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Notice is hereby given, in terms of Section 19(b) of the Local Government: Municipal Systems Act, 32 of 2000 as amended, that a **SPECIAL MEETING** of the **MUNICIPAL COUNCIL** of Knysna Municipality will be held in the Council Chambers **on FRIDAY, 01 MARCH 2024** at **08:00** to consider the business set forth in the attached agenda.

Kennis geskied hiermee as gevolg van Artikel 19(b) van die Plaaslike Regering : Munisipale Stelsels Wet, 32 van 2000, dat 'n **SPESIALE VERGADERING** van die **MUNISIPALE RAAD** van Knysna Munisipaliteit in die Munisipale Raadsaal op **VRYDAG, 01 MAART 2024** om **08:00** gehou sal word ten einde sake soos uiteengesit in die aangehegte agenda te oorweeg.

Ibhunga lika**MASIPALA** waseKnysna Iazisa ngomthetho okwisolotya 19(b) wenkqubo mgaqo olawula oMasipala, 32 of 2000, njengoko utshintshiwe, **NGENTLANGANISO EKHETHEKILEYO** ye**BHUNGA** lika**MASIPALA** waseKnysna eyakubanjelwa **NGOLWESIHLANU, NGOMHLA WE 01 EYOKWINDLA 2024** ngentsimbi ye **08:00** umba iyakuba lushishino oluchazwe kwi-agenda.

CLLR MD SKOSANA
The Speaker
Die Speaker
Usomlomo

MR O P SEBOLA
Municipal Manager
Munisipale Bestuurder
uManejala kaMasipala

Date : 26 February 2024

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1. OPENING AND WELCOMING

2. **SILENT PRAYER**

3. **ATTENDANCE OF MEMBERS**

3.1 **COUNCILLORS PRESENT**

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4. **NOTING THE PROVISIONS OF SCHEDULE 1 (CODE OF CONDUCT FOR COUNCILLORS) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT, 2000**

5. **DISCLOSURE OF INTERESTS BY COUNCILLORS**

6. **INTRODUCTION OF NEWLY APPOINTED STAFF**

01 March 2024

1. Amorey Peterse - Cashier
2. Thabisa Swartland - Cashier
3. Thembelani Nketo – Senior Clerk – Services (Helpdesk)
4. Phakamani Ngubeni – Senior Clerk – Services (Helpdesk)
5. Pule Ntanyana – Clerk Collection & Credit Control
6. Nomande Sithole – Chief Clerk Services
7. Enrico Oosthuizen – Accountant Customer care & Meter Reading
8. Ricardo Davids – IDP Officer
9. Khanyisa Mapitiza – Building Inspector
10. Charl Botha – Manager Admin
11. Lezelle Plaatjies – Senior Manager IT

07 March 2024

1. Sinovuyo Sitinga – Town Planner

15 March 2024

1. Ayanda Gcito – Building Inspector

7. NEW MATTERS SUBMITTED BY THE MUNICIPAL MANAGER

7.1

SC01/03/24 WESTERN CAPE PROVINCIAL GOVERNMENT DIAGNOSTIC ASSESSMENT REPORT : DECEMBER 2023

REPORT FROM MUNICIPAL MANAGER

PURPOSE OF THE REPORT

The purpose of this report is to present to Council the outcome of a Diagnostic Analysis of Knysna Local Municipality, a Final Draft Knysna Local Municipality Diagnostic Assessment Findings Report and a Draft Section 54 Support Plan conducted and drafted by the Western Cape Provincial Government, Department of Local Government.

BACKGROUND AND DISCUSSION

The Provincial Government of Western Cape, Department of Local Government conducted a Diagnostic Analysis of Knysna Local Municipality as agreed to during a meeting between the Administration of Knysna Local Municipality, the Department of Local Government and Western Cape Provincial Treasury in December 2023.

In the spirit of Section 154 of the Constitution of the Republic of South Africa 1996, the National and Provincial Governments agreed to provide support to Knysna Municipality in fulfilling its Constitutional mandate.

The Administration of Knysna Municipality hereafter interacted with representative officials from both Provincial Treasury and the Department of Local Government, and provided specific information requested in order to allow the Department Local Government to proceed with a Diagnostic Analysis of Knysna Local Municipality.

The outcome of the Diagnostic Analysis, the Diagnostic Assessment Report was thus presented to the Administration of Knysna Municipality on Monday 12 February by Dr Sandra Greyling on behalf of the Western Cape Provincial Government.

A Draft Section 154 Support Plan was also drafted by the Western Cape Provincial Government and handed to the Accounting Officer for action.

As resolved at the last Council meeting, the Municipal Manager must extend an invitation to the PGWC and COGTA to the planned Special Council meeting of Tuesday 27 February 2024, where the PGWC is to present the Report to Council for consideration.

FINANCIAL IMPLICATIONS

None

RELEVANT LEGISLATION

- Constitution of the Republic of South Africa,1996
- Inter-Governmental Relations Framework Act, Act 13 of 2005
- Municipal Systems Act, Act 32 of 2000

RECOMMENDATION OF THE MUNICIPAL MANAGER

[a] That the presentation by the Western Cape Provincial Government

[b] That Council notes the Draft Knysna Municipality Diagnostic Assessment Findings Report and the Draft Section 154 Support Plan; and

[b] That Council allows the Administration to continue having further engagement with both National COGTA, DPME in the Office of Deputy President and Western Cape Provincial Government under my leadership, to finalise the process of drafting with the Knysna Municipality Diagnostic Report and the Section 154 Support Plan.

APPENDIX / ADDENDUM

a. Draft : Knysna Municipality Diagnostic Assessment Report
b. Draft Section 154 Support Plan

File Number : 15/2/6/1/3
Execution : Municipal Manager
Manager: IDP/PMS & IGR

FINAL DRAFT:

KNYSNA LOCAL MUNICIPALITY

DIAGNOSTIC ASSESSMENT: DECEMBER 2023

1

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Executive Summary

The Knysna Local Municipality is one of seven local municipalities that form the Garden Route District Municipality within the Western Cape Province in South Africa.

A Diagnostic Assessment was undertaken to understand the root causes of the challenges Knysna had raised in a letter to the National Department of Cooperative Governance. The Municipality was also provided an opportunity to present its challenges to the leadership of the Department of Local Government, Provincial Treasury and other provincial delegates on 20 and 28 November 2023, respectively. The diagnostic assessment commenced on Monday, 4 December 2023 involving Knysna municipal officials and a multi-disciplinary team of subject matter experts from the Department of Local Government (DLG), Department of Environmental Affairs and Development Planning (DEADP) and the Garden Route Disaster Management Centre, under the leadership of DLG. The Provincial Treasury also assessed municipal finances and had several engagements with relevant municipal officials.

A chapter is dedicated to each of the municipal business units specifying specific challenges identified with proposed recommendations to remedy such. The Section 154 Support Plan is annexed to the Diagnostic Report.

The key findings of the assessment however that need immediate attention can be summarised as follows:

- The relationship with the community must be strengthened and well managed through amongst others a Communication Strategy.
- Council overregulates administrative decision making which affects the overall functionality of the administration.
    - Attention should be paid to Council Oversight responsibilities; and
    - The Code of Conduct for Councillors.
- Fiscal discipline needs to be re-introduced, to ensure the sustainability of the Municipality.
- Critical appointments must be finalised at all levels of the Municipality in accordance with relevant legislative requirements and municipal policies:

- Following the finalisation and approval of an organizational structure that is aligned to the requirements of the Municipal Staff Regulations.
- This will also cut down on the number of temporary appointments and overtime costs.

- Compliance to legislation and management of legal actions against the Municipality should be analysed to determine where procedures should be improved on and controls tightened.
- The organisational culture does require improvement to re-institute relevant control measures and discipline with the aim to ensure that the community receives basic service delivery as required.

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Chapter 1: Local Government Legal Framework

The assessment conducted by the Provincial team took place within the broader National and Provincial legislative framework. The legislative framework creates an environment that provides both opportunities and constraints to what a municipality can and should do. The following legislative framework informed the assessment:

1.1 The Constitution of the Republic of South Africa, 1996

A municipality should, within its financial and administrative capacity, give effect to the objectives of local government, as defined in Section 152(1) of the Constitution of South Africa. Section 153 of the Constitution provides as follows: "*A municipality must-*

(a) structure and manage its administration, budgeting, and planning processes to give priority to the basic needs of the community and promote the social and economic development of the community; and

(b) participate in national and provincial development programmes.

1.2 The White Paper on Local Government (9 March 1998)

The White Paper establishes the basis for a new developmental local government system, which is committed to working with citizens, groups and communities, to create sustainable human settlements, provide for a decent quality of life and meet the social, economic and material needs of communities in a holistic way.

1.3 The Municipal Structures Act, 1998 (Act 117 of 1998)

A municipality should provide services in line with the powers and functions attributed to the category in which it has been placed in terms of the Municipal Structures Act, 117 of 1998. The Act also consolidates the municipal transformation process to ensure alignment with the vision of a democratic and developmental local government.

1.4 The Municipal Systems Act, 2000 (Act 32 of 2000)

The Systems Act focuses on municipalities' internal systems and administration. The Act provides basic elements of public accountability, the constitutional requirement for public involvement, policies and decision-making structures. As such, it focuses on

"developmental local government". It also distinguishes the responsibility of a service authority versus a service provider, sets out the roles of officials and councillors and provides for a range of requirements, including IDPs, performance management and tariff setting.

The Act, together with the Municipal Finance Management Act, is the primary legislation that regulates municipal service delivery. It further provides a comprehensive range of service delivery mechanisms through which municipalities may provide municipal services, explaining the process to be applied and the criteria to be considered in reviewing and selecting municipal service delivery mechanisms. Furthermore, it needs to be stated that reference to the Municipal Systems Act, incorporates **Regulations** promulgated in terms of the Act, as well as Gazetted Notices.

1.5 The Municipal Finance Management Act, 2003 (MFMA, Act 56 of 2003)

The Municipal Finance Management Act (Act 56 of 2003) regulates the financial affairs of municipalities and municipal entities. It establishes treasury norms and standards for budgets, reporting and financial controls. The Act also aims to ensure transparency, accountability, and appropriate lines of responsibility with a further focus on appropriate management of revenues, expenditure, assets and liabilities and the management of financial dealings.

The MFMA regulates certain aspects of municipal service delivery mechanisms and the process of implementing such. Other matters addressed include the establishment of public-private partnerships and supply chain management.

1.6 The Municipal Property Rates Act, 2004 (MPRA, Act 6 of 2004)

This Act aims to regulate the power of a municipality to impose rates on property; exclude certain properties from rating; make provision for municipalities to implement a transparent and fair system of exemptions, reductions and rebates; make provision for fair and equitable valuation methods; and make provision for an objection and an appeal process.

1.7 The Intergovernmental Relations Framework Act, 2005 (IGRFA, Act 13 of 2005)

The purpose of this Act is to establish a framework for the national, provincial, and local governments, to promote and facilitate intergovernmental relations; provide for

mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and provide for matters connected therewith. In line with this Act, the Department of Local Government and other provincial departments have created units dedicated to support municipalities, to be able to fulfill their legislative responsibilities in their own area of accountability.

1.8 Sector-specific Legislation

Sector-specific legislation regulates the provision of specific municipal services. Any municipality that provides municipal services needs to comply with these pieces of legislation which usually prescribes norms and standards in respect of a specific municipal service and in some instances regulates institutional arrangements, e.g. The Water Services and Electricity Services Acts.

1.9 Other pieces of legislation

Several transversal administrative requirements further impact on the work of a municipality, namely:

- Basic Conditions of Employment Act, 1997 (Act 75 of 1997);
- Broad-Based Black Economic Empowerment and Amendment Act (Act 53 of 2003 and 46 of 2013);
- Employment Equity Act, 1998 (Act 55 of 1998);
- Labour Relations Act, 1995 (Act 66 of 1995);
- National Archives and Records Services of South Africa Act, 1996 (Act 43 of 1996).
- Occupational Health and Safety and Amendment Acts, 1993 (Act 85 and 181 of 1993);
- Preferential Procurement Policy Framework Act (Act 5 of 2000);
- Promotion of Access to Information Act (Act 2 of 2000);
- Promotion of Administrative Justice Act (Act 3 of 2000);
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000);

- Skills Development Amendment Act, 2008 (Act 37 of 2008); and
- Skills Development Levies Act, 1999 (Act 9 of 1999).

Chapter 2: Background: Knysna Municipality and the Diagnostic Assessment

2.1 The Knysna Local Municipality is one of seven local municipalities that form the Garden Route District Municipality, within the Western Cape Province, in South Africa. It is at the heart of the Garden Route, surrounded by Bitou Local Municipality (Plettenberg Bay) to its east and George Local Municipality to its north and west. The town of Knysna is the primary regional services centre and a prominent national tourist destination.

2.2 According to a "Community Survey, the population of Knysna Municipality was estimated at 76 857 people in 2022, the fourth largest municipal area after George, Mossel Bay and Oudtshoorn within the Garden Route District. A total population growth to an estimate of 80 391 is forecasted by the year 2026, equaling an average annual growth rate of 1.2% (percent). Amidst the current level of development, this may pose ...challenges for the

Knysna Local Municipality in as far as socio-economic development is concerned." (Knysna Integrated Development Plan, 2023).

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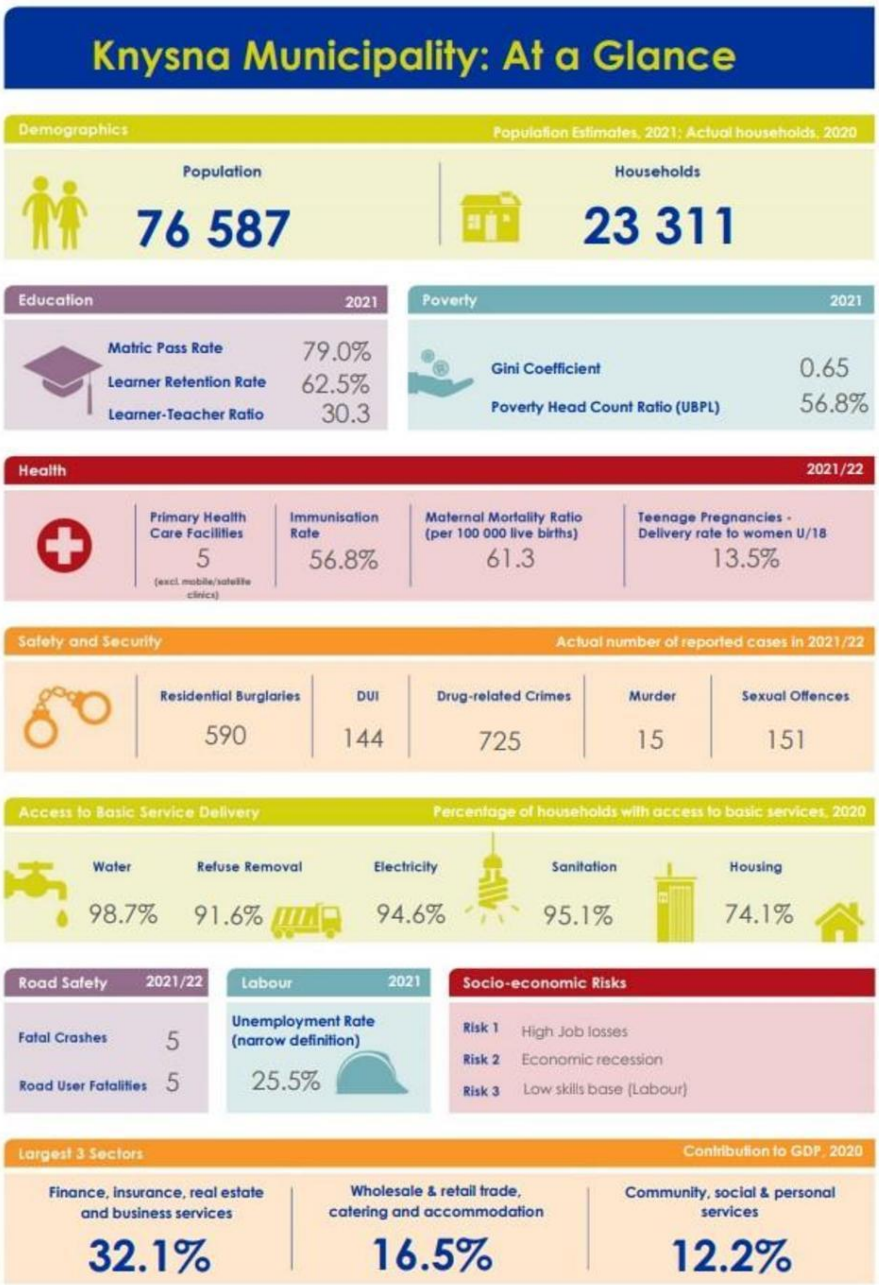
Knysna Municipality: At a Glance
Demographics
Population Estimates, 2021; Actual households, 2020
Population
76 587
Households
23 311
Education
2021
Matric Pass Rate
79.0%
Learner Retention Rate
62.5%
Learner-Teacher Ratio
30.3
Poverty
2021
Gini Coefficient
0.65
Poverty Head Count Ratio (UBPL)
56.8%
Health
2021/22
Primary Health Care Facilities
5
(excl. mobile/satellite clinics)
Immunisation Rate
56.8%
Maternal Mortality Ratio (per 100 000 live births)
61.3
Teenage Pregnancies - Delivery rate to women U/18
13.5%
Safety and Security
Actual number of reported cases in 2021/22
Residential Burglaries
590
DUI
144
Drug-related Crimes
725
Murder
15
Sexual Offences
151
Access to Basic Service Delivery
Percentage of households with access to basic services, 2020
Water
98.7%
Refuse Removal
91.6%
Electricity
94.6%
Sanitation
95.1%
Housing
74.1%
Road Safety
2021/22
Fatal Crashes
5
Road User Fatalities
5
Labour
2021
Unemployment Rate (narrow definition)
25.5%
Socio-economic Risks
Risk 1
High Job losses
Risk 2
Economic recession
Risk 3
Low skills base (Labour)
Largest 3 Sectors
Contribution to GDP, 2020
Finance, insurance, real estate and business services
32.1%
Wholesale & retail trade, catering and accommodation
16.5%
Community, social & personal services
12.2%

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2.3 A fact-finding engagement with the Municipality dated 20 and 28 November 2023 was undertaken, following two letters,

a. The first dated 11 September 2023 received from the National Minister enquiring whether the Western Cape Department of Local Government had knowledge of the support Knysna Municipality indicated they required, as follows: "Specifically, we are seeking your intervention in the following areas:
   1. Budget and Treasury Office (BTO): Our municipality faces challenges in optimizing our budgeting and treasury functions. In light of this, we kindly request your Ministry's support in providing expertise and resources to enhance our BTO's capacity. Assistance with budget preparation, financial analysis, and revenue collection strategies would be invaluable in ensuring prudent financial management.

   2. Municipal Manager's Office: To strengthen the leadership within our municipality, we seek guidance and mentorship for our Municipal Manager's Office. Expertise in strategic planning, performance management, and administrative efficiency would greatly contribute to our municipality's overall effectiveness.

   3. Governance, Risk, and Internal Audit Expertise: As we work to improve governance and accountability, your Ministry's assistance in deploying experts in governance, risk management, and internal audit functions would be highly beneficial. These experts could aid in developing and implementing governance frameworks, risk assessment strategies, and internal audit procedures."

b. The second letter dated 16 November 2023 to the Head of Department Local Government in preparation for an engagement on 20 November 2023, indicated the following 'priority issues identified in Knysna Municipality':
   1. Water and sewerage - Bulk infrastructure compromised, Water Farms (Tanks), SCADA, Waste treatment Plant in Northern Areas and Generators;
   2. Waste Management - Trucks to transport waste from transfer stations to dump site, Waste Transfer Station (WTS): Capacitated (Potential relocation of WTS), Municipal Policing training – assistance from Province;
   3. Electrical – Upgrading of Wilson substation, and Medium Voltage line between Wilson and Main-intake substation;

4. Infrastructure GID Survey for Water, Sewerage an electrical network
5. Housing – intervention in getting Grants repaid after use of Internal funds, Grants for Upgrade of Informal Settlements; and
6. Geographical location - Prone to frequent natural disasters, Disasters effect the cashflow of the Municipality. Collection and projection effected because of using current budget to address disasters.

2.4 It was decided that a Diagnostic Assessment is needed to understand the root causes of challenges Knysna Municipality had raised in the letter and presented to the leadership of the Department of Local Government and Provincial Treasury. This assessment commenced on Monday, 4 December 2023 involving Knysna municipal officials and a multi-disciplinary team of subject matter experts from the Department of Local Government (DLG), Department of Environmental Affairs and Development Planning (DEADP) and the Garden Route Disaster Management Centre, under the leadership of DLG. The Provincial Treasury also conducted an assessment of the municipal finances and had a number of engagements with relevant municipal officials

2.5 The key objective of the Diagnostic Assessment is to:

- Identify areas that are functioning well but also,
- Identify areas that require attention, correction and support; and
- Propose solutions, to address the root causes of a certain situation.

2.6 The assessment is made up of the following process:

- Conducting interviews between provincial subject matter experts and municipal officials, per business unit;
- Collection and analysis of information to verify responses;
- Drafting of inputs for a Diagnostic Report;
- Proposing actions to be taken for the Section 154 Support Plan;
- Prioritising the actions within the Section 154 Support Plan, in terms of Urgent / Short, Medium and Long Term;
- Consolidating the draft Diagnostic Report and Section 154 Support Plan, for tabling and approval at provincial level, prior to engagement with and adoption by the Municipality.

2.7 The benefits of the Diagnostic Assessment for Knysna Municipality:

- It provides an independent review of the functional status of the Municipality.
- A multi-faceted approach, inclusive of all functional areas, is used.
- It opens a window of opportunity for renewed focus.
- The drafting of a focused, Section 154 Support Plan based on these findings can guide the Municipality for future planning.
- A comprehensive status report per municipal business unit is developed to assist functional heads with their operational requirements.

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Chapter 3: Previous Diagnostic Assessments conducted and Support offered

3. Previous Assessment Findings

This section of the report provides access to an extract from the Executive Summary of key assessment findings of the Knysna Diagnostic Assessment conducted in 2018 and obtained during the subsequent virtual interviews with the Office of the Municipal Manager and all business units in 2020, using the 2018 assessment as basis. Also, it reflects on provincial support offered post these exercises.

3.1 Assessment Findings: 2018

3.1.1 Throughout the world, local governments are being confronted with an increasingly competitive global economy that is rapidly embracing market-oriented economic systems. At the same time, local governments are experiencing democratic reforms and greater decentralisation passed down from higher levels of government. This means that local governments and communities now have greater opportunity, and growing responsibility, to take control of their future.

- The Knysna economy is one of the larger economies in the Garden Route District with a total regional gross domestic product amounting to R4.19 billion in 2015. Economic activity in the Knysna municipal area is dominated by the tertiary sector which amounted to R3.01 billion (or 72.1 per cent) in 2015. The tertiary sector is estimated to have grown by 0.8 per cent in 2016, boosted by the finance, insurance, real estate and business services sector and the wholesale, retail trade, catering and accommodation sector. The finance, insurance, real estate and business services sector recorded an average growth of 2.3 per cent between 2005 and 2015 and has continuously reported relatively good growth post the 2008 recession (according to Western Cape Government's Socio-economic Profile of Knysna, 2017).
- In view of the above, KLM is attracting more people and thus facing in-migration challenges. Migration trends: 281 individuals emigrated from Knysna (2007 – 2016); whilst 995 individuals migrated to Knysna during the same period, according to KLM's Integrated Development Plan.

