

<table>
<thead>
<tr>
<th>COMMENTS BY DIRECTOR: PLANNING &amp; DEVELOPMENT</th>
<th>SIGNATURE OF DIRECTOR: PLANNING &amp; DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>DATE:</td>
<td></td>
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4. **HUMAN RESOURCES & SAFETY REQUIREMENTS APPLICABLE TO THE MUNICIPALITY:**

<table>
<thead>
<tr>
<th>COMMENTS BY MANAGER: HUMAN RESOURCES</th>
<th>SIGNATURE OF MANAGER: HUMAN RESOURCES</th>
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<tr>
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</tbody>
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5. **ALL TECHNICAL SPECIFICATIONS MEET THE REQUIRED STANDARDS & ARE COMPLIANT WITH APPLICABLE POLICIES AND REGULATIONS:**

<table>
<thead>
<tr>
<th>COMMENTS BY DIRECTOR: TECHNICAL SERVICES</th>
<th>SIGNATURE OF DIRECTOR: TECHNICAL SERVICES</th>
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<tbody>
<tr>
<td>N/A</td>
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<tr>
<td>DATE:</td>
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</tbody>
</table>

6. **COMMUNITY & SOCIAL SERVICES PROCEDURES COMPLY WITH APPLICABLE POLICIES & LEGISLATION:**

<table>
<thead>
<tr>
<th>COMMENTS BY DIRECTOR: COMMUNITY SERVICES</th>
<th>SIGNATURE OF DIRECTOR: COMMUNITY SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Recovered by the Manager Waste</td>
<td></td>
</tr>
<tr>
<td>DATE:</td>
<td>27/3/18</td>
</tr>
</tbody>
</table>

7. **CORPORATE SERVICES PROCEDURES COMPLY WITH APPLICABLE POLICIES & LEGISLATION:**

<table>
<thead>
<tr>
<th>COMMENTS BY DIRECTOR: CORPORATE SERVICES</th>
<th>SIGNATURE OF DIRECTOR: CORPORATE SERVICES</th>
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<td>DATE:</td>
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<td>--------------------------</td>
<td>------------------------------------------------------------------</td>
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**THE UNDERSIGNED HEREBY CERTIFY THAT**

**THE ATTACHED DOCUMENTATION COMPLY WITH THE FOLLOWING:**

| 8. PERFORMANCE, INTERNAL AUDIT, COMPLIANCE & RISK MANAGEMENT PROCESSES: |
|-----------------------------|--------------------------------------------------------------------|
| COMMENTS BY MANAGER: PERFORMANCE, INTERNAL AUDIT & RISK MANAGEMENT: | SIGNATURE OF MANAGER: PERFORMANCE, INTERNAL AUDIT & RISK MANAGEMENT: |
| N/A | N/A |

**DATE:**

<table>
<thead>
<tr>
<th>9. CONCLUSION:</th>
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</thead>
<tbody>
<tr>
<td>COMMENTS BY MUNICIPAL MANAGER:</td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

**APPROVED □ NOT APPROVED □**

**DATE:** 2018-04-26

Once the DOCUMENT is duly signed by all role players, it must be returned to the Initiator who must ensure that the document is registered on Council’s Official Document Management System, being Collaborator and ensure that all role players are copied in.