- This has created great challenges; not necessarily planned for, to provide additional housing. This situation is aggravated by the topographical setting and demand for limited land space. The demand for housing also puts pressure on bulk services which serves as the foundation for human settlement development.

3.1.2 Other than the above challenges, there are also institutional problems which put further pressure on both the Council and Administration, these include;

- Following the 2016 elections, the KLM Council is constituted of 21 Councillors with the composition being DA (10 Councillors), COPE (1 Councillor), Knysna Unity Congress (1 Councillor), ACDP (1 Councillor), Independent (1 Councillor), 6 (ANC Councillors) and 1 Vacancy (Ward 8). The Motion of No Confidence in the Executive Mayor, Eleanore Bouw-Spies on 6 June 2018 was as a result of disunity within the governing party, leading to a collaboration between a faction of the DA and the ANC. The division within the ruling party emulates the political instability in the Municipality, which has adversely affected the Administration.
- The instability in the Administration is also as a result of:
  - Charges of Misconduct against the former Municipal Manager (Mr. Grant Easton); on the basis of a number of serious allegations of irregularities leading to Disciplinary Proceedings being instituted and, in the midst thereof his resignation.
  - Investigations against the newly appointed Municipal Manager (Mr. Kam Chetty) on a number of serious allegations, leading to his resignation after a short tenure as Municipal Manager.
  - The position of Municipal Manager was then filled by Mr. J Douglas on an acting basis. This rapid turnaround of Municipal Managers had a direct impact on the Administration in respect of management and administrative continuity.
- These challenges:
  - Have contributed to a high turnover of staff in key service delivery positions and vacancies of critical posts, including the Municipal Manager, and positions in the Budget and Treasury Office (BTO) that seriously disrupts the implementation of the Integrated Strategic Development Framework, the IDP and critical reforms such as Municipal Standard Chart of Accounts (mSCOA).
  - In addition, places immense pressure on officials to operate effectively and efficiently within the legislative framework. As a result:

- slacking and weakening of internal control;
- lack of reviews of reportable information;
- inaccurate reporting; poor budget implementation;
- poor culture of accountability amongst management; and
- inadequate planning has become the culture in which the Administration operates.

3.1.3 As if the above was not creating enough pressures, natural disasters created by climate change also presented itself within Knysna through an extended drought and the worst of fires. This has affected the availability of budget and impacted on the community and those staff within the Municipality who are directly involved therein.

3.1.4 Thus, it was clear then that KLM was not coping with the pressures that have escalated as they were not amicably managed resulting in a general breakdown in governance. Some of the more visible challenges were:

- A regressing audit opinion;
- A culture of uncertainty, fear and non-productivity;
- Council interference in administration, down to a project level;
- Critical vacancies at senior level;
- Allegations of interference in the planning and development process;
- Inadequate legal advice provided to Council by the Administration which will result in unauthorised expenditure;
- Lack of strong and effective leadership;
- Challenges around supply chain management processes which directly affect service delivery; and
- Abuse of overtime and time used by officials.

3.2 Assessment Findings: 2020

3.2.1 The findings of the Diagnostic Assessment conducted on 13 May 2020 were relatable to the findings of 15 November 2018, however, the Municipality was found to have regressed further, due to a further breakdown in the leadership structures and oversight capability:

- In view of the uncharacteristic composition of Council, there was disunity and a fragmented approach to decision making which led to inadequate oversight and restricted strategic direction to Senior Managers.
- Challenges in Council, as well as the environment within the Organisation contributed to the high turnover of Senior Managers and a breakdown in ethical behavior and unclear communication lines with the community.
- The Task Team established by the Municipality in February 2020 itself identified several key challenges, some being that Directors were not taking responsibility for managing their respective Divisions' including budgeting, Human Resource Management and Supply Chain Management. As a result, it was found that three specific units in the Municipality, namely the Financial Services, HR and SCM Divisions, seemingly have ultimate control over their own processes with a disregard for due diligence.
- Fundamentally, the changes since the previous assessment; which still found a functional and capable middle management corpse, is now inevitably impacting on the middle management and the rest of the staff, e.g. disrespectful behavior, ill-discipline and refusal to work without additional remuneration, being some of the emerging symptoms.
- Other challenges identified by the Municipal Task Team were that a corporate culture of teamwork was absent; resolutions of political structures were not effectively and efficiently executed, and the Virement Policy was used as a tool to circumvent poor budgeting.
- The KLM, as an Institution, was collapsing which was also playing itself out in the way the community related to or interfered in Council affairs, Senior Management and lower levels as well as behaviours within Council, amongst Senior Managers, and between Senior Managers and staff, and amongst staff themselves. It is also evident in requisite administration processes and non-adherence to compliance requirements.

3.3 Support offered

Regrettably, the Municipality declined the offered support following the 2018 or 2020 Diagnostic Assessments.

Furthermore, at the beginning of 2023, the Department of Local Government initiated communication in the form of an email addressed to all Municipal Managers in the Garden Route District. The Department requested municipalities to specify the areas where they

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needed support. Despite the participation of various municipalities, Knysna Municipality did not respond to this request.

The Western Cape Government's monitoring of Knysna Municipality raised several causes for concern and resulted in several engagements with the Municipality, as well as letters, including a reminder from the Minister of Finance and Economic Opportunities to the Mayor of his responsibilities to alert the Province of serious financial problems affecting the Municipality (letter dated 3 August 2023 and a follow-up dated 21 August 2023).

A senior delegation, including the Director-General of the Province, the Head of Department of Local Government and a representative of the Provincial Treasury, also visited the Municipality on 28 August 2023 and discussed these challenges with the Municipality's management team.

Following this, the Minister of Local Government, Environmental Affairs and Development Planning and the Minister of Finance and Economic Opportunities jointly wrote to the Mayor to propose that a diagnostic assessment of Knysna's challenges be conducted, so that the Province's support is tailored to the Municipality's specific challenges. No reply was received from the Mayor.

The Head of Department, Mr. Paulse, also conducted a meeting with all senior managers during which the challenges in relation to each portfolio were raised and discussed.

Chapter 4: Assessments 2023

The Diagnostic Assessment contained in this Report commenced on Monday, 4 December 2023.

The Assessment involved Knysna municipal officials and a multi-disciplinary team of subject matter experts from the Department of Local Government (DLG), Department of Environmental Affairs and Development Planning (DEADP) and the Garden Route Disaster Management Centre, under the leadership of DLG. The Provincial Treasury also conducted an assessment of the municipal finances and had a number of engagements with relevant municipal officials.

From Chapter 5 to the end of the Report focuses on an assessment per municipal business unit. The aim with such is to further assist each Section 56 Manager to gain access to a comprehensive status report and proposed improvements in terms of operational requirements from an external perspective.

Assessment 2023:

Chapter 5: Council Functionality

5.1 Office of the Mayor

The following matters were raised during the interview:

- The challenges in Finance (Revenue Collection) would be addressed once the new CFO commenced duty in January 2024.
- Vacant positions need to be filled and the Municipality is to strengthen the capacity of those currently appointed.
- Some councillors discourage ratepayers to pay which could lead to the Municipality's collapse.
- Funding is needed for aging infrastructure and developments, with the following to be noted:
  - Funding is being sourced across all spheres, e.g. R43 million for electricity with another R23 million INEP to follow; and
  - A Cost Estimate is needed for George Rex Drive refurbishment (quotes obtained vary from R55 to R90 million).
- 'Delaying tactics' are used during Council meetings.
- Some ward councillors do not report back to their communities.
- Certain ratepayers organisations are politicised institutions.

The Minister and Head of Department Local Government were thanked for their support to date.

5.2 Council Functionality

- Knysna Council consists of 21 councilors with eleven (11) ward councilors and ten (10) PR councilors.
- The Municipality indicated that meetings are held regularly but it was indicated that Council overregulates administrative decision making which negatively affects the administration.

5.3 Council Rules of Order

- Council has an approved Rules of Order, which was published in terms of section 13 (a) of the Local Government: Municipal Systems Act, 2000, and which came into effect on the date of publication thereof in the Provincial Gazette being 30 June 2017. Based on information received from the Municipality, the Rules of Order is currently being reviewed by the Municipality.

5.4 Executive Liaison / Council Support

- It is critical to mention that in relation to the above-mentioned subject matter, during the visit in December 2023, Department of Local Government official(s) provided interviewed municipal officials with a list of information reauired in order to assess Council functionality, the interface between the Municipal Council and the administration, its Committees and the MAYCO. The purpose of the exercise was to study the documents and assess where improvements could be effected so as to strengthen governance and accountability. On 18 January 2024, the Department received information which was used for development of the diagnostic report.
- Based on the Department's own internal monitoring of the Council functionality, it can be deduced that the Municipality complies with the pre-requisite as stipulated in section 18(2) of the Municipal Structures Act, 117 of 1998.
- The Municipality has an official assigned, namely, the Manager: Administration Services, who amongst other responsibilities, is responsible for the distribution of the Council Resolution list to Extended Management on a quarterly basis. Notwithstanding that the Municipality has an Executive List of Council Resolutions, based on the documentation provided, namely the Council Resolutions of 26 October 2023 and 7 November 2023, it was indeterminable as to whether the resolutions were executed.
- In the absence of copies of Council Agenda's and Minutes, the Department was unable to determine the interface between the various Committees of Council and the MAYCO.
- Based on a study of the Quarterly Reports on Legal Matters, it is evident that there's an exorbitant incurrence of legal costs expended in defending matters pertaining to the appointment of senior managers. Some of these matters, have led to judgments awarded against the Municipality, which increases the liability of the Municipality to the successful applicants. In some of these matters which are pending and where legal costs

have been incurred, the appointees have either resigned, declined the position and/or the Municipality has proposed settlements. It is imperative that the Municipal Council rely on legal guidance on the legality of appointments before resolving on such appointments and/or approach the Department of Local Government for legal guidance, so as to avoid unnecessary wasted legal costs at the expense of its ratepayers.

5.5 Systems of Delegation

- Council has a current System of Delegations approved on 31 August 2022 as well as a delegations register which is statutorily adhered to.
- The System of Delegations is reviewed on a regular basis and complies with the Municipal Financial Management Act (MFMA) Circular No. 73 issued by National Treasury.

5.6 Municipal Public Accounts Committee

- The Municipality has reviewed its Terms of Reference for MPAC.
- A total of 3 MPAC meetings were held since the new financial year with a total of 6 MPAC meetings in the previous financial year.
- A total of 2 MPAC reports were submitted to Council with a total of 10/10 recommendations disposed of since the new financial year.
- Three people have been investigated for financial misdemeanours of which 1 person resigned before finalisation of the disciplinary process. Both matters are still pending.
- The Department has finalised the appointment of the Chairperson of the Municipal Public Accounts Committee as full-time Councillor.

5.7 Findings

- Based on the interviews and consultations conducted with municipal officials, it was indicated that Council overregulates administrative decision making which affects the overall functionality of the administration;
- Attention should be paid to Council Oversight responsibilities; and the Code of Conduct for Councillors.
- Non-Compliance to Legislation poses a risk for the Municipality.

5.8 Recommendations

- Training to Councillors on Roles and Responsibilities and the Code of Conduct for Councillors;
- Focussed indepth training with HR Officials, Legal Officials and Councillors on the Legal Framework relating to the Appointment of Senior Managers.
- The Municipality seek legal guidance from the Deaprtment of Local Government before effecting appointment of senior managers.
- Adherence and compliance to Legal Prescripts.

Assessment 2023:

Chapter 6: Administration's Functionality and Corporate Services

6.1 Office of the Municipal Manager

The following matters were raised during the interview:

6.2 Administrative stability

- In view of litigation initiated against S56 and MM appointments challenges are experienced with acting appointees who are not taking accountability.
- It was suggested that provincial officials sit in on the recruitment panels for s56 and MM appointments, in order to reduce litigation challenges of such appointments.
- One of the poor appointments made was Director: Community Services, this is proven by the Waste challenges.
- Overtime payments is very high, in view of the vacancy rate. It was said that possibly 200 temporary employees have been appointed but the approximate length of appointments could not be provided.
- The organisational culture is not good – wellness sessions and diversity management sessions are needed.
- Human Settlement challenges:
    - The Municipality has only built 100 to 150 houses annually;
    - Too slow a pace for those on the waiting list;
    - Community indicated one has to be friends with the right councillor to be allocated a house; and
    - No grant applications submitted for the past 3 years

6.3 Council meetings

- Long meetings, e.g. from 09:00 to 21:00.
    - Council not wanting to entertain some items (e.g. S56 appointment outcomes – in view of some officials' 'proximity' to councillors);
    - Municipality comes to a halt as senior managers are out of the office during council meetings; and

- Interference in the administration by councillors is experienced and officials are treated badly but no elaboration on what this entails was forthcoming.

6.4 Community organisations

- There is a 'distance' between communities / rate payers and the Municipality.
- There is a view on the side of the Municipality that the community does not understand its challenges.
- The Municipal Integrated Development Plan is not reflective of all communities' inputs (the Manager requires support).
  - Cascading of KPAs and KPIs in terms of performance management thus also a challenge.
- Not regular Ward councillor feedback reports in all Wards.
- Some communities are contributing to municipal functionality, e.g. fixing roads.

6.5 Financial Management

- Revenue Management and Cash Flow was said to be the main challenge.
- Small contractors' and emergency contractors' appointment processes need to be reviewed (E.g. a tool is needed to manage who is appointed and when they should be paid for services needed).

6.6 UIFW

- Tenders expired, extended, deviations and appointments outside of validity period used which points to poor planning.

Measures the MM has put in place to date

- Appointment of a SCM Manager.

6.7 Management

- The Municipality has seven (7) Senior Manager posts, namely the posts of Municipal Manager, Director: Corporate Services, Director: Finance (CFO), Director: Community Services, Director: Integrated Human Settlements, Director: Infrastructure Services, and Director: Planning and Development.
- The posts of Director: Corporate Services; Director: Integrated Human Settlements; Director: Finance (CFO) and Director: Community Services are currently being challenged by the MEC for Local Government in court proceedings. The matters are at various stages with some awaiting judgment and others undergoing settlement negotiations while others have been postponed for filing of court papers.

- The MEC for Local Government supported the appointment of Director: Planning and Development.
- All Section 56 Senior Managers and middle Management have employment and performance contracts, signed by all employees, respectively.
- The performance agreements are signed within 30 days by existing staff and 60 days by new staff and then submitted to the Minister.
- Developmental gaps are addressed in the personal development plan and performance assessments are being conducted by the Municipality.

6.8 Legal Compliance

- The legal department receives a limited budget (R3.5 M) for all its litigious matters.
- The Municipality relies on external service providers to provide legal opinions.

6.9 Disciplinary Proceedings

- The Department was provided with a register of pending Disciplinary matters. The nature of the charges includes inter alia, breach of supply chain management policy, absenteeism.
- The Municipality utilises external persons as Chairpersons and Initiators.
- Based on the report provided by the Municipality, it's reasonable to assert that the Disciplinaries instituted against Municipal Officials is monitored with progress on the matters.
- In the case of matters for Conciliation and Arbitration, the Municipality has five (5) matters enlisted on its register.
- Based on the information furnished by the Human Resources Department, the Municipality has 3 grievance matters, relating to inter alia, allegations of unfair treatment, unpaid acting allowances, unpaid allowance for additional duties performed.
- Based on an analysis of the Quarterly Report, the Municipality has three (3) matters which are labour related and still pending.
- Information pertaining to the number of suspensions is still outstanding, hence details pertaining hereto cannot be commented upon.

6.10 Performance Management, Auditing and Consequence Management

- Information on the Municipality's materiality framework / compliance register, to regulate compliance to statute and related statutory obligations remains outstanding.
    - The materiality framework and/or compliance register is an important oversight mechanism as this increases efficiency and accountability in terms of organisational and statutory compliance of the institution.
        - The PoE is required to assess/ review the institution's compliance with applicable legislation. No evidence was presented that confirm the Municipality's assessment or updating of any compliance framework in lieu of new statutory obligations.
        - No evidence of any previous compliance audits or reviews, both from a quarterly and annual perspective was presented to indicate that the Municipality monitors compliance.
        - No evidence presented confirm the cascading or undertaking of internal compliance audits in any related clusters.

6.11 Unauthorised, Irregular, and Fruitless and Wasteful Expenditure

- The Accounting Officer and other officials have specific responsibilities in terms of the MFMA. National Treasury Circulars have highlighted the importance of UIFW Registers being a central source of information concerning the UIFW expenditure incurred by the Municipality. The register is critical in terms of the recording of the details of the transaction, the type of expenditure, persons liable for the expenditure and what measures were taken by the Municipality to address the matter.
    - No Proof of Evidence was presented in this instance and could not be verified and assessed.
    - No evidence has been presented to confirm that the Municipality executes its obligations in terms of UIFW expenditure.
    - No evidence has been presented that the Municipality is compliant in terms of Circular 68 re UIFW expenditure (unauthorised, irregular, and fruitless and wasteful expenditure); the possible abuse of the supply chain management system (including fraud and improper conduct); and investigating allegations of financial misconduct. Proof of evidence also needs to be presented where Council has introduced and adopted policies and processes to:

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- Prevent unauthorised, irregular, fruitless and wasteful expenditure;
- Identify and investigate unauthorised, irregular, fruitless and wasteful expenditure;
- Respond appropriately in accordance with the law;
- To address identified instances of unauthorised, irregular, fruitless and wasteful expenditure conclusively, as required by section 32 of the MFMA; and
- Implement consequence management where instances require.

6.12 Management of Deviations

- Severe risks are also present in terms of deviations. The following needs to be highlighted *"Since the procurement management is the responsibility of the SCM unit, all deviations should be requested by the requesting official from the SCM unit, who should apply all of the laws and regulations to the request, prior to it being submitted as a compliant deviation to the accounting officer for approval."* No evidence was presented to confirm that a functional system/ registry/ mechanism is in place to track statutory duties to be performed by the Accounting Officer.
- Further to the deviation procedure, uncertainty also prevails of whether the necessary deviation processes are followed in the instances of irregular expenditure occur. Hereto records of the cited deviations must be recorded / archived together with the reasons, minutes of the Bid Adjudication Committee and approval of the Accounting Officer. Considering the above comments, all deviations must procedurally comply to regulation 36 of the Local Government: Municipal Finance Management Act: Municipal Supply Chain Management Regulations, whereby:

"(1) A supply chain management policy may allow the accounting officer—

(a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only—

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of sub regulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity, and include as a note to the annual financial statements."

Hereto, detailed deviation reports [confirming the related grounds under regulation 36(1)(a)] duly approved by the Bid Adjudication Committee and signed off by the Accounting Officer must be presented as proof of evidence. The Municipality does however have a Supply Chain Management Policy, although evidence could not be traced that the Municipality does execute deviations in line with its own policy.

6.13 SCM Registries

- The Office of the Accounting Officer must ensure that the Municipality has a registry that keeps record of the contracts entered into by the Municipality in the form of a contract register
- Furthermore, records are needed for the consolidated reports on the performance of contracts or agreements for purposes of Section 116 (2) (d), and monitor the related performance, proper records of his appointments on Bid Specification Committees, Bid Evaluation Committees and Bid Adjudication Committees.
- Although positive confirmation was received from the Municipality that its Supply Chain Management Section does maintain the above statutory registers and documents, proof of evidence was not received.

POPIA (Protection of Personal Information Act, 2013) and PAIA (Promotion of Access to Information Act, 2000) Compliance Manuals and appointed Information Officer

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- In lieu of the protection of personal information (POPIA) and access to information (PAIA) Acts, the Municipality did confirm that both approved POPIA and PAIA Manuals are operative in the Municipality.
- Although the existence of the manuals was confirmed, more information needs be provided, specifically in terms of implementation and related timeframes, data privacy communication to consumers undertaken, protection of external data/information of ratepayers, recording/registration/monitoring of information requested/disclosed, etc.
- A related need was highlighted that a section 62 policy must be developed for the Municipality to ensure the proper facilitation of section 62 appeals. Currently the Municipality does not have an approved SOP or policy in place,
- The Municipality does have an approved System of Delegations.
- As per section 62 of the MSA, the Municipality confirmed that appeals are finalised within a reasonable period and provided proof of evidence thereto e.g. monthly reports for the last 2 financial years.

6.14 Municipal Codes and Registries

- The Municipality confirmed that they adhere to the statutory prescripts of promulgation of their by-laws in accordance with section 13 (a) of the Local Government: Municipal Systems Act. Notwithstanding the aforementioned, the Municipality did indicate that it has not been feasible to also publish in a local newspaper as well due to budget constraints.
- The Municipality did not confirm who is responsible, as centralized custodian of by-laws management and review.
- Evidence needs be presented in terms of a central by-laws register (confirming council resolution, date of resolution, status of by-law, amendment of the by-law), a standard operating procedure/ monitoring system for the timeous review and if required, amendments process of the by-laws, including the engagement with user departments during review periods.
    - A specimen was provided in lieu of a previous by-law promulgated and the related council resolution, however no tracking system could be provided in terms of how these by-laws are monitored, maintained/assessed and updated in terms of possible legislative changes.
- The Municipality did confirm accessibility of the municipal code in both electronic format and hard copy format at the head office.

- Finally, in terms of the enforcement of its by-laws, subsequent to the consultations with the Municipality it provided evidence of the enforcement of its By-Law in the form of offences which relate over a spectrum of By-Laws.

6.15 Litigation Register and Contingent Liability Register

- The Municipality does currently have a litigation register which must enhance proper management of ongoing litigation, both against the Municipality and in instances where the Municipality initiate litigation against a third party.
  - The litigation register can also be used as management tool to assess and manage litigation and more often than not mirrors and mitigates liabilities included under the contingent liability register (contingent liability register disclosed as per AFS). Information was provided of the last Legal Services monthly report (Quarter 1 of 2022/23) and last litigation report as considered by the Knysna Audit Committee (Quarter 1 of 2022/23), these need however to be separately considered and further feedback will be provided hereto once properly assessed.
  - Current information provided indicates that there are 21 active litigation matters against the municipality, excluding 3 matters instituted by the Western Cape Minister responsible for Local Government in relation to the irregular appointment of 3 senior managers.
  -

6.16 Policy Management

- No evidence was presented to confirm that mechanisms are in place to monitor, review policies and update policies.
- Further evidence is required to confirm who is accountable, as centralized custodian of policy management in the Municipality, for the management and review of policies in the Municipality.
- A central policy register (confirming council resolution, date of resolution, status of policy, revision number of the policy) to be presented.
- Also, the Municipality should have a Standard Operating Procedure / Monitoring System for the timeous review and updating of policies, including the requirements in terms of engagement with user departments during review periods.

6.17 Human Resource Management and Related Matters - Organisational Structure

- The Municipality is currently structured in terms of an organizational structure approved and adopted by Council during 2021. The current organizational structure makes provision for 6 Directorates, namely:
  - Directorate: Corporate Services
  - Directorate: Financial Services
  - Directorate: Technical Services
  - Directorate: Community Services
  - Directorate: Planning and Development
  - Directorate: Electro Technical Services

The Directorates identified are in line with the Municipal Staff Regulations (MSR).

- The current organisational structure has been approved and adopted by Council with 326 unfunded positions. Unfunded position in line with the MSR are not supposed to be reflected on a structure. It should rather be populated with the Implementation plan to reflect how the Municipality intends to fill the positions in future.
- The current structure was thoroughly consulted at the Local Labour Forum (LLF).
- The current structure is due for a review due to the trigger of elections of new council during the year 2021. The delay in reviewing the new structure is due to a lack of capacity and HR staff to perform and initiate the duties of redesigning and reviewing the current organisational structure.
- The reports that support the development of an organizational structure such as the HR Plan, a service delivery model and implementation plan is in place.
- The number of positions approved on the structure that are funded are 116 with a total number 1074 incumbents in various positions.
- The Municipality makes provision for additional appointments to the approved structure due to certain vacancies being unfunded and due to the unavailability of funds. Such appointment are temporary appointments which are made through a database.
- Unfunded vacancies is at 11% and the positions are as follows:
  - Directors, including Municipal Manager;
  - Technical positions;
  - Community services positions;

- Supply chain management positions;
- Accounting positions;
- Revenues collection positions;
- Planning and development positions;
- HR Manager;
- HR Officers;
- Committee positions;
- Integrated Development Planning and Intergovernmental Relations positions;
- Internal audit and risk positions

- Not every Job on the Staff Establishment has a written job description, however those jobs with job descriptions are updated and stored.
- The high rate of funded vacancies is due to a shortage of HR staff to perform the recruitment and selection duties. The lack of capacity within the Human Resource Unit hinders an effective performance of HR functions within the Municipality.

6.18 HR Policies

- The Municipality has reviewed and adopted key HR policies that are largely compliant with the Municipal Staff Regulations.
- The Municipality also confirmed that an Attraction and Retention Policy is in place. The policy is imperative as its purpose is to ensure that the right skills for the job are sourced and that those skills are retained.

6.19 Performance Management and Development System (PMDS)

- The Municipality has a PMDS policy in place that is in line with the Municipal Staff Regulations and duly informed by the Municipal Systems Act.
- The Municipality has a PMDS that caters for senior management and managers reporting to the senior management.
- The Municipality has not cascaded down the performance management system to its lower levels. It is a requirement in line with the MSR.
- Performance management in the Municipality is generally failing as progress towards achievement of strategic objectives are not effectively and efficiently monitored and implemented, especially for employees below section 56 and 57.
- The system is electronic and effective at senior management level.

- The PMDS budget only caters for Senior Management.
- Performance is monitored monthly, and reporting is done quarterly on the ignite System.

6.20 Training/ Skills Development

- In terms of the Regulations to the Skills Development Act, every organisation with more than 50 employees must establish an in-company forum for consultation regarding skills development (a Training Committee). The Municipality had a functional training committee which was established as per LGSETA guidelines. At the promulgation of the Municipal Staff Regulations (MSR), there was a need to change the Training Committee to comply with the Guidelines for Implementation of the MSR. The Municipality however is struggling to coordinate meetings because of the other functions of the nominated members which include the CFO and the IDP manager.

- Furthermore, the regulations provide that every organisation must appoint a Skills Development Facilitator (SDF). Amongst others, the role of the Skills Development Facilitator is assisting the organisation with the development and submission of a Workplace Skills Plan and an Annual Training Report to the SETA Although Knysna Municipality complies to these provisions and has submitted its WSP on 30 April 2023 as required. Chapter 5 of the Regulations sets out principles for the Skills Development process, and governance mechanisms to build institutional capacity that enables municipalities to perform their functions. The Skills Development process includes planning, Skills Assessment, Implementation and Review. Through its WSP process, the Municipality partly complies to the provisions of chapter 5 of the MSR.

    - The challenges that can be identified as hindrance to compliance to the Skills Development provisions is that the Municipality is still busy with alignment of some job descriptions to the provisions of the MSR, so that a skills assessment process can take place.

- The Municipality has conducted a staff skills audit for about 50% of staff members, although some of the profiles were created prior to the promulgation of the MSR.

    - A challenge has been identified that staff members refuse to participate in the Skills Audit process, for reasons including that no training is taking place for their benefit.

- It has been noted that the refusal to participate in skills audit is due to line managers who sometimes, based on operational requirements, do not send staff to participate in training programmes.

- Whilst the Municipality complies to budget provisions for skills development, the budget is directed at more critical and compliance skills, e.g. Municipal Minimum Competency Regulations, and some of the identified training programmes cannot be rolled out.
- The Municipality is under-capacitated in the Human Resources office, as it does not have funding for a Senior HR official to manage the Strategic HR function.

6.21 Recommendations

- The Municipality is to expedite the filling of vacant posts as per its register of vacancies with its Human Resources Management Unit.
- The Municipality requested support with the development of a number of by-laws and review of policies. The Municipality must submit the list of policies they need assistance with. In further engagement and consultation with the Municipality, the Department will assist the Municipality with a review and/or development of the applicable By-laws and Policies.
- Training and workshops on the Appointment and Competency Regulations for both senior management and Councillors.
- A collaborative workshop entailing inter alia, the Department of Local Government, COGTA, SIU, Provincial Treasury, National Treasury conduct a workshop on Anti-Corruption, Fraud and Ethics with Councillors and Municipal Officials.
- Strict enforcement of the Code of Conduct for Councillors by the Speaker.
- The Municipality to finalise the review of the Organizational Structure, to ensure that job descriptions may be finalized for the Skills Development process to be implemented in totality.
- The Municipality to take cognisance of Reg 44 (3) (d) Ensure Skills Development is a KPA of senior managers and supervisors Performance Agreement, to influence maximum participation in organizational skills development.
- The Municipality to continue with awareness sessions regarding Skills Development even through branding, to get officials to buy in to the implementation of MSR.
- The MM to support HR by issuing a directive regarding the Skills Audit process.
- The Municipality to consider Human Resource Internships, to assist with the compliance to the Skills Audit process and limited capacity in the unit.

Assessment 2023:

Chapter 7: Information Communication Technologies (ICT)

7.1 ICT Unit and Institutional arrangements

- The ICT unit in Knysna Municipality performs under the authority of the Director: Corporate Services.
- In terms of Human Resources, Knysna Municipality is amongst one of the well-resourced municipalities as all ICT functions are rendered inhouse.
- The following challenges pertaining to the Corporate Governance of ICT within and by the Municipality could be due to the fact that the current ICT Manager has been functioning in an acting capacity for the past two years:
  - Executive Management is not actively involved in directing and controlling of ICT within the Municipality.
  - The existing ICT Strategy was last reviewed in 2018 and since then the IDP has had its review thus calling for a review of the ICT Strategy.
- Knysna Municipality does have an ICT Steering Committee, which is being chaired by the Director: Corporate Services.

7.2 ICT Assessment Findings

- In the previous financial year Knysna Municipality appointed a service provider to conduct a comprehensive assessment of the ICT landscape in the Municipality.
- The outcome of such an assessment, together with the findings by the Auditor General, pointed to a mismatch in how ICT would substantively enable the business to achieve its goals, in other words, there is misalignment between the business of the Municipality and ICT.

7.3 Business Continuity and Recovery

- An agreement has been provisionally secured with the Landlord of the neighbouring business center for the purposes of hosting the disaster recovery site of the Municipality.

7.4 Budget allocation

- ICT budget was however cut by more than a million, thus compromising planned server procurement.
- Despite the financial challenges prevalent in the Municipality, the ICT unit was the only unit which received a capital budget of R200 000.00, to refresh old computers.
- ICT maintains its own register of risks, which gets escalated to the Risk Manager through the existing Risk Management system.
    - What is not apparent is how each of those risks is profiled and managed as ICT does not form part of the Risk Management Committee.

7.5 Recommendations

- The Municipal Manager should preferably Chair the ICT Steering Committee.
- The ICT Manager should form part of Management meetings.
    - In terms of good governance practices, executive management has ICT as part of its agenda.
    - With the ICT Manager not forming part of management, it is difficult to conceive how ICT related decisions ought to be made when there is no advice from someone who possesses both the ICT business and technical expertise.
- Executive Management and all business units should convene a strategy session to develop an ICT Strategy.
- ICT must be involved in discussions of any risks that have a bearing on ICT.
- Financial resources should be made available for the procurement of a server for the live environment, after which the existing server will be reprioritized for disaster recovery purposes.
- Corporate Governance of ICT is a subset of Corporate Governance. Executive Management should assume responsibility of directing, controlling, as well as performance monitoring of ICT.

Assessment 2023:

Chapter 8: Community Development Services and Community Organisations

8.1 The composition of the Business Unit

- The Director Community Services oversees four major departments that incorporate services including Disaster Management, Fire and Rescue, Traffic and Law Enforcement, Parks, Waste Management, Libraries, Halls, Cemeteries, Museums, Arts and Culture, Waste Management and Cleansing, Youth and Sport Development.

8.2 Public Participation

- Knysna Municipality has a fully functional Public Participation Unit that benefits the community immensely.
- The Unit is responsible for all the logistical support that is needed to run a successful public engagement activity.
- Quarterly scheduled Ward Committee and Public meetings are held.
- An agenda is sent out, action minutes are compiled.
    - Actions to be implemented are distributed to the relevant internal departments.
    - Policy issues are referred to the MM/DCS
    - IDP related issues are referred to the IDP Unit and complaints are logged on the Complaint Management System and dealt with as per the Clients Services Standards.

8.3 Ward Committee Functionality

- Ward Committees were established in all 11 wards and except for ward 5, all Ward Committees are functional.
- Continued capacity building sessions by Province is required to optimize the performance of the ward committee system.
- Poor attendance of Ward Committee meetings and sudden cancellation of meetings is a common risk flagged in the section's risk register.
- An agenda with minutes of the previous meeting are sent out.
- A Task Execution List is compiled for the next Ward Committee engagement.

- A short list of ward priorities coming from the long list from the community is fine-tuned by the Ward Committee.
- Ward Committees also develop their own Ward Operational Plans.
- The Municipality reports to the province about the functionality of Ward Committees on a quarterly basis.
- Ward Councilors and Ward Committee members register all complaints on a Complaint Management form and a Public Participation official register the complaints on the complaint management system and a response is issued to the relevant contact.

8.4 Community Development Workers (CDW):

- Currently there are two (2) CDWs in Knysna Municipality and interviews were held for a 3rd CDW.
- The CDWs report to the Manager Public Participation.
- The CDW report forms part of the Public Participation Quarterly Report to the Section 80 Committee of Council.
- The report is an account of each CDW's activities that occurred during a quarter under review for the Greater Knysna Municipal Area.
- The nature of the activities of CDWs includes collaboration with NGOs and CBOs, support to Thusong Mobile Outreach, Support in conducting surveys, initiating ward-based projects, encouraging and assisting in the application of SMMEs' incubator programme, supporting ECDs, initiating the support to / formation of women empowerment groups, and continually assisting the communities to access government services.
- A weekly planning meeting is held every Thursday between the CDWs and the Public Participation Unit and this results in the PP Unit issuing a weekly plan that includes all Public Participation activities that will take place in the following week in the Greater Knysna Area to the Extended Management of the Municipality.
- The impact of the CDWs can be enhanced as there are currently only 3 CDWs for 11 wards.

8.5 Cemeteries

- There are three (3) operational cemeteries in the Municipal area of which one (1) is in Knysna, 1 in Karatara and 1 in Rheenendal.
- Cemetery space is managed per booking and by a supervisor who manages the sites.

- Regular assessments are done by the manager of Parks and Recreations.
- An assessment was done on possible open space for new cemeteries which is included in the long-term plan.
- Vehicles are available and there is a shortage of staff but those in service are competent staff with the necessary protective clothing.

8.6 Library Services

- This unit consists of 45 permanent staff members reporting to a manager
- There are a number of vacancies in the Library Services Department
- 12 Libraries and 1 Wheelie Wagon for the rural community covers all communal areas.
- Not all libraries are in line with norms and standards of the Department of Culture Arts and Sport (DCAS), according to a report. They are classified as 'mini' but should be medium, in terms of their service area (Karatara, Sedgefield, Leisure Island and Smartsville areas were listed).

8.7 Parks, Recreation and Sport

- There is a section within the IDP dedicated to Sports.
- There is a Master Plan for sport facilities.
- Knysna has multiple parks that cater for braai facilities and play parks.
- Open spaces are also available within the municipal area.
- There are some vacant positions within this Department thus current staff perform well within the Greater Knysna but for the smaller rural communities some provisions need to be made.
- Maintenance is done as set out by the Departments' scheduled programme.
- Knysna Municipality has a Nature Reserve which is managed by an external organization.

8.8 Property and Building Maintenance.

- In terms of municipal properties owned by the Municipality, affirmation was provided that maintenance of municipal properties is not really prioritised due to funding being reduced on a yearly basis thus buildings are deteriorating.
- Further information is required on how maintenance is performed in terms of council properties and buildings leased to external parties:
    - Whether current lease agreements make provision / obligate leaseholders to do maintenance;

- How many leases of municipal properties have been concluded in the current financial year?;
- The individual lease amounts / conditions per lease concluded;
- How many contracted leases to external entities or individuals are currently active; and
- Are all leases concluded done in accordance to the Asset Transfer Regulations?

8.9 Disaster Management

- The Municipality has not only undertaken a detailed Disaster Risk Assessment (2018) but has also integrated its findings into an informed Disaster Management Plan (DMP).
- The DMP doesn't exist in isolation; rather, its key strategic issues and projects find expression within the broader Integrated Development Plan (IDP) and budget.
- This integration ensures that disaster management isn't a standalone concern but an integral part of the Municipality's overall development strategy.
- One critical aspect of this plan is its emergency preparedness for major risks such as drought, fires, floods, hazardous spills, and water supply disruptions.
- The Municipality not only has adopted emergency plans in place but also ensures their relevance through regular updates and exercises.
- The top 10 major risks are addressed within the plan, emphasizing a proactive stance in the face of potential calamities. However, the effectiveness of any disaster management plan hinges on the capabilities and resources of the Disaster Management Unit.
- The unit is currently understaffed and lacks essential resources, with only one Head of Disaster Management in place and a vacant Deputy Head position.
- Despite these challenges, the Municipality strives to involve the community in prevention and mitigation programs.
- Regular initiatives and projects are implemented in collaboration with the Fire and Rescue Services across various communities in the greater Knysna area.
- This community involvement not only fosters resilience but also emphasises the collective responsibility in the face of potential disasters.

8.10 Fire Services

- The Fire Services Unit takes centre stage in ensuring the safety of its residents.

- The unit's capability is assessed by the extent to which it is adequately resourced to carry out its crucial functions across the entire municipal area.
- Knysna's Fire Services are strategically positioned with three stations serving the Municipality. The primary station stands in Knysna itself, and another in Sedgefield.
- Additionally, satellite stations in Concordia, Rheenendal, and Karatara extend the reach of firefighting capabilities. The Municipality's firefighting capabilities comprises 10 vehicles, 50 competent and well-equipped staff members.

8.11 Traffic Services

- There are 14 staff, 5 permanent point duty officers and 3 speed camera operators.
- The function is currently understaffed.
- E-Natis system is available for traffic administration that runs concurrently to such systems.

8.12 Community Organisations

In an interview with community organisations in attendance and who requested a closed session, the following information was gathered:

- Concerns raised why all decisions have to be made by **Council** and some decisions are not delegated to appropriate officials.
- Some poor appointments at Council level needs to be addressed, e.g. how can someone with a standard two education oversee infrastructure projects.
- **Junior persons** are keeping the Municipality going.
- It was alleged that there is no Law and Order / no repercussions for those not abiding to **by-laws**:
  - Councillors interfere in enforcement;
  - Vagrants run the town which is creating an environment for conducting criminal activity;
  - At Food Lovers - the Taxi Association can operate where they should not (according to the spokesperson the MM gave approval vs High Court Order);
  - Leisure Island's anti-social behaviour and drunk driving is not addressed as the Municipality has undertaken to do; and
  - Informal Trading takes place where it should not.
- The **IDP / SDF** needs attention:

- There seems to be no willingness to get all community's inputs, e.g. when a meeting is changed at short notice the day before it was scheduled, what is the message?;
- Why do budgets linked to IDP projects get reallocated elsewhere?;
- Not enough factory space; and
- No forward planning for future vision of the town e.g. A College.

- **Finances**:
  - Rental and Security budget concerns raised;
  - Municipal properties that municipal officials are occupying; and
  - Rates and Taxes above inflation.

8.13 Waste to Energy

- Some of the community organisations were adamant that the wrong waste model is being implemented by the Municipality, proposing s77 and 78 / unsolicited bid processes be followed instead; and
- There was also an allegation made that a member of the community organisation was approached by a councillor/s asking how they could benefit if the organisation wanted the proposal approved.

- Slow **processing of property plans and finalising zoning**. It was alleged that decision making is being blocked by councillors.
- An enquiry was made into whether the Municipality have a **Roads Infrastructure Plan**?
- **Water Catchment Forum** – no municipal pollution statistics received.
- The community organisations expressed a perception that the rich ratepayers will pay – no matter the level of service provided by the Municipality and thus they feel they **pay twice for their services**.

Proposals made:

- Lifestyle audits of councillors were requested.
- More regular communication between municipal leadership and communication organisations.
- Municipal vision to be developed for future growth.
- Municipality to enforce its bylaws.
- Review system of delegations and what decisions have to go to council.
- Appointment of qualified staff.

- That the Municipality address Job Descriptions, Performance Management and Consequence Management.
- Use retirees.
- Allow that observers be allowed in DBAC.
- Work on specific projects with community organisations, e.g. Waste to Energy, Mount Rose Drive, Storm wall fixing and George Rex Drive and Brenton-on-Sea – PPP – ablution, walkway and an evacuation point.
- Roads maintenance register to created.

8.14 Recommendations

- Consideration be given to the proposals from the Community Organisations by the Municipality and if the Municipality is not able to implement one that at least feedback be given to them in terms of each with a motivation, in such a case that it cannot be accommodated.

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Chapter 9: Waste Management

9.1 Waste Management Licensing activities & variations

Knysna Transfer Station

- Knysna Municipality is currently utilising the Knysna Waste Transfer Station (KWTS). The property is owned by Transnet on a rental basis for the accumulation, compaction of general waste into containers for transportation by a service provider to PetroSA daily.
- The 2022/23 Operational Waste Management Budget costs are:
    - Diesel R120 000 per month;
    - Rental from Transnet R30000 per month;
    - Disposal costs at PetroSA R250 000 to R280 000 per month; and
    - Service of compactor equipment R 35 000 every quarter.
- The scheduling of the transportation of compacted waste containers at the KWTS was a logistical nightmare which caused a "bottle neck" due to limited off-loading space and no available empty waste containers; which disrupted the entire operations at the KWTS. Staff were also 'sitting around' as they were unable to process any waste within the KWTS.
    - This is the consequence of utilising only one (1) truck from the service provider to transport compacted waste containers to PertoSA.
    - This further resulted in four (4) rear-end-roaders (RELs) and one (1) open truck, to be stationed at the KWTS because they were unable to unload their waste due to limited workspace.
    - Approximately 5 compacted waste containers and two Rear End loaders were further awaiting to be transported to PetroSA, while no empty containers were available on the premises as they were awaiting these to be returned from PetroSA.

9.2 Sedgefield Recycling Facility

- The Municipality issued a termination letter to the private operator of the Sedgefield Recycling Facility (SRF). It was indicated that the premises is only currently used as a "drop-off" facility.

- The SRF currently needs improvement as the building is vandalised, portion of the side pre-cast concrete wall is defective, no "skip" bins for recyclables was available and recyclable waste are accumulated in the yard of the premises. The renovation of the SRF will have huge cost implications for the Municipality.
- Sedgefield RTS was previously audited on 19 January 2018 and received an audit score of 31.25 %.
- Sedgefield GWBR site audit score was 83% in 2023.
- No evidence of internal audits was reported in the 2022/2023.
- External Audit Reports are available for the following facilities:
    - Sedgefield Drop Off Facility (DOF)
    - Sedgefield Reclamation Facility.

9.3 Green Waste Disposal Facility

- The Municipality appointed Aurecon in June 2018, to calculate the valuation of the closure cost for the Old Place Refuse Facility.
- Knysna (Old Place) WDF was previously audited on 10 April 2017 and received an audit score of 22.41% and 37% in 2022.
- No evidence of internal audits was reported in the 2022/2023 External Audit Reports thus far.
- The walls of the garden refuse facility are unstable and needs to be stabilized.
- Some black bags were being stacked alongside the entrance road to Brenton-On-Sea.

9.4 Municipal By-Law

- The Municipal Waste Bylaw published in 2006 and dated 2014 is not aligned to the National Environmental Management: Waste Act (NEMWA).
- The By-Law was amended in 2019/20.
- The Knysna Municipality opted to "piggy back" on the Bitou Municipality`s tender to review the Solid Waste Management By-Laws together with the development of related Waste Management Policy.
- The Municipality is not able to implement the provisions of the by-law.
- Knysna Municipality is not able to implement integrated waste management approaches / principles wrt the waste hierarchical approach.
- No amendments to the by-law has been executed.

- A fine list has been compiled and submitted to Municipal Legal Services for the court's approval.

9.5 Waste Awareness

- The Municipality have numerous waste awareness and minimisation educational programmes to promote recycling, discourage illegal dumping as well as educational programmes at schools within the municipal area.
- The aim is to enable community behaviour changes to waste management.
- The Knysna Municipality launched the "Waste Nothing Knysna" which identified "Champions for Change" in each department to be drivers for change in their respective working environments to inspire and empower other within the workplace around "BIO-WISE".
- This will also be rolled out to business and tourism establishments.
- The municipality established a "Report Illegal Dumping" WhatsApp number for the residence to report any illegal dumping activities within the Knysna Municipality.
- Clean-up campaigns were conducted throughout the various communities and composting bins were strategically placed within municipal properties to "turn waste into a resource" thus building soil health.
- The Waste Minimization Plan is supported by council, funding for this project is required.
- The Municipality must appoint personnel to raise awareness amongst the residence of Knynsa Municipality to ensure a paradigm shift in the behavior of Knysna residence.
- The proposed vacancies within the waste management department, must be filled without further delay.

9.6 Waste Minimisation

- The Garden Route District Municipality advises on all Waste Minimization campaigns and is partnering Knysna in various initiatives.
- The Municipality initiated numerous awareness raising events within municipal buildings and the communities to minimise (reduce, re-use and recycle) their waste.
- The municipality issued refuse receptacles to the residence within its jurisdiction, however no recycling bins were issued to promote the recovery of recyclables.

9.7 Waste Management Officer (WMO)

- The WMO attends the Integrated Waste Management Forum Meetings on a quarterly basis or is represented by Natalie Salmons.
- By way of a Council Resolution the Manager: Waste Management, Mr Randall Bouwer was appointed and therefore is the Waste Management Officer (WMO).

9.8 Waste Information

- DEADP have provided waste calculator training sessions to the Knysna Municipality's waste officials which should aid with clarity on the report requirements for IPWIS and ensure compliance with the relevant legislation.
- Recently this training was rolled out to the gate controllers at the waste management facilities in the Garden Route District Municipality, including representatives from Knysna.
- In February 2023, the waste data verification audit was also conducted for selected waste management sites, namely Sedgefield Garden Waste Treatment Facility and Knysna Recycling Centre, to verify the data being submitted to the Department.
- Currently 4 (four) Waste Management Sites are registered on IPWIS. (e.g. Sedgefield Garden Waste Treatment Facility, Knysna Recycling Centre, Sedgefield Recycling Centre and Old Place Garden Waste Treatment Facility).
    - This is a clear indication that the Municipality is partially-compliant and must ensure that they submit the outstanding reports to become compliant.

9.9 Integrated Waste Management Plan

- The Integrated Waste Management Plan of August 2019 has not been implemented.
- Refuse receptacles are only provided to approximately 15 towns within the Municipality.
- 20 containers are available however only 17 are used.
- The Hooklift truck is still not repaired. No empty containers were on the premises as they were awaiting the empty containers to be returned from PetroSA.
- The staff of the KRTS and REL`s were standing around as the plant was not functional, which meant staff were unable to perform their operational duties.

9.10 Cost Reflective Waste Tariffs

- Waste collection services are rendered to all farms however, none of these farms pay for these services.
- The Municipality also experience huge revenue losses due to non-payment for waste management services rendered to residence, businesses and industry.
- Knysna Municipality doesn't have cost reflective tariffs, and they render a service to at R 100/ton, which is currently the cheapest within the Garden Route District Municipality.
- The Municipality acquired the services of Price Waterhouse Coopers to conduct a revenue enhancement survey, to ensure that the Municipality can collect funding for waste management services rendered.

9.11 Complaints

- The Municipality does have a centralized electronically operated complaints system.
- Complaints are allocated to relevant business units for investigation and action required.
- Complaints must be attended to within 24 hours of it being lodged by the complainant.
- A substantial number of complaints were received regarding the Knysna Transfer Station in 2023.
- Most complaints received are w.r.t. illegal dumping.
- The Waste Management Section has a 30% vacancy rate:
    - The Transfer Station does not have sufficient staff as per the Organisational Structure
    - Old Place Landfill Site only has a gate control official meaning that the Municipaplity is struggling to comply with the permit conditions.
    - There is not sufficient staff for refuse collection services
    - Only having one driver for the transportation of waste to Mosselbay PetroSA (and no relieve driver) is a challenge.

9.12 Human Resource Management

- Solid Waste Management services are rendered however, with 5 vacancies it places an enormous burden on existing staff members within the unit.
- The unit currently does not have any problems with the technical ability of the staff appointed.
- The vacancies were advertised and will be filled soon.
- Overtime budget for staff rendering after hour services daily and weekends is not sustainable.

- Due to vacancies, the absenteeism rate within the unit is very high too, especially within the cemetery section and this is due to ill-health.

9.13 Recommendations

- The Municipality must, as a matter of urgency, prioritise waste recovery and the provision of integrated waste infrastructure, to assist with the recovery of waste and to prepare them for the utilisation of the Garden Route Regional Waste Disposal Facility in Mossel Bay. The tonnages of waste to be transported to regional site needs to be minimised and reduced.
- To render integrated waste management services, it is recommended that the By-Law must be amended.
    - The municipal official must ensure that the development of the Integrated Waste Management By-law is aligned to the provisions of NEMWA, and that of the Provincial Model By-Law.
    - The legal aspect of the By-Law needs to be finalised for the implementation.
- The Municipality must follow through with the proposal to create a dedicated post to focus on waste awareness, waste minimisation and recycling to increase waste awareness and the waste diversion target of the municipality
    - This post is on the new organizational structure however it is regarded as non-critical vacancy and has not been filled yet.
    - The Waste Management Section must allocate adequate funding in their budget which has been done and is commended - this has been used to appoint a service provider, for the appointment of a service provider for the collection of recyclable waste. The Municipality must promote separation at source to ensure an overall increase in the overall diversion of waste from the Mossel Bay Regional Landfill Facility.
    - Waste awareness and minimisation initiatives be rolled-out to all communities within the municipal area to effect behavioural change, thus promoting recycling and waste minimisation within the entire Municipality.
        - The waste department is currently busy with waste minimization plans that need to be rolled out and workshopped with the various stakeholders.

- A service provider to incorporate recycling initiatives which will reduce the residual waste to the regional waste disposal facility has been appointed and incorporates the Greater Knysna Municipal Area and includes Sedgefield which is commended.
- Recycling Tender is coming to an end in June 2023
    - The Municipality is to include awareness campaigns as part of the responsibility of the new service provider.
    - This should form part of penalty criteria when submitting invoices.
- The Municipality must prioritise capturing of data of the Waste Disposal / landfill facilities and ensure that all waste generated within the municipality and corresponding data is reported and submitted to the IPWIS, monthly, including:
    - Reporting on waste and recyclables going to PetroSA;
    - Ensuring that the chipped greens recorded at Sedgefield is not recorded again at Old Place Garden Waste Treatment Facility.
    - Outstanding waste calculator and IPWIS reports 2022 -2023 be updated and submitted to the DEADP.
- IPWIS reporting should be made one of the KPIs in the waste officials.
    - Some historic data captured in hard copy was damaged.
- The age profile of the gate controllers at the facilities is over 60 years, the lack of technical understanding of new technology and the health of officials are of a concern.
- Staff resistance to required job description requirement are of a concern.
- Staff need to be in a position to ensure the operational compliance at the facilities.
- The financial impact of the regional waste disposal facility must also be addressed and budgeted for.
    - The Municipality must submit an annual performance plan wrt the activities implemented as set out within the IWMP implementation plan.
    - Council resolved - 05 Dec 2023 to re-advertised the Section 33 process for public comment (14 days) and requested that alternative options be investigated instead of the Regional Landfill Site developed by GRDM Facility to be operational 2023
        - If all the Municipalities do not give their buy in on the project Standard Bank will have issues in term of the loan agreement.
- The Municipality must allocate sufficient funding resources to its operational and capital budgets to ensure that provision can be made for the establishment of integrated waste

management infrastructure, rehabilitation of waste disposal facilities and compliance to issued waste management licences.

- Operational funding requirements submitted and being cut on a yearly basis which will influence sustainability of this Unit's functionality.
- Capital Funding needs to be reconsidered:
  - Items keep on being removed or shifted to the outer financial years due to affordibility
  - Loan funding items are removed, as the Municipality cannot secure external loan funding.
  - Hooklift truck removed from 22/23 budget plus TLB Machine on the 23/24 budget cannot be procured due to affordability.
  - The Brenton-on-Sea Facility rehabilitation - Construction completed at estimated cost = R6M
  - Old Place Landfill Site - Still operational - Estimated cost based on GRAP report R14M
  - Waste Transfer Station - lease agreement with Transnet - Only operational funds allocated for the Facility.
  - Plant and Equipment is vital for the operational requirements of the Unit
- If one considers all the money spent on machine hire the Municipality would have paid off their own equipment by now.

- Knysna Municipality must implement the recommendations of the Price Waterhouse Cooper revenue enhancement survey after public participation with the residence within the boundaries of the municipal service areas.
  - In 2019 a cost reflective study was conducted and the previous CFO has amended the tariff structure
- The Municipality must ensure that the necessary human and budgetary resources are allocated to the Waste Management Facilities, to ensure compliance with the environmental authorisations (licenses) issued to each facility.
- Improved management of human resources across the Waste Management Division.
- The filling of the 23 advertised vacancies must be filled as a matter of urgency.
- The Municipality could extend the normal working week of employees from 5 (five) to 6 (six) per week, to minimize the overtime hours that employees can claim.

- Knysna Municipality must re-schedule the entire collection and disposal process of their compacted waste containers to PetroSA. It is suggested that the Municipality procure more containers for the transportation of waste to PetroSA as they have been providing the service from 2019 onwards.
    - The Municipality could also liaise and establish an agreement with Bitou Municipality to assist them in the interim should they encounter any problems as they currently have two trucks that transport waste.
- The Municipality must request approval from Transnet to extend their current operational area, to allow the Municipality to dump waste delivered by its RELs and other trucks thus improving efficiency in the services.
    - Another option is the introduction of different shifts, to prevent unnecessary overtime claims by employees.
- It should assist that the Waste Section went out on tender for the rental of:
    - Hooklift truck and Trailer;
    - Refuse Compactors;
    - Side Tippers; and
    - Open Top Containers.
- Knysna Municipality must develop an Infrastructure Master Plan for Waste Management, and must ensure that the recommendations of the Department of Environmental Affairs and Development Planning`s "Assessment of the Municipal Integrated Waste Management Infrastructure" report" is incorporated in their proposed Infrastructure Master Plan.
- The Municipality must repair and or replace the missing pre-cast concrete wall slabs and posts, as well as repairs associated with vandalised municipal premises.
- Knysna Municipality must provide "skip bins" at the current facility to ensure that the recyclables are disposed in these bins and that these are collected to prevent a health nuisance.
- The Municipality to engage in a partnership with private sector recycling companies or associations, to alleviate the human resource burden of the Municipality.
- The rehabilitation of the site must be expedited, and the current green waste must either be mulched, chipped or composted.
- Knysna municipality must budget for the rehabilitation costs in the Integrated Waste Management Plan.

- The site must be rehabilitated and
- The rehabilitation of the site must be expedited, and the current green waste must either be mulched, chipped or composted.
- Knysna Municipality must budget for the rehabilitation costs in the Integrated Waste Management Plan.
- The Municipality must implement the recommendations in the DEADP Infrastructure Report and rather use the funding allocated to consultants for implementation of services within the Greater Knysna.
- Construct a centrally situated skip or cage area to assist with the placement of refuse bags.
- Construct a centrally situated drop-off facility for the residence to dispose their waste.
- The interim solution – the Municipality appoint a service provider to see to the day to day running of the facility.

Assessment 2023:

Chapter 10: Infrastructure and Service Delivery

10.1 Existing Organogram

Within the Infrastructure Services Directorate there is a 56% vacancy rate. This has a significant impact on the ability of the directorate to deliver services in respect to planned and routine maintenance as well as response to emergencies.

Position	No. of Posts	Filled Posts	Vacant Posts	Comments
Director Technical Services	1	0	1	Acting technical director
Executive Secretary	1	0	1	None
Manager: Water & Wastewater Services	1	1	0	Manager is out of office.
Senior Clerk: Water and Waste	1	1	0	None
Principal Technician	1	1	0	Acting as Manager.
Technician	1	1	0	None
Principal Laboratory Technician	1	1	0	None
Senior Laboratory Technician	1	1	0	None
Senior Superintendent	3	1	2	Water and Wastewater Treatment Works post is filled. Water and Wastewater Reticulation Networks and Treatment Works/Pump Station/Motor Control Centres is vacant.
Senior Process Controller	4	0	4	The 4 Senior Process Controllers. Needs to be placed as Superintendents. With the current naming/situation the Senior PC's the Senior PC's is vacant.
Process Controller	33	13	20	20 Posts for PC's is vacant.

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Position	No. of Posts	Filled Posts	Vacant Posts	Comments
Assistant Process Controller	28	12	16	16 Posts for Assistant PC's is vacant.
Artisan: Plumber	13	8	5	5 Artisan Plumbers is vacant.
Artisan: Millwright	2	1	1	1 Artisan Millwright is vacant.
Artisan: Electrical	1	0	1	Post is vacant.
Assistant Artisan (Reticulation Networks)	20	6	14	14 Posts are vacant.
General Assistant	49	28	21	21 Vacant GA posts
Special Workman	3	1	2	2 vacant posts for SP.
Handyman	4	0	4	4 vacant posts.
Driver/operator	4	3	1	1 vacant post
Storeman	1	0	1	Post is critical, but vacant. Greenstores.
Manager: Roads, Transport & Stormwater & Building Maintenance	1	1	0	Out of Office
Senior Superintendent	2	1	1	Buildings & Structures Maintenance vacant
Senior Technician	1	1	0	Acting as Manager
Technician	1	1	0	None
Superintendent	8	2	6	Buildings & Structures Maintenance- 2no. vacant Roads, Transport & Stormwater Operational – 4no. vacant
Senior Supervisor	15	6	9	Roads, Transport & Stormwater Operational – 9no. vacant
Artisan: Bricklayer	2	1	1	None
Artisan: Carpenter	1	1	1	None
Foreman (Road marking)	1	1	0	None
Small Plant Operator	1	0	1	None
General Assistant	99	47	52	None
Special Workman	5	3	2	Road marking team – 2no. vacant
Handyman Painter	1	1	0	None
Handyman	4	1	3	None
Driver/Operator	15	6	9	None
Storeman	1	0	1	None
Manager: Electrical & Mechanical Services	1	1	0	None
Senior Superintendent	2	2	0	None

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Position	No. of Posts	Filled Posts	Vacant Posts	Comments
Senior Fleet Control Officer	1	0	1	(Acting)
Senior Technician	1	0	1	None
Technician	2	2	0	None
Artisan: Electrician	12	6	6	L Notyawe MC Pool ME Gqotholo T Mxoli Z Mgudlwa WR King
Assistant Artisan	12	6	6	KM Jako M Khumbuleni MZ Mpayipheli A Marman MA Stroebel H Botha
Electrician	2	0	2	None
Senior Artisan: Mechanical	1	1	0	None
Artisan: Mechanical	3	2	1	None
Handyman	6	2	4	One is Acting
Special Workman	2	0	2	None
General Assistant	2	0	2	None
Storeman	1	0	1	None
Senior Clerk	4	3	1	None
Senior Manager: Projects Management Office	1	1	0	Mr. M B Nzuzo
Project Coordinator	1	1	0	None
Project Manager: Civil Projects	1	1	0	None
Project Manager: Electrical & Mechanical	1	0	1	None
Project Manager: General	1	0	1	None
Principal Technician	5	0	5	None
Technician	1	0	1	None
Draughtsman	1	0	1	None
Senior Clerk	1	0	1	None
Administrator -GIS	1	1	0	None

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Position	No. of Posts	Filled Posts	Vacant Posts	Comments
Administration Officer	1	1	0	None
Senior Clerk	7	7	0	None
Receptionist	1	0	1	None

Human capital constraints have been reported by all departments within the Infrastructure Services Directorate as a significant challenge. However, the acting technical director is in the process of appointing strategic key personnel, such as fitters and a SCADA technician, to deal with pump stations overflows and the telemetry issues experienced at the municipality. This will improve the response to faults in the both the water and wastewater networks and provide a degree of relief to the sewage overflows and subsequent occurrence of environmental pollution as well as interruptions in the supply of potable water.

At present, the Directorate has an Acting Technical Director on a contract basis that will be in place till the end of March 2024. There is, however, an urgent need to fill this position on a permanent basis to ensure stability within the Directorate.

10.1.1 Water & Wastewater Services

The Water & Wastewater Services unit comprises of a total of 171 posts with a total of 79 posts filled, and a corresponding to a vacancy rate of approximately 54%. While the position is filled, the unit Manager is suspended. Partially vacant positions include senior superintendent, process controller, assistant process controller, artisan: plumber, artisan millwright, assistant artisan (reticulation networks), general assistant, special workman and driver/operator (see table for fully vacant or fully filled positions).

10.1.2 Roads, Transport, Stormwater & Building Maintenance

The Roads, Transport, Stormwater & Building Maintenance Services Unit comprises of a total of 158 posts with a total of 73 posts filled and a corresponding vacancy rate of approximately 54%. While the position is filled, the unit Manager is suspended. Partially vacant positions include senior superintendent, superintendent, senior supervisors, artisan bricklayer, general assistant, special workman, handyman and driver (see table for fully vacant or fully filled positions).

10.1.3 Electrical & Mechanical Services

The Electrical & Mechanical Services Unit comprises of a total of 52 posts with a total of 25 posts filled, translating to a vacancy rate of approximately 52%. The position of Manager for this unit is currently filled. Partially vacant positions include artisan electricians, artisan mechanic, assistant artisan, handyman and senior clerk (see table for fully vacant or fully filled positions).

10.1.4 Project Management Office

The Project Management and Administration Office comprises of a total of 21 posts with a total of 3 posts filled, translating to a vacancy rate of approximately 85%.

10.1.5 State of Infrastructure

10.1.5.1. Water and Wastewater Services

10.1.5.1 Water Services

Status Quo

Knysna LM potable water supply network comprises of 5 systems within the municipal boundaries namely, Knysna, Sedgefield, Buffels Bay, Karatara and Rheenendal. The water infrastructure for these systems is made up of 3 dams, 9 water treatment schemes, a total of +-42km of raw water pipelines, 404km of potable water mains, 49 reservoirs and 55 water pump stations. A breakdown of water services per system is as follows:

- **Knysna** - Surface water is abstracted from a weir on the Knysna River (primary source) as well as from a sump in the Gouna River (secondary source). A third source (Glebe Dam on the Grootkops River) is currently non-operational. In addition, water can be supplied from 3 freshwater boreholes in the vicinity of Brenton-on-Sea. Surface water is treated at the Knysna WTW, which has a capacity of 25 Ml/day. There is also a 2 Ml/day seawater desalination which can supply potable water to the distribution network.
- **Sedgefield** - Surface water abstracted from the Karatara River is Sedgefield's main source. This supply is augmented with groundwater abstracted from eight (8) boreholes of which five (5) are currently operational. Surface water is treated at the Sedgefield WTW with a treatment capacity of 4 Ml/day. There is

also a 1.5 Ml/day seawater desalination plant (currently not in use) which was designed to feed potable water directly to a storage reservoir.

- **Buffels Bay** - Surface water abstracted from the Goukamma River is pumped to the Buffels Bay WTW for treatment prior to distribution to consumers. The WTW has a treatment capacity of 1 Ml/day.
- **Karatara** - Surface water abstracted from the Karatara River is pumped to the Karatara WTW for treatment prior to distribution to consumers. The WTW has a treatment capacity of 0.8 Ml/day.
- **Rheenendal** - Surface water abstracted from the Homtini River is pumped to the Keurhoek WTW for treatment prior to distribution to consumers. The WTW has a treatment capacity of 1 Ml/day.

- The Municipal water and sewer master plan has most recently been updated in 2018.
- The quality of raw water supply is considered to be acceptable along with potable water quality which conforms to SANS 241
- During periods of heavy rain, characteristics such as clarity and colour is typically affected and experienced at the Knysna and Sedgefield plant.
- None of the water treatment works currently meets regulation regarding day-to-day operation and the minimum number of staff required to operate the plant.
- The Municipality has outsourced mechanical and electrical repairs in the event of breakdowns of equipment that cause an interruption in the supply of water. The performance of the appointed service provider has been raised as a concern by the municipality.
- All water treatment works (WTW) are considered to be aging (approximately 20 years old) not only in relation to the age of the plant infrastructure but also of the pipe network which is predominantly concrete asbestos (which is prone to breakage), and the type of treatment processes employed to treat the raw water – the overall condition of the water infrastructure is described as aging and declining in operational condition.
- The Municipality experienced an interruption in the supply of water following the discovery of a corpse that contaminated the main reservoir in Khayalethu and subsequent reservoirs within the network. The legacy design of the network further

exacerbated the impact of the interruption as no redundancies or bypass pipe networks were in place.

- The procuring of surplus spare parts was noted by the Municipality as a challenge as many critical parts across the water network are not standardized and parts would be specific to the water treatment plants and pumpstations.
- Operational and routine maintenance is primarily hampered by the high vacancy rate and budgetary constraints within the Municipality.

10.2 Wastewater Services

Status Quo

Knysna LM sewer infrastructure comprises of 7 wastewater treatment plants with a total of 416km of sewerage pipelines and 112 sewer pump stations. Within this network, there are approximately 420 pumps and motors and 14 backup generators. The Municipality's sewer master plan was last updated approximately 6 years ago in 2018.

The Municipality is currently experiencing sewage overflow/spillages at multiple locations. These blockage and overflow events are a daily occurrence according to the Municipality and are caused by:

- Interruptions in the operation of wastewater treatment works due to unforeseen malfunctioning equipment and loadshedding.
- Interruptions in the operation of sewer pump stations due to unforeseen malfunctioning equipment and loadshedding.
- The disposal and build-up of foreign object, like general refuse (which includes rags, sanitary products, diapers, and plastics) into the sewerage network.
- The disposal of fat and grease into the sewerage network.
- Construction of an informal settlement on and around inlet and manhole structures preventing routine maintenance due to safety concerns.
- Vandalism and intentional blockage of the sewerage network by waste miners.
- High stormwater ingress into the wastewater network.
- Knysna's main pump station is running at full capacity.

These blockages lead to overflowing of sewage which often contaminates nearby water sources. The critical hotspots identified by the Municipality are:

- Bongani stream that leads to the lagoon – blockages and subsequent overflow into the stream that runs from the northern areas through to Hornlee then passes through Rexford area /golf course and goes into the lagoon.
- Queen Street – blockages experienced due to the presence of excessive amounts of fat and grease in the sewerage (suspected to come from the restaurants).
- Knysna angling club – blockages experienced due to the presence of excessive amounts of fat and grease in the sewerage (suspected to come from the restaurants).
- Long Street – blockages experienced due to the presence of excessive amounts of fat and grease in the sewerage (suspected to come from the restaurants) as well as a damaged manhole.

At present, testing of the water sources being conducted by both the Garden Route District Municipality and by Knysna Local Municipality on at least a monthly basis at, amongst others, the Heads, Green Hole, Bollard Bay, Bigai River, Bongani Stream, Ashmead, Queen Street, Long Street, Knysna Angling & Diving Association, Salt River, The Point, Crabs Creek, and Belvidere.

Related to these testing sites, 8 pump stations has been identified in a 2019 Wastewater Risk Abatement Plan, namely Salt River Pump Station 1, Salt River Pump Station 2, Railway Bridge Pump Station, Knysna Main Pump Station, Old Place Pump Station, Woodbourne Pump Station, Sparrebosch Pump Station, and Hunters Home Pump Station.

10.3 Roads, Transport and Stormwater and Building Services

There is a total of 235km surfaced and un-surfaced roads in the municipal area as verified by the RAMS. Un-surfaced roads constitute 10% of the total road network while the surfaced roads constitute 90% of the road network. The combined Poor and Very Poor roads constitute to 69% of the total network.

In 2023, Knysna experienced increased rainfall patterns, impacting the roads and stormwater network leading to localised flooding of residential properties. Knysna Municipality has received numerous claims for damage to properties and household contents.

- At present, Knysna LM does not have a roads and stormwater master plan, however they are in process of developing a Storm Water Masterplan. The masterplan will address the need to protect the health, welfare, and safety of the public, and to protect property from flood hazards by safely routing and discharging storm water from developments. The absence of such a plan has made it impossible to make meaningful improvements to the system. Currently sewage enters the storm water system and pollutes the estuary, the storm water masterplan will be critical to addressing this crisis. The estimate to complete the masterplan is in the region of R3,2million and the Municipality does not have the available funding.
- A service provider has been appointed to prepare the Integrated Transport Plan for the Garden Route District Municipality and its respective Local Municipalities.
- The taxi rank located in the CBD is functional and is being maintained by the respective directorates responsible for the maintenance of property and infrastructure. Roads, Storm water & Buildings Maintenance Section has recently jet cleaned the storm water network system adjacent to the rank and repaired paving at the access.
- The Municipality are in the process of upgrading unpaved gravel roads to paved surfaces. This project has been in operation for multiple years. However, the development of new roads is only rolled out through the housing development programs and private developments.
- The condition of bridges and major culverts are visually assessed as part of the RAMS program by the Garden Route District Municipality. The condition of these structures is reportedly intact and sound.
- The Municipality, with the assistance of the District and Province, has developed a Road Asset Management System (RAMS) in line with the requirements of the National Department of Transport and the National Treasury, which is used to prioritize and manage road maintenance and upgrades.
- Due to the rolling hills and undulating nature of the terrain in Knysna, the area experiences many landslides of steep embankments. These landslides expose

places the road infrastructure and all other related services such as stormwater, water and wastewater, and electrical infrastructure in jeopardy. This most recently occurred in the Concordia Road, Dinangwe, and Heatherdale Street in Hornlee. While temporary repair work was done in these areas, a more holistic and long-term solution would need to be employed to stabilize steep embankments.

- An unavoidable sinkhole has formed next to a sewer manhole at an important intersection. It was established that there is an ingress of ground water into the manhole, which has subsequently sagged/collapsed. Due to the sunken manhole, there is a possibility that some of the raw sewerage might find its way to the estuary.
- The stormwater sump at the Waste By Rail transfer station routinely blocks due to silt build up and an ingress blown refuse eventually polluting the estuary.
- The Western Cape Government is currently building a new primary school whose stormwater run-off connects to the existing underground pipes and surface drainage. Due to the erosion on the steep embankments and uncontrolled storm water run-off during construction, the storm water system is completely blocked and floods residential properties when it rains.

10.4 Electrical and Mechanical Services

Electrical Services

- The responsibility for electricity distribution in the Knysna Municipality falls under its purview, with the exception of the Brackenhill and Rheenendal areas.
- There is a functional bulk electricity network covering the entire municipal area.
- Approximately 88.1% of households receive basic electricity services from the Municipality and Knysna Municipality can deliver a reliable electricity service across all areas, with a distinction between rural and urban regions.
- The Municipality has sufficient zoning measures in place, and there is a continuous effort for improvement. The operational team consistently monitors the meters, and planned audits are conducted to ensure effective oversight.
- The Municipality has 27% of their users on conventional meters, while 73% utilize pre-paid meters.

- In the 2022/2023 financial year, the electricity loss percentage stood at 12.15%. To address this issue, the Municipality have introduced the use of LED lights, and are currently in the process of piloting smart meters.
- There are discussions regarding alternative green energy sources, and the Municipality have identified areas of "low-hanging fruit" where potential opportunities for implementation are readily accessible.
- There is an established operations plan, planned preventative maintenance program and a draft maintenance policy in place. The funding for these initiatives primarily comes from the Municipality.
- Knysna Municipality actively encourage their customers to install Small-Scale Embedded Generation (SSEG) systems and guide them through the municipal application process. Additionally, the Municipality have submitted applications to the Department of Mineral Resources and Energy (DMRE) for off-grid energy systems.
- Knysna Municipality have an established planned preventative maintenance/asset management program in place, along with a draft maintenance policy. The funding for these initiatives primarily comes from the municipality.
- The primary funding sources for the plan are the Municipality and the Department of Mineral Resources and Energy (DMRE).

10.5 Mechanical and Fleet Services

- There is an existing fleet management strategy in place, outlining the process for managing the fleet. Currently, the fleet management policy is in draft form and is scheduled for review by February 2024.
- The fleet management system is centralized under the fleet section. However, the budget for maintenance and repairs is allocated within the respective user departments.
- Knysna has two qualified mechanics and three mechanic assistants. The mechanical workshop is well-equipped with the necessary tools and equipment.
- Maintenance activities occur according to a scheduled maintenance plan as well as on an ad-hoc basis as needed.
- The short comings in terms of this department:

- Limited Human resources
- Ageing Fleet
- SCM Processes
- High failure rates of Municipality fleet
- Optimization of Vehicle utilization
- Budget constraints
- Driver safety and training
- Compliance with regulations

- The Knysna Municipality has a fleet of 288 vehicles at its disposal.
- The Municipality has a dedicated fleet section tasked with overseeing the management of their vehicles, handling both planned maintenance and services, as well as responding to unplanned service requirements. Additionally, their vehicles are equipped with tracking systems to facilitate monitoring and trace its utilization.
- Minor services and repairs are undertaken by the internal mechanical workshop, while major services and repairs are outsourced to an external service provider through the three-year tender.
- Yes, the process is conducted manually and electronically, involving both internal and external audits. This comprehensive review is typically carried out biannually.

10.6 Key Findings and Recommendations

The following medium to long term initiatives are recommended to be implemented within the Municipality:

- Update the municipal Water Master Plan allowing for planning and prioritising of water related projects.
- Prioritise the filling of vacant posts critical to the day-to-day operation of water treatment works such as process controllers, artisans, and assistant artisans.
- Construction of additional water reservoirs to increase the storage capacity.
- Introduction of a ring-main pipe network (parallel as opposed to a series connection so that individual reservoirs can be isolated in case of a fault in one of the reservoirs) connecting reservoirs.
- Sleeving an existing decommissioned asbestos pipe with a HDPE pipe or lining it with a resin.

- Slope stabilisation to address water supply pipes at risk of damage as a result of landslides.
- Review the whole water network system taking into cognisance the Water Resilience Plan, water masterplan, economic and population growth projections.
- Purchase new and upgrade existing pumps at pump stations in Hornlee and Vigilance and compliment this with standardized spare pumps, to be used in the event of a breakdown or emergency.

To gain a complete and holistic understanding of the wastewater network status quo in the Municipality to allowing it to address and reduce current and future instances of blockages and subsequent spillages which will contaminate bodies of water, the initiatives/ recommendations include:

- Update the municipal Sewer Master Plan allowing for planning and prioritising of wastewater related projects.
- Prioritise the filling of vacant posts critical to the day-to-day operation of wastewater treatment works such as process controllers, artisans, and assistant artisans.
- Upgrade the Knysna WTW to meet current and future development growth demand.
- Develop and implement a standard operating procedure (SOP) in place to respond to blockages and spillages in a deliberate and decisive manner.
- The temporary provision of additional jet cleaning and/ vacuum trucks.
- Increase the frequency of water quality testing at critical locations.
- Increase communication related to the disposal of prohibited materials (i.e., refuse and grease/fat) into sewerage and water sources.
- Increased engagement with law enforcement to develop a response to illegal "sewage miners" and blockages as a result of their activities.
- Community Services Directorate to engage with citizens regarding the construction of informal structures over sewer manholes and underground services to enable the Municipality to conduct routine maintenance on infrastructure.
- Municipality to review and update their Asset Management and Maintenance Plan.

Furthermore,

- Budget required for detailed investigations and recommendation for the slope stabilization and protection of the existing water, sewer, road, and storm water infrastructure.
- Budget required for detailed investigation of the manhole and sewerage network in the area. Urgent repairs need to be done to repair the situation.

- Budget for storm water masterplan. The masterplan will record all the catchment areas and recommend infrastructure upgrades to alleviate these localised flooding. The masterplan will assist with identifying the catchment where sewer enter storm water networks and end up polluting the estuary.
- Increased routine maintenance and cleaning of all stormwater sumps along the estuary to clear silt build up etc.
- Urgent intervention is required to unblock the storm water system in the Dinangwe area. A detailed storm water management plan is required to prevent flooding.

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Desktop Study: 2023

Chapter 11: Financial Management

11.1 Disciplinary Proceedings

The Municipality has furnished Provincial Treasury with information indicating that the disciplinary board is in place as per Regulation 4 of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. The Council resolution and the Terms of Reference were however not submitted by the Municipality.

11.2 Institutionalisation of Enterprise-Wide Risk Management

- The key driver for a municipality's risk management maturity is when the municipal council, the audit committee, and senior management takes responsibility for the role of risk management.
  - The risk function is currently managed by a Chief Risk Officer (CRO) and one support staff member.
  - The CRO reports to the Director: Corporate and Strategic Services. Though not prescribed, it is best practice for the Chief Risk Officer to report directly to the Municipal Manager. This action automatically elevates the importance of risk management within the municipality.
  - The budget for the risk function is however, not allocated to Corporate and Strategic Services, instead to the internal audit function.
- The Municipality has established its Risk Management Committee.
  - The Committee convenes on a quarterly basis and the responsibility to monitor, update and issue action items rests with each municipal department.
  - The Municipality must strengthen the identification (ensuring that risks are linked to strategic objectives) and implementation of risk actions by risk owners.
- A risk management audit was not conducted and therefore independent, objective assurance could not be given to the MM, audit committee and council on the adequacy and effectiveness of risk management.

11.3 Internal Audit

- The Head: Internal Audit was appointed in 2021. The internal audit function is co-sourced, though efforts are being made to grow the in-house function and place less reliance on the co-sourced function. This will assist in curtailing the internal audit costs and enable better coverage of audits on the internal audit plan.
- The Head: Internal Audit strives for continuous improvement and follows a quality assurance improvement plan.
- Internal audit is currently drawn into risk management activities, including disbursing the risk management budget.
    - The Head: Internal Audit also serves on MPAC and is a member of the disciplinary board.
    - Safeguards must be put in place to protect the independence and objectivity of internal audit's assurance services.
- Management action plans are not always implemented, and internal audit requires the support of senior management and the audit committee to enable resolution.

11.4 Audit Committee

- The audit committee comprises seven (7) members, five (5) of whom were appointed in 2022.
    - Eight (8) meetings were convened during the period under review.
- The audit committee is responsible for the oversight of risk management and should review and recommend the adequacy of the risk management function, its effectiveness and coverage in support of the business and financial strategy of the municipality to council. This is currently not enabled at Knysna Municipality.
- The audit committee is a key role player in accountability to stakeholders on the financial viability and integrity of the Municipality. To this end, the audit committee should strengthen its oversight on the implementation of risk management, internal audit, and external audit action plans.
- The Municipality has a combined assurance framework that is yet to be implemented. The audit committee should drive the coordination of the work of internal audit, external audit, and other assurance providers.

11.5 Administrative Governance

Financial Policy Governance

In compliance with section 75 of MFMA, the Municipality has published on its website the following budget and financial governance related policies:

- 26 October 2023, Risk Management Policy;
- March 2023, Performance Management Policy;
- January 2023, Preferential Procurement Policy;
- January 2023 Supply Chain Management Policy;
- May 2022 Cost Containment Policy;
- July 2021, Institutional Performance Management and Integrated Development Planning;
- 31 March 2021, Acting Allowance and Additional Responsibility Policy;
- 11 June 2020, Promotion, Demotion and Transfer Policy;
- 30 May 2019, Bursary Policy;
- 30 May 2019, Internship Policy;
- 30 May 2019, Placement Policy;
- 26 February 2015, Grant-In-Aid Policy;
- 01 July 2011, Risk Management Strategy and Policy.

11.6 Municipal Organogram

As published on the municipal website, below find the approved Microstructure of the Municipality

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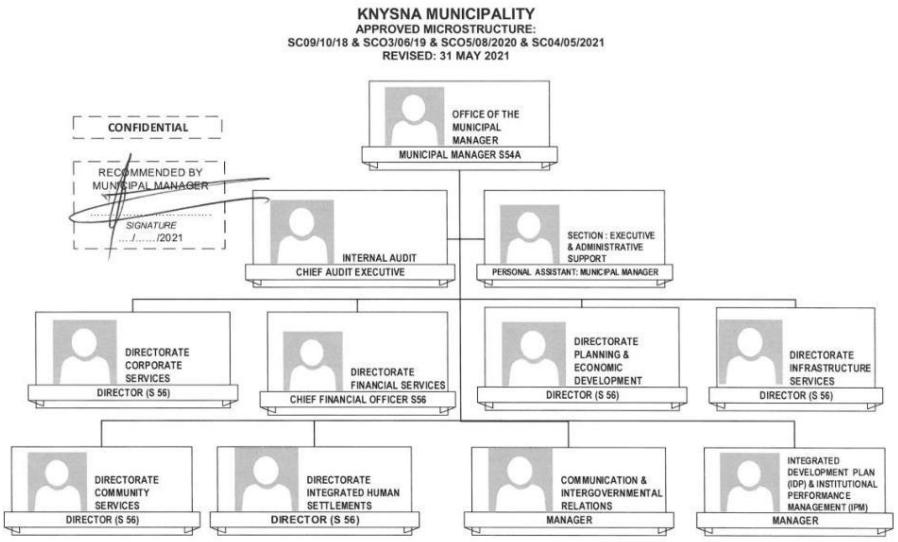


- The Municipality has 10 municipal officials reporting directly to the Municipal Manager. Of the 10 municipal officials reporting directly to the Municipal Manager, six (6) are Directors, as per section 56 of the Municipal Systems Act.
- The position of Director Integrated Human Settlements and Director Financial Services are vacant thus Acting Directors has been appointed. The Municipality is in the process of appointing Director Financial Services.
- For the 2023/24 period Performance Agreements have been signed for the following positions:
    - Municipal Manager
    - Director Corporate Services;
    - Director Planning and Economic Development;
    - Director Community Services;
    - Director Infrastructure;
    - Acting Director Financial Services;
    - Acting Director Human Settlement Administration
- In terms of July 2021 Status on the Municipal Minimum Competency Levels of Top Management, at the time of writing this report, the Director of Infrastructure Services and Director of Community Services met the requirements of the Municipal Minimum

Competency (MMC) Regulations, and Acting Director of Human Settlement Administration did not meet the Municipal Minimum Competency Levels whereas the other Top Management MMC Statuses could not be verified. The Municipality did not submit the 2022 nor June 2023 Status of the Municipal Minimum Competency Levels of Top Management at Municipality. The Municipality is reminded that compliance to the Municipal Minimum Competency Levels is a mandatory requirement in terms of section 83 of the MFMA and the 2007 Municipal Regulations on Minimum Competency Levels and 2018 Amendments to the Municipal Regulations on Minimum Competency Levels of 2007.

11.7 Budget and Treasury Office (BTO) Capacitation

- The Municipality currently has four (4) finance interns under the National Treasury Municipal Finance Management Internship Programme, which is below the requirement of the appointment of five (5) interns as per the Financial Management Grant Conditions.
- The Municipality participates in the Provincial Treasury external municipal bursary programme which is funded via the Provincial Treasury Financial Management Capability Grant. Over the past four (4) years, that is 2019/20, 2020/2021 2021/22 and 2022/23, the Municipality has not spent 100 per cent of its Financial Management Capability Grant – External Bursary Programme allocations (FMCG). Below is the status of utilisation of the FMCG.

Year	Allocation	Rollover Application	*Outcome*
2022/23	R100 000.00	R100 000.00	In process
2021/22	R250, 000	No application received	
2020/21	R300,000	R300,000	Declined
2019/20	R380,000	R328.182	Declined

11.8 Overview of Finance and Cash Flow Position

- Knysna Municipality is in financial difficulty with its financial commitments exceeding available cash and cash equivalents, however the Municipality has the potential to achieve a turnaround if a comprehensive turnaround plan is developed, approved and supported by council and implemented by the Municipality with the support of the provincial government.

- The Municipality's audit outcome for the 2022/23 financial regressed to a qualified audit outcome from an unqualified audit opinion with findings achieve in the past four consecutive financial years (2016-2021).
- The Municipality initially tabled an unfunded budget for the 2023/24 MTREF but after engagements with Provincial Treasury, the Municipality reworked their budget and adopted a funded budget. Whilst the Municipality's budget was assessed to be funded, the credibility and sustainability of the adopted budget was questionable. Due to the questionability of the credibility and sustainability of the budget, the Municipality was advised to prepare and implement a voluntary Budget Funding Plan or turnaround strategy to address the concerns raised in the 2023/24 SIME report and move towards ensuring financial sustainability, which has not been done to date.
- The Municipality projected a collection rate of 90 per cent for the 2023/24 financial year which is well below the NT norm of 95 per cent. To date, the Municipality has not been able to achieve both the projected collection rate and the NT norm. The current collection rate of 73.6 per cent exposes the Municipality to liquidity and financial sustainability challenges. The Municipality should strive to increase its collection rate to the 95 per cent or above to be less reliant on grant funding and improve its liquidity ratio.
- The Municipality reported a slight overspending against its operating expenditure budget. The Municipality is encouraged to exercise stricter spending control on non-essential spending and limit the use of consultants to prioritize spending on key service delivery.

Table 1: High level summary of the Municipality's Financial Position as at October 2023 - informed by IYM figures.

Knysna **IYM Performance Summary** **October** **2023/24**

Operating Revenue			Operating Expenditure			Capital Expenditure		
Actual R'000	Actual %	Planned YTD %	Actual R'000	Actual %	Planned YTD %	Actual R'000	Actual %	Planned YTD %
461 184	39,6	50,8	308 489	26,7	26,4	109 237	98,6	32,9

Funds owed to municipality		Payments by municipality	Liquidity ratios	
Collection Rate (YTD %)	% Month-to-Month increase in debtors owing over 90 Days	Creditors owed for over 30 days (R'000)	Cash coverage (Norm: 1-3 months)	Current ratio (Norm: >1.5)
73,60%	1,6%	-	0,13	1,19

Legend:

Operating And Capital Budget
- Variance equal to and > 10%
- Variance > 5% by < 10%
- Variance equal to and > -10%
- Variance > -5% but < -10%
- Expenditure above 100%

Collection Rate
- Collection Rate equal to and > 95%
- Collection Rate of between 90% and
- Collection Rate < 90%

Liquidity ratios
- Below norm

% month to month increase in debtors over
- 90 Days between 2% and
- Increase in debtors over 90 Days > 4%

Creditors over 30 days
- Creditors balance more than 2% of YTD
- Creditors balance less than 2% of YTD

Source: Knysna Municipality M04 mSCOA data string

Table 1 above represents a snapshot of Knysna Municipality's Financial Position as at end of October 2023. At a high level the status of the Municipality's finances is:

- The operating revenue to-date amounted to R461.18 million, which constitutes 39.6 per cent of the original budget and below the desired level of 50.8 per cent. YTD operating expenditure was reported at R308.49 million and accounts for 26.7 cent of the original budget, which is slightly above the 26.4 per cent target.
- The Municipality reported an operating budget surplus of R152.70 million as at 31 October 2023. However, despite reporting an operating surplus, the Municipality is currently experiencing a financial difficulty with its commitments exceeding available cash by R61.7 million which remains a major concern leading to the Municipality failing to deliver basic services to its residents.
- As at 31 October 2023 the Municipality reported errors on the capital expenditure to date which resulted in the reported performance being overstated. When considering the Municipality's FMR, the capital spending is reported at R13.84 million or 12.2 per cent. Furthermore, commitments amounting to R16.85 million have been loaded onto the financial system which augments the capital spending to R30.69 million or 27 per cent. If

these trends continue for the 2023/24 financial year the municipality will not be able to fully deliver on its planned services.

- The Municipality's ability to collect outstanding debt remains a challenge, the reported collection rate to date is 73.6 per cent and 67.3 per cent of its outstanding debtors are outstanding for longer than 90 days. Total creditors were reported at R24.56 million but no creditors were reported over 30 days as per the data strings. As per the Municipality's FMR, total creditors are reported at R53.10 million.

11.9 Audit Outcome

- Knysna Municipality received a qualified audit opinion in the current financial year (2022/23).

Table 2 below, illustrates the nature and trends of audit opinions in the last five (5) years for Knysna Municipality.

Table 2: Knysna Municipality - Audit outcomes for the past 5 years

Year	Audit Opinion	Progress
2022/23	Qualified with findings	Þ
2021/22	Unqualified with findings	Ü
2020/21	Unqualified with findings	Ü
2019/20	Unqualified with findings	Ü
2018/19	Unqualified with findings	Ü

Key:

Ý	Improvement
Ü	Unchanged
Þ	Regression

***Source: LGA Database:* The above table shows that there has been a regression to the audit outcome:**

- There were some material findings on compliance with some legislative requirements which affect financial statements, expenditure management, revenue management, asset management and procurement and contract management in the current year.
- Insufficient audit evidence was received by the auditors for the impairment of PPE, adjustments made to PPE and some aspects of Payables from Exchange Transactions.
- Apart from the possible effects of the matters that led to the qualified audit opinion as mentioned above, Knysna Municipality's financial statements are presented fairly in all other material aspects of the Municipality.

- In concluding the analysis of these audit outcomes, it is clear that the qualification was looming due to the fact that the Municipality has been struggling to get a "Clean audit status" over the past four (4) years because of various issues that were a risk to the Municipality.

Table 3: Audited figures for the last three financial years

Knysna (WC048)	Audited Annual Financial Statements			Year-on-year % change	
	Restated 2020/21	Restated 2021/22	2022/23	2020/21 - 2021/22	2021/22 - 2022/23
Receivables from exchange transactions	55,955,767	57,675,123	58,334,926	3%	1%
Receivables from non-exchange transactions	87,538,185	75,732,412	82,105,993	-13%	8%
Payables from exchange transactions	138,438,173	174,115,471	206,247,658	26%	18%
Unspent conditional grants and receipts	8,181,176	6,533,336	3,255,026	-20%	-50%
Grant funding (operational)	129,990,015	119,119,471	133,949,251	-8%	12%
Surplus /(deficit)	21,416,826	-19,104,234	-35,139,135	-189%	-84%
Cash and cash equivalents	42,330,361	40,524,393	20,357,727	-4%	-50%

Source: LGA database

The table above illustrates the following:

- Net Debtors (***Exchange Debtors***) have increased year-on-year, which is an indication that the Municipality might have poor debt collection strategies in place.
- Creditors (***Payables from Exchange***) have also increased year-on-year. A combination of increased debtors and creditors is not a favorable picture, as it shows that the Municipality is owing more than it is collecting, and this may lead to the inability of the Municipality settling the short-term obligations as they become due.
- Unspent conditional grants have decreased year-on-year, which is commendable as it appears that the Municipality spends conditional grants allocated to it to avoid the money being surrendered back to the National Revenue Fund.
- Cash on hand has deteriorated year-on-year, which poses a risk to the financial health of the Municipality. Furthermore, considering Payables from Exchange transactions and also Unspent Conditional Grants, if these accounts had to be paid in the next 30 days, the Municipality will not have enough liquid cash resources to cover them. Also, the Debtors as mentioned above, are not converted to cash in the rate that is required.

- The Municipality has been operating on a deficit over the previous two (2) financial years meaning that the expenditure is repeatedly exceeding revenue, which is the first sign of financial challenges and sustainability issues.

11.10 2023/24 MTREF Budget

- The Municipality complied with section 16(2) of the MFMA which requires the mayor of a municipality to table the annual budget, together with all supporting documents referred to in section 17(3) of the MFMA, at a municipal council meeting at least 90 days before the start of the budget year (i.e., 31 March 2023). The budget was successfully tabled on 31 March 2023.
- The budget documents were submitted to National Treasury and Provincial Treasury immediately after being tabled in Council as per the requirements of section 22(b)(i) of the MFMA and MFMA Circulars 122 and 123. The data strings were timeously submitted. The annual budget was approved in accordance with section 24(1) of the MFMA on 30 May 2023.
- The table below illustrates that upon assessment of the final 2023/24 MTREF budget that the budget was **funded**. Although the budget was assessed and found to be funded, the credibility and sustainability of the approved budget was questionable.

Table 4: NT Budget Funding Tool

Knysna	MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK					
Description	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
R thousand	Budget Year +0	Treasury Calculation	Budget Year +1	Treasury Calculation	Budget Year +2	Treasury Calculation
Total Operating Revenue (excluding capital transfers and contributions)	1,164,594	1,164,594	1,270,690	1,270,690	1,323,976	1,323,976
Total Operating Expenditure	1,155,798	1,152,987	1,240,096	1,250,225	1,278,188	1,294,104
Surplus/(Deficit)	8,796	11,608	30,594	20,465	45,787	29,871
Non Cash Items						
Depreciation & asset impairment	49,119	49,119	51,526	51,526	53,947	53,947
A4: Total Operating Budget Restated Result	57,915	60,726	82,120	71,990	99,735	83,819
A5: Total Capital Expenditure	110,739	110,739	121,754	121,754	135,487	135,486
Funded by:						
Transfers recognised - capital	78,184	78,184	73,974	73,974	86,417	86,416
Borrowing	25,005	25,005	40,750	40,750	41,570	41,570
Internally generated funds	7,550	7,550	7,030	7,030	7,500	7,500
A7 - Cash/cash equivalents at the year end:	28,889	115,763	40,241	154,329	63,823	194,169
A8 - Surplus / (shortfall) after application of cash and investments	(26,192)	13,252	5,590	49,832	55,158	90,487
BUDGET FUNDING POSITION	FUNDED		FUNDED		FUNDED	

Source: NT database Knysna Funding tool

- The adopted 2023/24 MTREF budget was assessed to have a surplus of R13.25 million with an increasing surplus trend in the outer years. The 2023/24 budget provides for R1.16 billion operating revenue, R1.15 billion operating expenditure whilst the capital budget of R110.74 million will be funded from a combination of grants, external loans and internally generated funds amounting to R78.18 million, R25.01 million and R7.55 million respectively.
- The Municipality was advised to prepare and implement a voluntary Budget Funding Plan or turnaround strategy to address the concerns raised in the 2023/24 SIME report and move towards ensuring financial sustainability, which has not been done to date.

11.11 Cost Reflective Tariffs

- The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act, geared towards setting tariffs that enable the Knysna Municipality to recover the full cost of rendering the service. However, the Municipality acknowledges that the weak economic growth and related economic challenges continue to impact municipal finances, thereby straining the consumers' ability to pay for services.
- The historical and 2023/24 MTREF tariff-related increases are outlined as follows:

Table 6: 2023/2024 MTREF: Key Budget Projections For Knysna Municipality

Description	Outcome 2021/2022	Original Budget Budget 2022/2023	2023/2024	2024/2025	2025/2026
A	B	C	D	E	F
GROWTH PARAMETERS					
Growth (GDP)	2%	2%	0.9%	1.8%	2.0%
Headline Inflation Rate	4.9%	6.9%	5.3%	4.9%	4.7%
REVENUE STREAMS					
Property Rates - Residential	6.1%	4.8%	New GV and -10%	4.9%	4.7%
Property Rates - Other	6.1%	4.8%	New GV and -9%	4.9%	4.7%
Service Charges : Electricity	14.6%	7.5%	15.10%	4.9%	4.7%
Service Charges : Water	5.1%	4.8%	9.0%	4.9%	4.7%
Service Charges : Saniatation	5.1%	4.8%	5.3%	4.9%	4.7%
Service Charges : Refuse	5.1%	11.5%	6.0%	4.9%	4.7%

Source: Final 2023/2024 MTREF Budget Report, May 2023:9

- Even though the tariff increases are within the inflationary target (or NERSA guideline), the Municipality must be careful not to exceed affordability for its community.
- As outlined within the Annual Financial Statements for the year ended 30 June 2023, fuel costs increased significantly during the financial period due to related high increase as well as consumption due to the utilisation of generators during load shedding, compounded by the increase in costs related to the electrical inventory items.
- A key success factor going forward entails the improving of the normative collection rate which equates to 73.6 per cent bearing in mind the 95 per cent norm.

  - **Property rates**

- Maximizing the revenue from property rates will be partly achieved through a new General Valuation (GV) roll implemented from 1 July 2023. This dealt with a number of properties previously undervalued (Knysna Financial Recovery Plan 2023/24, March 2023:4).
- Provincial Treasury must still verify the reconciliation of the consolidated valuation roll data to that of the current billing system data, thereby improving the credibility of the anticipated revenue from property rates.
- The new GV would have led to excessive increases for many customers if implemented as proposed in the tabled draft budget for 2023/24. However, the Municipality responded to comments and advice from multiple stakeholders (including Provincial

Treasury) and reduced the rate in the rand, thus balancing the need for increased revenue with the impact on residents.

- **Electricity**

- Council considered new SSEG tariffs for off-the grid customers as outlined within the Budget Report (May 2023:11).
- The process to replace conventional electricity (and water meters) is well underway, bearing in mind the list of more than 7 000 meters which have been identified for implementation. The Municipality entered into an agreement with Ontech Systems to provide the hosting, vending, data management and supplementary support services.

- **Water**

- The Municipality states that, when considering all the secondary support service functions not included in the total cost to provide water provisioning, this service had been running at a loss (2023/2024 MTREF Budget Report, May 2023:9). Hence the above inflation increase of 9 per cent for the current financial year was necessary, in order to mitigate the projected deficit of R7,04 million as a result of the subsidising of the Roads and Storm Water expenditure.
- Even though inflationary increases were projected for the remaining financial years (2024/25 and 2025/26), the key concern is that support service costs still need to be factored in going forward. The Municipality has requested assistance and support by Provincial Treasury in this regard, with the emphasis on developing credible cost reflective water tariffs going forward (2023/2024 MTREF Budget Report, May 2023:16).

- **Refuse**

- Operationalisation of the Regional Waste Management Facility, which was launched on 11 February 2020, will impact the tariff structure of refuse going forward. Upon the completion of this facility, the regional waste management service provisioning is envisaged to accommodate approximately 8500 tons of domestic waste generated per month in the municipal areas of Bitou, Knysna, George and Mossel Bay.
- The Knysna Municipality continues to drive the expanded re-use and recycling programme as well as the outsourcing of the collection service for recycling. The emphasis and successful implementation of the recycling initiatives have to date

translated into the 20 per cent reduction in the total volume of waste transported to the landfill facility in Mossel Bay.

- Specific issues which require further review and consideration revolve around the need for upgrading of the Knysna Waste Transfer station, including the establishment of accredited garden waste and temporary builders' rubble sites as well as the procurement of a new refuse compactor to enhance service delivery. Furthermore, an effective law enforcement programme is implemented to prohibit illegal dumping.

  - **Tariff Modelling**

- The Municipality has updated the National Treasury Tariff Model as part of the 2024/25 budget submission.
- It is acknowledged that the Knysna Municipality is one of 20 out of the 24 Local Municipalities (83 per cent) in the province which have completed the NT Tariff Model. The objective of the NT Tariff Tool was to illustrate that the revenue component of the budget was credible and funded as well as that the municipality's tariffs were cost reflective. Completion of the tool does not mean that tariffs are cost reflective, and further analysis is needed.

  - **Free Basic Services**

- The Municipality recognises the importance to progressively manage the provision as well as the restriction of free basic services in alignment with national policy limits. As applied by the Municipality, a household with a gross monthly income of R5 300 p/m qualifies for 100 per cent rebate.
- The Municipality proposed that the indigent status be valid for a period of three (3) years from application until 2025/2026. These households also quality to receive 6kl of water and 50kWh of electricity free per month as per the indigent legislative framework and related benchmarks.

SDBIP

- In the mid-year performance assessment of 2022-23, the Municipality received advice to reassess its performance targets, especially in the domains of basic service delivery and community engagement. The directive was to develop SMART targets and present a

revised Service Delivery and Budget Implementation Plan (SDBIP) alongside an adjustment budget by the end of February 2023, aligning planned and reported performance.

- The SDBIP for 2023/24 was duly approved by the Mayor within 28 days after the final budget approval. Furthermore, it was published on the municipal website within the stipulated timeframe in accordance with Section 75 of the Municipal Budget and Reporting Regulations (MBRR). However, it is noted that the Municipality needs to ensure that the performance agreements of key officials are made public no later than 14 days after SDBIP approval.

Period Under Review	Number of targets in SDBIP	Number of targets applicable to the quarter	Number of targets Achieved	Number of targets not achieved	Percentage of targets achieved	Number of targets not measured
2022/23 1st Quarter	59	22	19	6	76%	0
2022/23 Mid-Year	59	15	14	10	58.3%	0
2022/23 3rd Quarter	63	24	8	16	33.3%	0
2022/23 4th Quarter	63	50	26	24	52%	13

- The Provincial Treasury (PT) conducted evaluations of the Municipality's quarterly non-financial performance reporting. The reports acknowledge the Municipality's compliance with the requirements of Section 52(d) of the Municipal Finance Management Act (MFMA) and Schedule C of the MBRR concerning the development of performance reports for all the quarters of the 2022/23 financial year. Despite compliance, several misalignment issues were identified. The Municipality was advised to ensure that all targets within the adjusted SDBIP are accurately reflected in the performance report to enhance credibility.
- The Municipality underperformed on its targets for the quarters for the 2022-23 financial year. The achievement rates were 76 per cent in quarter 1, 58.3 per cent in quarter 2,

33.3 per cent in quarter 3, and 52 per cent in quarter 4. The reasons provided for underperformance in quarter 4 were deemed unsatisfactory, necessitating a thorough review of performance strategies.

- The Municipality should promptly address misalignment issues to ensure accurate reporting and bolster credibility. Furthermore, the Municipality should strategies to improve performance in quarters where targets were not met, with a particular emphasis on quarter 4.
- The Municipality should enhance transparency by promptly making the performance agreements of key officials' public, as required by regulations.
- While the Municipality demonstrated compliance in certain areas, underperformance and misalignment issues highlight the need for strategic adjustments and a renewed focus on achieving established targets.

11.12 Budgeted vs. Actual Revenue

- As at end of October 2023 the Municipality registered receipts of R461.18 million which equates to 39.6 per cent of the approved 2023/24 operating revenue budget of R1.16 billion. This is an under performance of 22 per cent compared to the year-to-date budget of R591.48 million. The under recovery reflected is mainly due to the underperformance of property rates, rental from fixed assets, agency services and gains on disposal of assets. Misalignments between the data strings and the Municipality's c-schedules has been noted.
- The collection rate of the Municipality at M04 stands at 73.6 per cent, which is below the NT norm of at least 95 per cent.
- Although the Municipality reported an over performance in terms of Electricity revenue as per the data strings the c-schedule reflected an underperformance of R1.67 million. The Municipality indicated that load shedding and maximum network demand of electricity has had a severe impact on the revenue base, and the associated bulk electricity expenditure costs. Furthermore, the Municipality's infrastructure is unable to handle Eskom's switching on and off, resulting in repeated repairs, replacements and maintenance negatively affecting the cashflow of the Municipality.
- The Municipality has a high vacancy rate in the revenue department, which has a negative impact on billing and revenue collection. The Municipality estimates that the vacant positions will be filled in January 2024.

- In response to the low collection rates, the Municipality will advertise a tender for external debt collection services to curb the long outstanding consumer debt. Furthermore, the Municipality is sourcing funds for the replacement of conventional electricity meters to prepaid meters.
- Currently the Municipality has implemented disconnections and restrictions of services for account holders in arrears. In addition, senior management is engaging high value business debtors in an effort to reduce the debtors' balances.
- The Municipality finalised the DBSA revenue enhancement project as at the end of September 2023. Currently, the Municipality is developing an internal revenue enhancement implementation plan to address and implement the findings and recommendations of the DBSA.

11.13 Debtors

- The Municipality reported total outstanding debtors amounting to R462.95 million as at 31 October 2023 which represents a month-on-month increase of R3.18 million or 0.7 per cent and a year-on-year increase of R58.35 million or 14.4 per cent. Debtors over 90 days equate to 67.3 per cent (R311.53 million) of the total debt and an annual increase of R24.94 million or 8.7 per cent has been observed.
- The Municipality reported total outstanding Government debt amounting to R15.02 million as at 31 October 2023, an increase of R3.48 million when compared to the R11.54 million reported as at 31 October 2022.
- Property rates is the largest contributor with R148.32 million or 32 per cent of the overall debt of R462.95 million and electricity the second largest contributor with R86.81 million or 18.8 per cent.
- The recoverability of these long outstanding balances is very low, as the collection rate as at the end of October 2023 is 73.6 per cent, which is below the norm of 95 per cent, which has a huge impact on the municipality's cash flow.

11.14 Budgeted vs Actual Expenditure

Operating Expenditure

As at end of October 2023 the operating expenditure amounts to R308.49 million or 26.7 per cent against budget amount of R1.16 billion, which is 1.2 per cent above the YTD budget of R304.70 million. Furthermore, expenditure increased by 4.2 per cent when compared to the R296.09 million reported in October 2022. Significant over performances were noted for bulk purchases - electricity and contracted services. The Municipality reported operating surpluses for the period ended 31 October 2023, however the Municipality is currently experiencing a financial strain with its commitments exceeding available cash by R61.7 million which remains a major concern.

COE budget

- Employee related costs remains one of the largest cost drivers in the Municipality contributing 28 per cent towards total operating expenditure for the 2023/24 financial year and remains constant over the entirety over the two (2) outer years of the MTREF.
- The Municipality maintained its employee related cost budget within the 25 to 40 per cent NT norm.
- In the draft budget it was noted that the actual performance was projected to increase by 13.5 per cent in the 2023/24 financial year, 4.8 per cent in the 2024/25 financial year and 2.8 per cent in the 2025/26 financial year respectively. The 13.5 per cent increase for the 2023/24 financial year does not seem credible or sustainable as it is almost two (2) times the agreed salary increases with the South African Local Government Bargaining Council (SALGBC) of 5.3 per cent and the 2.4 notch increase.
- The Municipality planned to fill positions that were delayed due to budget constraints in the current financial year. Considering the Municipality's constrained financial position, the Municipality was advised to identify and fill critical vacancies only.
- Furthermore, significant increases were noted for Pension and UIF contributions, Medical Aid Contributions, Performance Bonus and Post-retirement benefit obligations at 14.3 per cent, 34.1 per cent, 9.6 per cent and 75.2 per cent respectively. However, significant reductions are noted for long service awards (100 per cent).
- In the final budget the employee related costs line item was reduced by R23.39 million from the R328.95 million in the tabled budget to R305.59 million in the approved budget.

The actual growth from 2022/23 is projected at 5.5 per cent. The Municipality stressed that the reduction in employee related costs was to offset the decrease in the revenue base by freezing posts for the new financial year.

- The Municipality reported R94.77 million (31 per cent) spent on employee related costs which is 9.8 per cent lower than the budgeted R105.07 million as at 31 October 2023. Furthermore, as per the FMR an overperformance of 1.8 per cent was reported against the year-to-date budget of R93.13 million which is an indication of misalignment between the data strings and c-schedule. The Municipality indicated that the appointment of casual workers as well as overtime expenditure resulted in the overperformance.

Capital Budget Implementation

- As at end of 31 October 20123 the capital performance amounts to R109.24 million or 98.6 per cent of the budget amount of R110.74 million. However, when considering the Municipality's FMR for month 4, the capital spending is reported at R13.84 million or 12.2 per cent as at 31 October 2023. Furthermore, commitments amounting to R16.85 million have been loaded onto the financial system which augments the capital spending to R30.69 million or 27 per cent.
- The Municipality has indicated that the reporting misalignment has occurred due to the clearing of the capital suspense accounts of the 2022/2023 that was supposed to be cleared during August 2023, however reporting indicates that it still has not been corrected to-date.
- The Municipality's funding mix to fund capital expenditure suggests a high reliance on borrowing. The Municipality must ensure that capital projects are completed timeously to ensure that it can generate revenue from the infrastructure investment which would ensure that the municipality can service the repayment of borrowings.
- The Municipality indicated that SCM processes to source external loans to fund capital projects amounting to R25 million were not successful.

Creditors

- Trade payables as at 31 October 2023 were reported at R24.56 million which represents a month-on-month decrease of R3.11 million or 11 per cent. It was noted that the Municipality's creditors remained within the 30-day category as per the data strings.
- The creditors balance as at 31 October 2022 amounted to R5 million indicating an increasing trend. The Municipality indicated that they are struggling to pay creditors due to limited cash flow, which is cause for concern.

Cash Flow Status

Table 5 below provides a ratio analysis of the cash position of the Municipality.

Table 5: Ratio Analysis

	August 2023		September 2023		October 2023	
	C-schedules	Data strings	C-schedules	Data strings	C-schedules	Data strings
Current Ratio[1]	1.36	1.72	1.20	1.50	1.19	1.50
Liquidity Ratio[2]	0.13	0.13	0.22	0.22	0.16	0.16
Cost Coverage Ratio[3]	0.02	0.02	0.37	0.37	0.15	0.15
Cash and Cash Equivalent (R'000)	28,428	28,428	56,716	56,716	39,996	39,996
Monthly Commitments (R'000)	91,979		99,069		101,736	
External Loans (R'000)	363,011		362,528		362,528	
Investments (R'000)	20		20		3,009	

1. The current ratio norm is 1:5 to 2:1. The liquidity ratio norm is 1:1. The cost coverage ratio norm is 1 - 3 months.

11.15 High level of Ratio analysis

- In October 2023, current ratio decreased to 1.19 times from 1.20 times compared to September 2023. The ratio is below the National Treasury recommended norm of 1.5 times indicating that the Municipality will not be able to pay its short-term obligations when they are due.

- The data strings indicate the current ratio remains at 1.50 times compared to September 2023. The ratio is above the National Treasury recommended norm of 1.5 times indicating that the Municipality may be able to pay its short-term obligations when they are due.
- In October 2023 liquidity ratio decreased to 0.16 times from 0.22 times compared to September 2023. The ratio is below the National Treasury recommended norm of 1.1, indicating that the Municipality may not be able to pay its short-term debt when it is due.
- The data strings indicate the liquidity ratio decreased to 0.16 times from 0.22 times compared to September 2023. The ratio is below the National Treasury recommended norm of 1.1, indicating that the Municipality may not be able to pay its short-term debt when it is due.
- In October 2023, the cost coverage ratio decreased to 0.15 times from 0.37 times compared to September 2023, indicating the Municipality may not have the ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue.
- The data strings indicate the cost coverage ratio decreased to 0.15 times from 0.37 times compared to September 2023, indicating the Municipality may not have the ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue.
- The Municipality reported a closing cash and cash equivalents of R39.99 million and data strings amount to R39.99 million.
- The Municipality reported commitments of R101.74 million for the month of October 2023.
- The Municipality commitments exceed the cash and cash equivalents as at end October 2023, indicating that the Municipality may not have sufficient cash to cover the commitments for the month.

11.17 External Borrowings (source: Quarter Borrowing Monitoring Return, and CFA)

- The Municipality reported a closing balance on its borrowings (external loans) of R362.53 million as at the October 2023.
- While the Municipality may have a liquidity risk, it still rests with the Municipality to honour the loan repayment terms as per each loan agreement.
- The Municipality included an additional R25 million in borrowing as part of the funding mix for its 2023/24 capital budget. However, no bids from lenders were received on the initial tender for a loan. The Municipality subsequently readvertised, however the delay

in funding means that it is doubtful that these funds could be spent within the financial year. In light of their financial position, the Municipality should rather adjust their capital budget to exclude loan financing as a funding source in 2023/24.

11.18 Investments (source: Investment Monitoring Return)

The Municipality reported a closing balance on the Investment Portfolio of R3.01million as at October 2023.

11.19 Supply Chain Management (SCM)

SCM Governance Requirements

The Knysna Municipality provided PT: LGSCM Directorate with the requested information dated 7th December which did not allow the unit with sufficient time to review and assess the documentation in detail. A more detailed review and interviews will be conducted in early 2024. This impacted on our review process in the following areas:

- The latest SCM Policy – The unit needs to determine if the SCM Policy is aligned with NT`s model policy and whether the Municipality has made the necessary amendments as required by the Preferential Procurement Regulations, 2022. This assessment will be done in the next quarter.
- SCM Organogram – From a high-level review, the SCM organogram indicated that new positions are on the structure but does not indicate which positions are vacant and or filled. An in-person assessment would be able to determine which officials have been newly appointed that would require training and development.
- Bid Committee Structure – The Municipality indicated in their questionnaire that they use standardised scheduling for Bid Committee meetings that serves as a bare minimum, but also in the same questionnaire indicated that they encountered 15 appeals during last financial year. The root cause to most of these appeals often relates to the Bid Specifications Committee (BSC) where ambiguous or incomplete specifications are approved which often leads to disputes between suppliers, developers and contractors that can result in costly delays in project completion.
- Demand Planning and Procurement Planning – If not effectively managed lead to lack of collaboration between user departments and supply chain management. Poor demand planning often leads to poor communication and coordination, hindering

effective procurement planning processes that result in the ineffective use of deviations. A Further assessment is required.

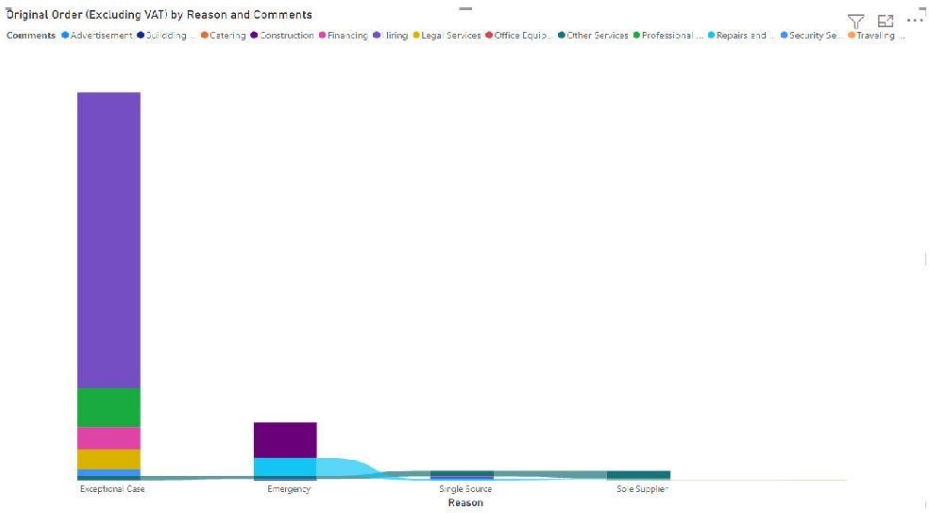
11.20. Municipal SCM Insight Performance

- The LGSCM Directorate recently conducted a Municipal SCM Insight Performance Report on the 2022/23 deviations and the following analysis were ascertained:

11.21. Commodity Expenditure - Deviations Analysis

- The Knysna Municipality has spent a total of R9.75 million on the deviation procurement process as per SCM Regulation 36 for the 2022/23 financial year.
- From the data provided, it is shown that majority of the deviations related to exceptional cases where it was impractical to follow the SCM processes. This contributed to the highest expenditure in the deviation procurement process of R8.12 million, which accounted for 83.31 per cent of all the deviations for the period under review.
- It must be noted that an exceptional case refers to a situation that is so unique or complex that it requires a special treatment/process to be followed and that there are compelling reasons to depart from the precedent for example a natural disaster. From the data provided the challenge with exceptional cases in procurement relates to the following:
    - The Complexity Thereof: Which would lead to the requirement of additional resources such as legal counsel, expert technicians and additional staff that drives up costs and puts a strain on an already constrained budget;
    - Increases Length in Procurement Process – Often leads to delays in the procurement process based on the nature of the complexity, that increases costs for both the procuring entity and the suppliers involved; and
    - Impacts the Project Deliverables – This significantly impacts the project timeline or budget which can lead to substantial cost overruns.
- Emergencies are often related to Emergency Repairs and Maintenance on equipment that failed because of deferred maintenance activities. The Institute of Asset Management (IAM) following their analytical research have indicated that emergency repairs and maintenance costs institutions between 20 per cent – 30 per cent more as opposed to properly planned maintenance.

- Based on the information provided by the Municipality, a saving between R77 179.38 to R115 769.09 could have been realised relating to the R385 896.90 paid for emergency repairs and maintenance. The research also indicates other indirect cost often associated with emergencies; these may include:
    - Business interruption.
    - Reduction of service delivery due to availability and equipment unreliability.
    - Employee overtime.
    - Reputational risk (individual, municipality).
    - Lower employee morale.
    - Impact on the environment
    - Potential adverse health concerns.



Comments		Emergency	Exceptional Case	Single Source	Sole Supplier	**Total**
Advertisement		12,949.00				**12,949.00**
Buildding Material		10,200.00				**10,200.00**
Catering			3,708.76			**3,708.76**
Construction		739,397.26				**739,397.26**
Financing			474,873.66			**474,873.66**
Hiring			6,195,167.17	45,979.30		**6,241,146.47**
Legal Services			411,414.80			**411,414.80**
Office Equipment					3,630.00	**3,630.00**
Other Services		69,000.00	93,872.43	125,999.50	158,342.34	**447,214.27**
Professional Fees			807,229.70		10,601.24	**817,830.94**
Repairs and Maintenance		385,896.90		30,789.35	23,000.47	**439,686.72**
Security Services			137,750.00			**137,750.00**
Traveling and Accommodation	5,900.00				5,900.00	**11,800.00**
Total	**5,900.00**	**1,217,443.16**	**8,124,016.52**	**202,768.15**	**201,474.05**	**9,751,601.88**

11.22. Overall Findings from the Analysis on the deviations:

- Upon analysis of the deviations, the Municipality should enhance their system of internal controls and improve contract monitoring in terms Section 116 of MFMA.
- During the perusal of the samples, it was noted that the reasons provided by the user departments are not adequate to classify procuring via the deviations process.
- It was also noted during the analysis that the Municipality spend a huge amount on leasing of municipal buildings.
- In total, 57 deviation transactions occurred in the 2022/23 financial year, of which the reasons are indicated in the graphs above. It is recommended that the Municipality must develop alternative strategic sourcing methodologies to minimise the deviation process.

11.23. Expenditure Type by Services Rendered

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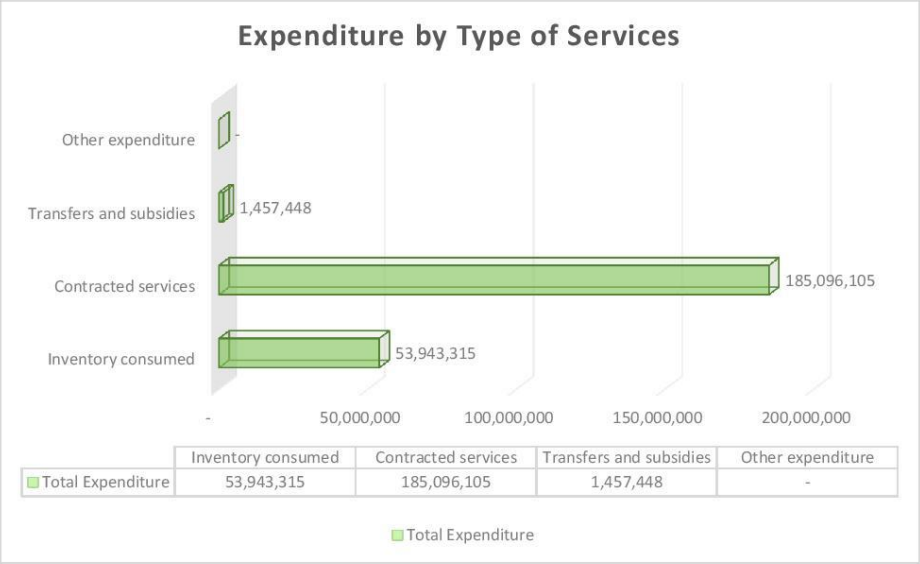
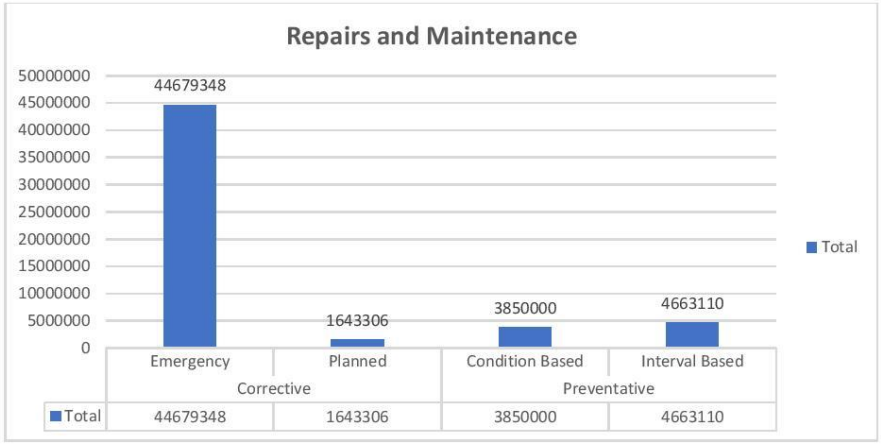


- From the expenditure identified above, the following could be related to SCM and subjected to procurement processes based on type of expenditure that has been identified:
- In the above diagram, Knysna Municipality's expenditure amounts to a cumulative total of R240 million, with a notable 77 per cent allocation directed towards

11.24. Contracted Services

- To ensure prudent financial management and effective resource allocation, it is imperative for the Municipality to conduct a thorough assessment of each expenditure category. This assessment should consider the complexity of these categories within the supplier marketplace, weigh them against the significance of the intended projects the organization aims to procure, and evaluate their potential impact on service delivery.
- Furthermore, the SCM Directorate must assess each category to formulate sourcing strategies that not only unlock cost-saving opportunities but also ensure optimal value for the Municipality's expenditures, opportunities and still provide value for money for the Municipality.



- The above table indicates a high reliance on corrective maintenance, which means a reactive approach on unexpected breakdowns. Asset malfunctions that fall into this category require immediate action to resolve health, safety, and service delivery backlogs threats. This activity requires the task of identifying, isolating, and rectifying a fault of failed equipment, machine, or system. It requires operational activities that speak to service level standards that relate to timeframes of repairing faulty equipment.
- An appropriate maintenance mix suggests that the Municipality has an adequate spread in maintenance activity allocation. As indicated before, an informed maintenance mix helps municipalities "sweat their assets" and save cost at the same time. This is achieved through an evidence-based maintenance approach that uses data mining and factual knowledge available to influence maintenance decision-making. Ideally the measurement system must be holistic that is aligned with the strategic intent of the municipality's asset management system.

11.25. Asset Management

- The Provincial Treasury conducted an Asset Management maturity assessment in August 2023 at the Municipality and the following challenges and recommendations were highlighted in the report.
- The Provincial Treasury is still willing to assist the Municipality through Training and Development to project overtime, build the relevant asset management capacity required to function at the required maturity as benchmarked the Institute of Asset Management (IAM) subject to an appropriate capacitated unit.

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Rating	GFMAM Group	Improvement opportunity
1,4	Group 1 Strategy & Planning	The development of a comprehensive asset management framework to underpin the implementation of asset management improvements. This will include the following deliverables: 1) Developing a comprehensive Asset Management Policy to establish the Asset Management System. 2) Developing a Strategic Asset Management Plan (SAMP). 3) Developing a Disposal Management Policy
1,5	Group 2 Asset Management Decision-Making	4) Improve long-term planning and budgeting to determine adequate life-cycle budgets, and to understand the performance of the asset portfolio into the future. 5) Formalise information management to ensure that the correct data is recorded and used for management decision-making, supported by appropriate information systems.
1,16	Group 3 Life-Cycle Delivery	6) Formalise work order management processes so that maintenance work is performed in a predictable and auditable manner, and asset histories are recorded.
1	Group 4 Asset Management Information	7) Develop Information and Data Standards Policy for Infrastructure Assets 8) Confirm accuracy of asset data through asset verification 9) Implement integrated Asset Management Systems
1,8	Group 5 Organisation & People	10) Address the filling of key asset management positions. 11) The individual performance management framework must be expanded to include performance management at the individual, AM system as well as the asset level. 12) Establish appropriate levels of AM Competencies required to achieve KM strategic objectives.
1,28	Group 6 Risk Management	13) Implement risk and performance management framework for infrastructure assets

11.26 Recommendations

- The risk management function should be repositioned.
- The Head: Internal Audit must establish and maintain a system to monitor the disposition of results communicated to management.
- The audit committee should evaluate its performance in overseeing risk management through consideration of the implementation of combined assurance as well as the quality and timeliness of its counsel and recommendations to senior management and council.
- The Municipality is reminded that compliance to the Municipal Minimum Competency Levels is a mandatory requirement in terms of section 83 of the MFMA and the 2007

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Municipal Regulations on Minimum Competency Levels and 2018 Amendments to the Municipal Regulations on Minimum Competency Levels of 2007.

- The Municipality must comply to all relevant reporting requirements to ensure effective monitoring and evaluation. To ensure good business practice and effective monitoring and oversight from Provincial Treasury, compliance to the MFMA is imperative.
- As per the Financial Management Grant and the MFMIP Guideline the Municipality is required to appoint five (5) finance interns.
- It is proposed that the SCM team do a fully-fledged SCM VC Assessment (Virtuous Cycle Assessment) to fully comprehend the operational challenges that the Municipality is experiencing and put support mechanisms in place to assist the Municipality in this regard.
- The Municipality should ensure that requests to deviate is substantially and accurately motivated to meet the requirements of a sole service provider, an exceptional and emergency case, and that due diligence is applied when approving such requests.
- The planning processes should be strengthened in order, to minimise instances where deviations were because of poor planning.
- The Municipality to put in place stringent controls when user – departments request to deviate from the normal procurement processes. The Accounting Officer should also look at the reasons why a deviation is requested.
- Cognisance should be taken of the fact that the Municipality must at all times be able to substantiate why the market could not have been tested.
- As a good practice the Provincial Treasury would like to advise the Municipality to always include the necessary MBD 4, 8 and 9 to all their deviations.
- For deviations above the threshold of R30 000 it would be advisable to add the MBD 7 and the GCC for contract management purposes as deviations are also contracts, as a best practice.
- The latest MFMA Compliance Report: March 2020 issued by National Treasury recommended that municipalities must consider the following when compiling their procurement plans:
    - Develop a process plan for tabling of procurement plans to enable approved plans before the start of the year.
    - Senior management to engage on procurement needs and budgets.

- Update plans to enable effective procurement and include timeframes for procurement; and
- Implementation of the plan and changes discussed with management.

- Furthermore, the procurement team needs to evaluate each category for the purpose of developing sourcing strategies that can lead to cost saving opportunities and still provide value for money for the Municipality.
- The Municipality needs to assess their repairs and maintenance on their contracted services to unlock cost-saving opportunities but also ensure optimal value for the Municipality's expenditure.

Assessment 2023:
Chapter 12: Land Use Planning

12.1 Planning Bylaws, Policy and Guidelines

Municipal Land Use Planning Bylaw

- The first Knysna Municipal Land Use Planning Bylaw was prepared by by the Municipality and came into effect from 1 June 2016.
- The Knysna Municipal Land Use Planning Bylaw was subsequently reviewed and adopted in 2021 and published within the provincial gazette (No. 8492) on 17 September 2021.
- A need has been identified to review the Municipal Planning Bylaw in order to ddress errors and omissions, and reduce perceived, excessive red tape associated with land use applications.

12.2. Integrated Zoning Scheme By-law (IZSB)

- The Knysna Integrated Zoning Scheme Bylaw was adopted by the municipal Council in 2020 and published within the provincial gazette (No. 8258) on 9 June 2020.
- The current zoning scheme bylaw is based on the Western Cape Government Standard Zoning Scheme Bylaw provided to municipalities during the implementation of SPLUMA and LUPA.
- Discussions with the Municipality have shown that there may be a need to undertake a minor review of the Knysna Integrated Zoning Scheme Bylaw to accommodate the specific developmental nuances that are experienced within the municipality. These include the introduction of additional overlay zones, addressing errors and omissions and reducing excessive process requirements.

12.3 Planning policy and guidelines

- The existing planning policies and guidelines, to assist with planning application evaluation and decisions are partly in place.
- Development applications are largely guided by SPLUMA, LUPA, the SDF and IDP and the zoning scheme bylaw.
- They are supported and informed by sector policy documents which assist to define and contextualise applications better.

- The Municipality is systematically developing supporting policies and regulations in support of land use management decisions. Recent additions include:
  - Regulation of Building Aesthetics and Heritage By-law, 2021
  - Regulation of Outdoor Advertising By-law, 2021
  - Special Rating Areas, 2021
  - Events By-law, 2019
  - Funeral Parlours, Cemeteries and Crematoria By-law, 2019
  - Draft By-Law Control of Activities in Coastal Areas, 2023
- The Municipality has identified the need for specific policies and /or guidelines, related to:
  - Densification Policy,
  - House Shop Policy, and
  - Land Use Contravention Penalties.

12.4. Standard Operating Procedures

- There are no standard SOPs within the municipality with regard to the processing of land use applications.
- The process is largely determined by the Municipal land use planning bylaws and the working knowledge thereof lies with the various municipal officials.
- This is an institutional and governance risk and should be considered and addressed in future.
- The municipality has identified the need for specific SOPs, including for:
  - Pre-application Consultations,
  - Departmental comments on land use applications, and
  - Public Consultation processes,

12.5 Spatial Planning

Municipal Spatial Development Framework (MSDF) status

- There is no evidence that a Performance Review of the implementation of the MSDF has been done, as required annually in terms of section 34(a)(1) and 41(1)(c) of the MSA.
- It is recommended that the Municipality continue to spatially record all land use applications and decisions, to both monitor the implementation of the MSDF as well as any deviations from its proposals.

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- The Municipality intends to commence with a MSDF amendment and is in process of appointing a service provider to assist in this regard.
- In terms of alignment between the MSDF, draft IDP and draft budget, the MSDF does contain a Capital Expenditure Framework (CEF) and Implementation Framework. It is advised that the current CEF be expanded to link planned capital investment need or demand, with the type of engineering infrastructure investment required (this is generally drawn from the specific engineering master plan of the Municipality, assuming that these are aligned with the MSDF). This would result in a capital investment need project list, which should also be prioritised.
- It is difficult to ascertain if the Municipality is using the CEF as a basis for budgeting and priority setting in its municipal budgeting process. It is recommended that the Municipality works towards further development of its CEF in the planned MSDF amendment to ensure the articulation of a 10-year prioritized portfolio of infrastructure investment needs that is sequenced and affordable, that will give expression to the MSDF and the development objectives of the Municipality and allocate budget for this in the short and medium term.

12.6 Development Administration

Application register and application process management

- The Municipality keeps a land use applications register in an excel format.
- Although the Collaborator system is used for the submission and processing of applications, it is not currently used as application status register.

Zoning Register

- All applications are recorded at the formal application phase although not on a formal zoning register.
- The zoning maps are available to view on the municipal website and zonings are updated by the municipality directly.

12.7 Development Management

- Pre-application meetings do take place, and there are no backlogs for pre-applications currently reported.

- The Knysna Municipal Land Use Planning Bylaw determines that it is the Municipality's prerogative to decide whether a pre-application meeting is necessary, and smaller applications do not necessarily require a pre-application consultation meeting.

12.8. Professional standard of development application evaluation and reporting

- The Municipality reported that not all land use applications are submitted by registered town planners and many applications are received from various built environment professionals and often from members of the public directly.
- Although it was reported that all the municipal technical units do comment on applications, there is a need for more specific and standardised responses to effectively include as conditions of approval.
- There remains a mentioned backlog in the evaluation and processing of land use applications. However, the Municipality has appoint two consulting town planners to assist with backlogs until vacant posts are addressed.

Authorised Official

- Mr. Hennie Smit is currently designated as the Authorised Official (AO).
- The categorisation of applications and the delegations determines when the AO my decide on land use applications.
- There were no challenges reported in the fulfilment of the AO responsibilities.

12.9. Municipal Planning Tribunal (MPT)

- The Knysna Municipal Planning Tribunal (MPT) was originally established in 2015 and their 5-year period ended in 2020.
- As the current legislation does not permit the renewal of a 5-year perod for a MPT, the Municipality resolved (on 14 May 2020) to reconstitute their MPT for a period of 4 years and 11 months and the current MPT thus serves through to 2025.
- The current composition of the MPT consists of seven (7) members of which four (4) are internal municipal officials and three (3) are external members.
- On 22 May 2022 a report was submitted to the Knysna Council to consider allegations against members of the Knysna MPT contravening the code of conduct in terms of Section 76 (read with Schedule 1) of the Knysna Municipal Spatial Planning and Land Use Management Bylaw, 2021. The report highlighted the following:
    - A complaint was submitted to the Acting Municipal Manager's office on 1 Feb 2022 with allegations of misconduct by two of the MPT members, and highlighted

concerns over the objectivity / impartiality of MPT members whore reportedly served as both the commenting roleplayers as well as the decision making structure on various applications.

- In order to address and maintain the objectivity of the MPT members, during the decision making process, the report explained and proposed a Joint MPT model.

- Subsequently, the Knysna Council resolved on 29 June 2022 to not adopt a Joint MPT model approach.
- It however remains unclear whether the practice of MPT members both commenting on applications and deciding on the same applications, remains and/or will be addressed to ensure the objectivity / impartialness of MPT members. Further clarification is required and being sought.

Categorisation Model

- There is a clear categorisation model adopted which is based on the standard model and clearly defines who the decision-making authority is in each specific type of application.
- The municipality is current in process of reviewing the categorisation model in an effort to expedite the assessment and decisions on land use applications.

Appeal process

- As is the case in municipalities which have largely adopted the standard draft bylaw without amendments, the Mayor remains the appeal authority.
- Since the introduction of SPLUMA and LUPA, there have been no more than a handful of appeals submitted against land use planning applications and no challenges were reported in these processes.
- The Municipality also makes use of contracted legal council to address matters of appeal.

12.10 Compliance Management

Compliance with conditions of approval and certification of implementation

- The Municipality has reported an inadequate system of compliance management and certification.

- Due to the time frames in which applicants have to act on the development approval, it is difficult to monitor approvals correctly.
- To address this, the Municipality aims to:
    - Establish a system for co-ordination of compliance monitoring and management with a single co-ordiantion point,
    - Request DEADP for training workshop on conditions of approval with Land Use Management officials and other relevant municipal officials.
    - Develop an automated compliance / feedback process on compliance with conditions of approval.

Complaints register for upholding the Zoning Scheme

- Currently, there are no structured / co-ordianted process for dealing with complaints relating to land use management and compliance.
- There is **no central/ deidcated complaints register** being kept.
- The municipality receives a complaint through varoius channels i.e. via Ward Councillor, direct communications to Director Planning and Economic Development (Ms. Andiswa Dunywa) or written complaints to the Municipal Manager. These are then reviewed and addressed as required.
- There is an expressed need to establish clearer operating procedures for these processes to assist both the public and the internal processing of such complaints.
- To address this, the municipality aims to:
    - Institute a combined, single complaints register,
    - Develop automated complaint system for land use complaints.

Law Enforcement

- The enforcement process is largely contained within the building control section.
- There are policies and penalties in place which are administered internally and if the need arises to institute legal proceedings, external law firms are sourced as the municipality does not have its own legal counsel.
- The municipality reported a lack of effective law enforcement, which it plans to investigate and address.
- To address this, the municipality aims to investigate and address the lack of effective law enforcement to uphold the Zoning Scheme,

12.11 FUNCTIONAL AND CORPORATE MANAGEMENT

Business Planning, Budgeting & Implementation Management

- All budgeting, and implementation planning is performed through the Integrated Development Planning (IDP) Process.
- There appears to be no separate process within the municipality for business planning and budgeting.

Delegations Register & Compliance

- It was confirmed that a delegations register is in place.
- The municipality is current in process of reviewing the delegations register to ensure that the relevant delegations are reviewed so that the relevant officials are made aware of their roles and responsibilities in terms of these delegations.

Organizational structure, staff resources and personnel matters

- The current approved organogram of the Municipality, was reportedly designed to address the land use management and spatial planning requirements of LUPA. However, it was reported that it does not fully address the requirements of SPLUMA.
- Under the current organogram the land use management division would include 1x senior planner, 3x town planners and 1x planning technician. Currently none of the town planner positions are functionally filled, after two town planners resigned in the year and the third is on extended maternity leave. This has lead to a backlog in applications processed, although the Municipality did respond to appoint two consulting town planners on a temporary basis until posts could be filled permanently.
- The Municipality reported that the two vacant posts have been advertised and they anticipate to make appointments within the first quarter of 2024.
- The Municipality reported challenges in the functional management of the Land Use Management Division, i.e. application backlogs and maintain service standards. Department structure needs to be reviewed to be responsive with SPLUMA.

12.12 Key Findings

- The Knysna Municipality is generally compliant with the statutory requirements of land use management as stipulated within SPLUMA and LUPA.
- The Municipality is experiencing capacity and resource constraints related to their planning and development functions and this has resulted in a current backlog of land

use applications, which in turn impacts on investment and development within the Municipality.

- Apart from addressing the capacity constraints within the land use management function of the Municipality, there is also a reported lack in standardised land use management processes and procedures, which directly impacts on the land use functions as it related to both the Land Use Management Division as well as the various internal role-players who comment on - and enforces land use management decisions.
- Following a complaint of misconduct by two of the MPT members, it remains unclear whether the practice of MPT members both commenting on applications and deciding on the same applications, remains and/or will be addressed to ensure the objectivity / impartialness of MPT members. Further clarification is required and being sought.

12.13. Assessment Team leaders: Appreciation and Thanks

- The Assessment Team (Department of Local Government, Department of Environmental Affairs and Development Planning, Provincial Treasury and Garden Route Disaster Management Centre would like to thank the Municipality and especially the officials from the Municipality for their support in compiling this Report. The wish is expressed that the outcome of the assessment adds positive value towards enhancing the Municipality's functionality.

Version 2: KLM SUPPORT PLAN: 2023

Note:
Matters to be confirmed and refined following consultation with the Municipality.

DATE of DRAFT: December 2023
SIGNED OFF:

PRIORITIES (URGENT) ACROSS ALL BUSINESS UNITS					
Municipal Champion: Municipal Manager					
PROJECT	**PROBLEM STATEMENT**	**ACTION REQUIRED**	**RESPONSIBLE DEPARTMENT OR AGENCY**	**TIMEFRAME**	**PROGRESS TO DATE**
Re-establish community confidence in the Municipality	Community Organisations requested a closed session with Province during the Diagnostic Assessment	Develop and implement a Communication Strategy to re-establish community's confidence in the Municipality	DLG to assist Knysna Municipal Officials		

Training and development of Councillors	Council over-regulates administrative decision making	Determine the requisite training and / or development initiatives to assist Councillors with their roles and responsibilities	MM and DLG Governance and Training Coordination		
Improve Fiscal Discipline	The Municipality is experiencing financial distress	Prepare a voluntary Budget Funding Plan, on a template agreed with PT.	MM, CFO, S56 Managers and PT	Adopt with adjustment budget	
Finalise the organisational structure	Non-compliance to due date for the completion of the organisational structure in terms of the Municipal Staff Regulations	Finalise the process required and as discussed, regarding submission of the structure to the Minister for Local Government, Environmental Affairs and Development Planning	MM, CFO, S56 Managers		Initial engagements have been held on 10 November 2023
Complete all processes related to the filling of critical vacancies ito S56 and the MM and across the different business units	Current Court Cases and high vacancy rate	Compile a list of critical positions that need to be filled as per the approved organisational structure, including the status of each	MM, CFO, S56 Managers and DLG		

Enhance legislative compliance	To improve on audit findings, litigation challenges and control measures	Compile a list of compliance / control challenges and agree on a way forward in terms of each	MM, CFO, S56 Managers, PT, DEADP and DLG		
Re-establish a sound Corporate Culture	Breakdown in trust within the organisation amongst staff and management	Compile a Strategy aimed at improving the Corporate Culture	MM, CFO, S56 Managers and Business Unit champions		

MEDIUM TO LONG TERM PRIORITIES					
Municipal Champion: Municipal Manager SMS: Business Unit Champions					
Council Functionality					
Interface between Council and Administration	Council overregulates administrative decision making which negatively affects the administration.	Training to Councillors on Roles and Responsibilities.	DLG, Office of the Speaker, MM.		
Councillor Leadership	Conduct of Councillors towards Municipal Staff	Training on the Code of Conduct for Councillors. Enforcement of the Code of Conduct by Council and the Speaker.	DLG, Office of the Speaker, MM.		

Capacitation	Non-adherence to Legislative Prescripts poses a risk for the Municipality	Focused in depth training with Councillors on the Legal Framework relating to the Appointment of Senior Managers.	DLG, Office of the Speaker, MM.		

Municipal Champion: Municipal Manager SMS: Business Unit Champions					
Administration's Functionality and Corporate Services					
Compliance	Non-adherence to Legislative Prescripts poses a risk for the Municipality.	Legal Guidance;	MM; DLG and/or other applicable role players		
Promoting Anti-Corruption and Ethics	Maintaining Good Governance and Accountability	A collaboration entailing inter alia, the Department of Local Government, COGTA, SIU, Provincial Treasury, National Treasury to conduct a workshop on Anti-Corruption, Fraud and Ethics with Councillors and Municipal Officials.	MM, DLG and applicable role-players.		

Review of Policies	The Municipality requested support with the review of policies.	The Municipality must submit the list of policies they need assistance with.	Municipality to provide list of policies; DLG and/or any other related sector will thereafter assist.		
Capacitation	Non-adherence to Legislative Prescripts poses a risk for the Municipality	Focused on depth training with Councillors on the Legal Framework relating to the Appointment of Senior Managers.	DLG, Office of the Speaker, MM.		

Municipal Champion: Municipal Manager **SMS: Business Unit Champions**					
ICT					
Support and Strengthen Corporate Governance of ICT	- Municipality does not have business enabling ICT Strategy. Misalignment between business and ICT.	- Review of the ICT Strategy that is aligned with business goals. - Development of an ICT Implementation plan	- DLG: ICT Support - KLM: IT Department - DLG: ICT Support		

	- The current ICT policies are not aligned with the current ICT environment. - ICT personnel should participate in risk management structure due to ICT being a strategic risk. ICT unit not part of the risk management structures. - ICT not forming part of the overall planning of the Municipality	- Develop/review ICT policies which govern the current environment and procedures. - Ensure processes to include ICT in the risk management structures. - Ensure ICT matters are standing items at management meetings and ICT personnel form part of the overall planning in the municipality	- KLM: IT Department - KLM Management - KLM Management		

Municipal Champion: Municipal Manager SMS: Business Unit Champions					
Community Development Services					
Thusong Service Delivery Outreach	Re-establish community confidence in the Municipality and Government as well as delivering essential government services and information to designated communities	Implement a Two-Day Inter-Departmental and Inter-Governmental Service Delivery Outreach event	DLG in partnership with all Government Departments, Agencies, and the Knysna Municipality	12-13 June 2024	Revenant partners and stakeholders has been briefed and tied in already. Funds has been allocated for the project.
Re-establish community confidence in the Municipality.	Community Organizations requested a closed session with Province during the Diagnostic Assessment.	**Responsible Water use awareness campaign:** Radio Live Reads Radio Recording post Community Activations & Outside Broadcast. Review: Communication Strategy Facilitate Specialized Communication training: Feb.	DLG to assist Knysna Municipality Communications Unit	- Dec 2023 -Jan – Feb 2024 -Feb–March2024 -March 2024 -Feb 2024	Completed Ongoing Pending Pending Pending

Municipal Champion: Municipal Manager **SMS: Business Unit Champions** **Waste Management**					
1. Ensure Regional waste disposal Facility is in place.	All participating municipalities must sign the SLA with GRDM. Failure to do so will mean the funder withdraws and the project collapses, which will place the entire Garden Route in disarray ito waste disposal.	Knysna Municipality to sign the SLA and forward to GRDM urgently.	Knysna Municipality (MM and Exec Mayor)	ASAP – not later than 31 January 2024.	No signed SLA received by GRDM, although SLA was recently updated mainly from inputs by George and MB Municipality.
2. Improve Fiscal Discipline	The municipality is rendering waste collection service to businesses without receiving due compensation. One institution is placing 8 bins plus 10 bags out for collection but only receives income for 1 bin. The waste collection tariffs are also way below the rest of the municipalities, despite having to travel	A review and monitoring of all collection points needs to be undertaken to ensure cost recovery is taking place within the municipality. The waste tariffs need to be re-evaluated and brought on par with neighbouring municipalities as it is way below the norm	Knysna Municipality	29 Feb 2024	

	longer distances to the disposal facility.				
3. Enhance Legislative Compliance	Waste Information reports are not submitted regularly. IWMP (2019) not implemented. Waste facilities - no planned preventative maintenance undertaken leading to many breakdowns and waste complaints. Sedgefield Recycling Facility requires improved contract management.	Monthly submission of accurate information via IPWIS. Prioritise waste recovery and beneficiation, thereby reducing costs and enhance local economic opportunities. Consider partnerships with private sector recycling companies. Planned maintenance at all facilities and fleet. an appropriate service provider needs to be appointed at Sedgefield Recycling Facility.	Knysna Municipality		
4. Waste to Energy submission	The municipality is considering an unsolicited bid for Waste to Energy thereby generating	Whilst the municipality is encouraged to look at all alternatives than landfilling the waste, this has not been	Knysna Municipality, DEA&DP, SALGA, DLG.		

	electricity and solving the waste issue, and with the understanding that it will be operational in 6 months.	proven and is a huge risk to the municipality. The feasibility needs to be undertaken by an independent party, and not the bidder. It is also impossible for all authorisations to be received within 6 months and construct and operate within this timeline. At least 2 years or longer are required in the planning. This technology is also unproven, and a cautious approach is encouraged.			

Municipal Champion: Municipal Manager SMS: Business Unit Champions					
Infrastructure and Service Delivery					
Re-capacitate Infrastructure Directorate	High vacancy rate withing the Directorate leads to a reduced ability to conduct routine maintenance and respond to emergency events	Identify most critical skills/posts required to ensure day-to-day operation of infrastructure and prioritize their appointment as a short-term response	MM, Technical Director		
Infrastructure project planning and prioritization across directorate units	Outdated infrastructure master plans hinder the ability of the municipality to effectively plan and prioritize their infrastructure needs across all units	Update master plans for all infrastructure services and prioritise projects accordingly to determine streams of project funding	Technical Director, DLG		
Water Services	1. Insufficient potable water storage capacity	1. Commission additional storage capacity in areas of most need	MM, Technical Director, Community Services.		
Wastewater Services	1. Blockages and overflowing sewage.	1. Increase human capital within unit, improve response time to spillages, gain additional	MM, Technical Director, Community Services.		

	2. Vandalism and misuse of infrastructure	plant capacity to clean faster and ensure routine maintenance plans are followed. 2. Engage community services to develop a response to instances of sewage mining, informal structures in and around sewer infrastructure. Improve law-enforcement (incl. by-laws)			

Municipal Champion: Municipal Manager SMS: Business Unit Champions					
Financial Management					
Audit Action Plan	Regression to qualified audit	Improve audit outcome	MM, CFO		
Revenue Enhancement	Weak revenue collection	Implement recommendations of DBSA Revenue Enhancement project, including review of tariffs and GV reconciliation	MM, CFO		
SCM assessment and recommendations		Need to conduct full assessment in early 2024, then implement recommendations	MM, CFO		
Budget Funding Plan	Unfunded adjusted budget	Full implementation of BFP to achieve credible funded budget, with cash-backed grants and liquidity ratios that meet the norms	MM, CFO		

Municipal Champion: Municipal Manager **SMS: Business Unit Champions**					
Land Use Planning					
Amend and implement Zoning Scheme Bylaw (ZSB)	Amend Zoning Scheme Bylaw to achieve the following objectives: • Reduce excessive red tape. • Address errors and omissions • Introduction of additional overlay zones.	• Council to approve the amendment of the Zoning Scheme Bylaw.	Land Use Management Division DEA&DP to provide guidance / assistance where requested.	Have Zoning Scheme Bylaw amended by Council by November 2024	• Review the Knysna Zoning Scheme By-law. • Currently reviewing the Zoning Scheme Bylaw and proposed overlay zone for Hornlee, Keurhoek and Smutsville
Amend and implement Planning Bylaw	Amend planning Bylaw to achieve the following objectives: • Reduce excessive red tape. • Address errors and omissions	• Council to approve the amendment of the Zoning Scheme Bylaw.	Land Use Management Division	Have Planning Bylaw amended by Council by June 2024	Currently reviewing the Planning Bylaw. Set up task team with DEADP.

Develop and implement Land Use Planning policy and guidelines	Existing planning policies and guidelines to assist with planning application evaluation and decisions are inadequate, outdated and can be improved.	• Introduce required planning policies and guidelines obtained through collaboration with other municipal planning departments. • Audit all ratepayer's associations and conservancy agencies. • Prepare guidelines for pre-application meetings. • Prepare guidelines and format for improvement of departmental comments /objectives. Introduce inter departmental	Land Use Management Division	June 2024	Review of current policies relating to Land Use Planning

		team building exercise. • Prepare SOP for public participation/ notification of applications. • Prepare densification policy. • Repeal house shop policy. • Prepare SOP for contravention penalties.			
Update and Amend Spatial Development Framework (SDF)	• Address Knysna MSDF shortcomings as indicated by GAP analysis. • Implement and update MSDF Implementation Programme.	• Amend the Knysna Municipal MSDF as part of the compilation of the new IDP.	MM, Director: Planning and Economic Development and Manager Land Use Management	November 2024	Service Provider to be appointed. Amendment process to start early 2024.

Implement effective Land Use Planning compliance management and law enforcement systems	Inadequate systemof compliance management and certification	• Investigate and institute a proper system of compliance management for proactively managing conditions of approval, coordination amongst departments and agreement on a single point responsibility. • Investigate and address the lack of effective law enforcement to uphold the Zoning Scheme (institute a proper complaints' register). • Develop automated complaint system for land use complaints.	MM, Director: Planning & Economic Development, Manager: IT and Manager: Land Use Management	June 2024	• Business process mapping to be incorporated into Collaborator. • Request IT Department to assist with automation of the processes.

		• Request DEADP for training workshop on conditions of approval with Land Use Management officials and other relevant municipal officials. • Develop an automated compliance / feedback process on compliance with conditions of approval. • Conduct a "dry run" exercise with Land Use Planning staff and Legal Services on contravention penalties.			
Improve the functionality of the Land Use Management Division	Challenges in the functional management of the Land Use Management Division, i.e. application backlogs and maintain service standards. Department structure	• Conduct a work study to determine capacity requirements of the Land Use Management	MM, Director: Planning & Economic Development and Manager Town Planning & Building Control	June 2024	Request HR to review Job Descriptions of posts.

	needs to be reviewed to be responsive with SPLUMA.	Division in terms of workload. • Fill new positions within the Council approved Organogram as soon as possible. • Develop a proper business plan and address the functional management challenges, which may include a team building exercise.			

Institute adequate land use planning processes	• The standard of applications prepared by applicants are problematic in some instances. • Land use planning processes are inadequate. • The format, conduct and requirements at Pre-Application consultation meetings pose a challenge. • Responses from Municipal Departments are not received in time and the inputs are inadequate	• Prepare a template with checklist to improve the standard of applications submitted by the public. • Develop functional application register. • Develop zoning register linked to live mapping. • Institute a short-term capacity intervention to deal with the backlog in applications by appointing 2 retired Professional Planners.	MM, Director: Planning & Economic Development and Manager Town Planning & Building Control DEA&DP to provide guidance where requested.	Currently being implemented. Ongoing.	Ongoing coaching and mentorship. Land use application register is currently being converted to MS Excel to be linked to GIS. Business process mapping being done to be accommodated in appropriate IT system. Currently preparing a comment template for Municipal Departments. Two Town Planners have been appointed.
Review Council's Delegation Register & Categorisation of Applications	• Address the errors and omission with regards to Land Use Management.	• Review the current Delegation Register of Council in respect of Land Use Management	MM, Manager: Land Use Management and Manager: Legal Services.	June 2024	Currently reviewing Council's Delegation Register and

	• Update Categorisation of Applications.	Responsibilities and provide.			Categorisation of Applications.
Introduce monthly performance monitoring of Land Use Planners	• No performance management system is in place for Land Use Management staff.	• Based on the Job Descriptions of Land Use Management staff, compile performance targets.	MM, Director: Planning & Economic development	April 2024	Requesting Job Descriptions from HR Department.
Review of Land Use Management staff job descriptions	• The Job Descriptions of Land Use Management staff are outdated.	• Requesting all Job descriptions from HR Department	Manager: Land Use Management	To be implemented alongside Organisation Review process.	Requesting Job Descriptions from HR Department.
Compile Skills Development Plans for Land Use Management staff	• No Skills Development Plans are in place to improve capacity of staff.	• Consult with staff and prepare Skills Development Plans. • Submit to HR department for implementation. • Municipal outreach Programme on quarterly basis. • Provincial government training.	Manager: Land Use Management, staff, and Manager: HR DEA&DP to provide training session on available content matter.	June 2024	Currently consulting with Land Use Management staff.

		• Mutual training and knowledge sharing.			
Introduce an Amnesty for all Agricultural properties within Knysna Municipality	• 2013 was the last time an Amnesty was done for agricultural properties.	• Compile an item to serve before Council to approve an Amnesty period. • Once approved by Council place public notifications in the media.	Council and Manager: Land Use Management	July 2024	Compiling and item and guidelines for Amnesty period.

7.2

SC02/03/24 MOVEMENT INTO GREY ELEPHANT INVESTMENTS (PTY) LTD BUILDING FOR OFFICE ACCOMMODATION

REPORT FROM THE DIRECTOR : CORPORATE SERVICES

PURPOSE OF THE REPORT

To request the Knysna Municipal Council to accept the change in the commencement date for the new lease agreement with Grey Elephant Investments (Pty) Ltd for office accommodation.

BACKGROUND

The Municipal Council on 28 October 2023 *inter alia* resolved the following:

*"**C05/10/23** **REQUEST TO ENTER NEW LEASE AGREEMENT WITH GREY ELEPHANT INVESTMENTS (PTY) LTD FOR OFFICE ACCOMMODATION***

RESOLVED BY MAJORITY

[a] That the report and annexures regarding the request to consider entering into a new lease agreement with grey elephant investments (Pty) Ltd for office accommodation, be noted; and

[b] That approval be given to enter into a new lease with Grey Elephant Investments (Pty) Ltd for a period of three years as from 1 January 2024 until 31 December 2026; and

[c] That the Municipal Manager be authorized to approve a yearly deviation for the leasing of the office space for three years.

File Number : 12/1/2/1
Execution : Municipal Manager
Acting Director : Corporate Services"

Since the Municipal Council on 28 October 2023, there has been regular consultation between the management of Grey Elephant Investments (Pty) Ltd and the Properties Section to design the available office space to fit all the intended offices that need to move to the new office space at the Knysna Mall.

The idea with the new offices is to make it very user friendly for both the staff and public at large. A few amendments have been made to allow for the Traffic back-office and the rest of Community Services to also move to the new office space to be close to the rest of the Community Services in particular Traffic Services for better public access.

The rest of the Finance Department that includes Expenditure and Supply Chain Management have also been included in the move to allow for better flow.

It should be noted that the spaces left vacant in municipal owned buildings, by the rest of the Community Services Directorate and Finance Directorate will be filled by other departments currently situated in leased buildings and the Integrated Human Settlement Directorate currently situated in the Tourism building. These changes are made to improve the flow and excel service delivery.

It should also be taken into consideration that with the factories and contractors that are taking a break on 14 December 2023, which has placed a huge strain on the move.

The pending move is also subject to the approval of the Transport Administration and Licensing Western Cape Mobility Department Western Cape Government. We have been consistently following up with the Department and is still waiting their approval.

The building process for the cashier cubicles also is taking longer than expected, as the lead-time for the specialized glass to be made is 4 to 5 weeks.

DISCUSSION

With the pending approval of the Transport Administration and Licensing Western Cape and the lead-time for the cashier cubicles, it would be safe to request that the movement be moved back to 1 May 2024.

The proposed dates for moving into the new offices situated at the Knysna Mall are thus as follow:

Phase 1 **(see Annexure A)**
Planning & Development and Infrastructure Directorates = 1 May 2024.

Phase 2 **(see Annexure B)**
Director Planning & Development and Economic Development section = 1 May 2024.

Phase 3 **(see Annexure C)**
Income Services, motor license and learner license section, traffic & Law enforcement sections = 1 May 2024.

Zone 3 **(see Annexure D)**
Financial Management, Expenditure and Supply Chain Management sections = 1 May 2024.

FINANCIAL IMPLICATIONS

The Municipality will only start paying rental towards Grey Elephant Investments (Pty) Ltd when the offices are occupied at the Knysna Mall.

The current office spaces at the Old Standard Bank for Customer Care, and the Concilium Building for Human Resources and Garden Route District Municipality's Health Department should be extended as follow:

a) Albatros Property Trust at R382 663.40 per month for March and April 2024;
b) Noble Spectatus Fund 4 (Pty) Ltd at R 239 556.46 per month for March and April 2024; and
c) Deon & Carina Boshoff at R 39 324.19 per month for March and April 2024.

RELEVANT LEGISLATION

Local Government: Municipal Finance Management Act, 2003 and relevant Regulations.

RECOMMENDATION OF THE MUNICIPAL MANAGER

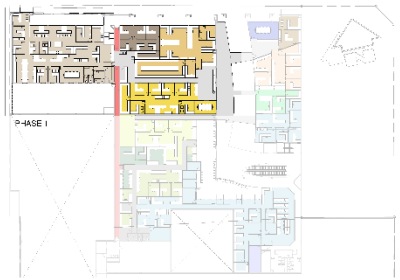
That the report and annexures regarding the request to consider accepting the change in the commencement date for the lease agreement with Grey Elephant Investments (Pty) Ltd for office accommodation, be noted.

APPENDIX / ADDENDUM

Annexure A – PLANS OF PHASE 1
Annexure B – PLANS OF PHASE 2
Annexure C – PLANS OF PHASE 3
Annexure D – PLANS OF ZONE 3

File Number : C. 122
Execution : Municipal Manager
Director : Corporate Services
Head : Properties

ANNEXURE A



SECTION KEY
1 : 500

RETAIL LEVEL 2 - LAYOUT (PHASE 1)
1 : 100

FOR APPROVAL

NAME .....

SIGNATURE .....

NAME .....

SIGNATURE .....

REVISIONS:

R02 - PHASE 1 - LAYOUT

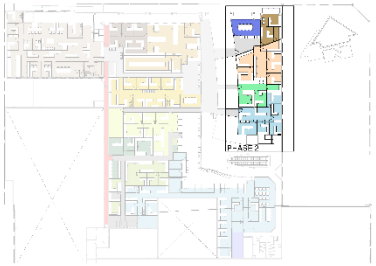
PROPOSED ALTERATION TO OLD TAB BUILDING
ERF 5245 WEST END AVENUE, KRUGERSDORP
FOR CLIENT

JOB NO. 2301-07-A1-05
SCALE As indicated
DATE 14 December 2023
SHEET NO. A1

STARKEY | ARCHITECTS

ANNEXURE B

RETAIL LEVEL 2 - LAYOUT (PHASE 2)
1 : 100



SECTION KEY
1 : 500

FOR APPROVAL:

NAME:

TITLE:

SIGNATURE

NAME:

TITLE:

SIGNATURE

REVISIONS:

R02 - PHASE 2 - LAYOUT

PROPOSED ALTERATION TO OLD END BUILDING
237-239 WEST END MALL KINGSCOTE

JOB NO. 2331.07 A1.04

SCALE As indicated

DATE 1st December 2023

DRAWN ALT

STARKEY | ARCHITECTS

ANNEXURE C

SECTION KEY
1 : 500
RETAIL LEVEL 2 - LAYOUT (PHASE 3)
1 : 100
SERVICES
CHIEF CONTROL
PUBLIC HALL
TESTING
HOLDING ROOM
TRAFFIC
PRINTING
STORE
GENTS
LADIES
DISABLED
FILING
ADMIN CLERK
IT
MAIN SECURITY
CLEANER STORE
FOR APPROVAL:
REVISIONS:
R02 - PHASE 3 - LAYOUT
PROPOSED ALTERATION TO OLD MAIL
DWG NO: 2351 07 A- 05
SCALE: As indicated
DATE: 25 January 2024
STARKEY | ARCHITECTS

ANNEXURE D

FOR APPROVAL:

NAME.....

TITLE.....

SIGNATURE.....

DATE.....

TITLE.....

SIGNATURE.....

REVISIONS:

ZONE 3 - LAYOUT

PROPOSED ALTERATIONS AND ADDITIONS TO ERF 16472 WEST END MALL KIMBERLEY

JOB NO. 2315 - NOT IN COMPLEX

DRAWING NO. 2315 - 02-A1-ZD3-02

SCALE 1 : 100

DATE 24 JANUARY 2024

DRAWN A.T

STARKEY | ARCHITECTS

8. **CONSIDERATION OF MOTIONS**

None

9. **CONSIDERATION OF QUESTIONS**

None

10. **CONSIDERATION OF MOTIONS OF EXIGENCY**

None

11. **IN COMMITTEE ITEMS**

None

12. **ADJOURNMENT**

-oOo-