

SC09/01/26 TABLING OF THE 2024/25 FINANCIAL YEAR ANNUAL REPORT

UNANIMOUSLY RESOLVED

- [a] That the Tabling of the Annual Report 2024/2025 by the Executive Mayor be noted.
- [b] That in accordance with Section 21A of the Local Government : Municipal Systems Act, the Annual Report be made public and invite the local community to submit representations on the Annual Report and submit the annual report to the Auditor General, the relevant Provincial Treasury, and the Provincial Department responsible for Local Government in the province.
- [c] That MPAC considers the annual report and representations from members of the public, if any, and tables the oversight report to Council for adoption.
- [d] That the Administration implements corrective measures to address audit findings, performance shortcomings, and governance weaknesses identified in the Annual Report.
- [e] That outcomes of the Annual Report be incorporated into the IDP review, SDBIP, and subsequent planning and budgeting processes.

File Number: 9/12/14

Execution: Municipal Manager

Senior Manager: IDP/PMS/IGR



KNYSNA
Municipality
Munisipaliteit
uMasipala

ANNUAL REPORT

2024/2025

WC048

<http://www.knysna.gov.za/>

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CHAPTER 1: COMPONENT A

i. EXECUTIVE MAYOR'S FOREWORD

It is with pride and renewed purpose that I present the 2024/2025 Annual Report of Knysna Municipality. This report marks a year in which we not only faced the realities of rebuilding but initiated a move from recovery to restoration as we took deliberate steps to stabilise governance, rebuild the trust of our residents and re-establish service delivery systems.

As a Council, our focus this year was to move from uncertainty towards political, administrative and social cohesion. It was a year of difficult conversations, courageous decisions and steady progress. It was a year that reaffirmed the power of working together as residents, leaders and partners with shared goals. This report records progress, an acknowledgement of lessons learned and a reaffirmation of our commitment to building a town that is inclusive, innovative and inspired.

I was honored to be elected as Executive Mayor on 28 February 2025, at a time when strong, principled leadership was urgently needed. Alongside the election of a new Deputy Mayor and the reconstitution of the Mayoral Committee, these changes brought renewed focus, improved coordination and a more accountable political leadership collective. We introduced hands-on initiatives to reinforce transparency and oversight, such as the Friday Site Visits, which bring leadership directly to project sites and service hotspots. Open Saturdays, with customer pay centres open on selected Saturdays, give working residents more convenient access to municipal services. These changes reflect our commitment to closing the gap between government and community, and to leading from the front.

a. Our Vision

Knysna – INCLUSIVE | INNOVATIVE | INSPIRED

b. Key Policy Developments

Council's focus during the year was to strengthen institutional trust, enable delivery through clear policy direction and ensure that every decision made in chambers translated to visible action on the ground. The implementation of the Section 154 Support Plan, in collaboration with National and Provincial Governments, helped to restore accountability throughout the administration. The 2024/2025 Financial Year under review was marked by a shift from crisis management to coordinated, principle-based governance. The policies we prioritised aimed at improving human settlement delivery, protecting natural resources, supporting vulnerable residents and driving local investment. It is through consistency in these areas that we will begin to reshape Knysna's governance landscape.

These priorities were guided by the Council's strategic objectives, which include:

- to improve and maintain current basic service delivery through specific infrastructural development projects;
- to create an enabling environment for social development and economic growth;
- to promote a safe and healthy environment through the protection of our natural resources;
- to grow the revenue base of the municipality;
- to structure and manage the municipal administration to ensure efficient service delivery; and
- to encourage the involvement of communities in local government by promoting open communication channels.

These objectives remain aligned with the Provincial Growth and Development Strategy, the National Development Plan and the National Key Performance Areas.

c. Key Service Delivery Improvements

As elected representatives, we have heard and shared in the frustrations of residents over broken infrastructure, environmental degradation and safety concerns. In response, Council remains actively engaged with administration and stakeholders to prioritise high-impact service areas.

We were especially proud of the municipality's achievement of an unqualified audit opinion for the 2023/2024 fiscal year. It is a welcome sign that the work done to restore integrity and order within the institution is beginning to show results.

The implementation of short-term upgrades to our wastewater treatment works began, alongside long-term planning through a new Water Services Master Plan and infrastructure reliability study. We also successfully delivered a seasonal operations plan that ensured seamless waste, safety and infrastructural services during peak periods.

These gains were made in the face of tight financial conditions and complex administrative recovery, making them even more meaningful.

d. Public Participation

Throughout this year, we placed a stronger emphasis on inclusive governance. Ward Councillors led community feedback engagements and Council strengthened its oversight through portfolio committees and budget engagement sessions.

We also broadened civic collaboration. The willingness of civil society, business forums, ratepayer groups and ordinary residents to engage with leadership, often critically, but

constructively, must be acknowledged. These partnerships helped steer many of the improvements reflected in this report.

e. Future Actions

The road ahead is not without challenge; we are under no illusion about the work that lies ahead. But the groundwork laid this year, politically and administratively, gives us a credible base from which to move forward.

Council's ongoing priorities include:

- accelerating the upgrading of informal settlements;
- ensuring long-term infrastructure investment in energy, water and roads;
- promoting youth employment and entrepreneurship;
- deepening transparency and consequence management in all spheres of the municipality; and expanding multi-sector collaboration to unlock high-impact development opportunities.

We do not face these challenges alone. The partnerships we are building between Council, the administration, other spheres of government and our residents, remain our greatest strength.

f. Agreements / Partnerships

No agreements or partnerships have been entered into in the year under review.

g. Conclusion

This Annual Report reflects more than statistics; it reflects a renewed spirit in our communities and our Council. We are regaining our confidence, our sense of purpose and our ability to act in the public's interest. I wish to thank my fellow Councillors from all political parties, the Municipal Manager and his team and every resident who has remained engaged and hopeful during this time of rebuilding. Let us continue to work together to achieve a Knysna that is truly inclusive, innovative and inspired.

THANDO MATIKA

EXECUTIVE MAYOR

CHAPTER 1: COMPONENT B

ii. EXECUTIVE SUMMARY

1.1 OVERVIEW OF THE MUNICIPAL MANAGER

I am pleased to present the 2024/2025 Annual Report, prepared in terms of Section 121(1) of the Local Government: Municipal Finance Management Act (MFMA) 56 of 2003.

This year has marked a turning point in the municipality's recent history, a year of administrative stabilisation, financial improvement and renewed public confidence. Following the uncertainty of previous years, the full implementation of the Section 154 Support Plan, together with the permanent appointment of senior officials, has significantly advanced governance, operations and service delivery across all departments.

Institutional Stabilisation

I assumed office as Municipal Manager in December 2024, during a period of fragile leadership and waning institutional trust. My immediate priority was restoring internal stability. Council also completed the recruitment of long-outstanding senior manager appointments, with the arrival of the final appointee in April 2025, enabling us to rebuild operational efficiency across directorates. The Audit Action Plan, once stagnant, was revived and we have made magnificent progress in addressing the audit findings, supporting our achievement of an unqualified audit outcome for 2023/2024.

Financial Performance & Sustainability.

The municipality recorded a surplus of R141 million, an increase from R38 million in the previous year. This was underpinned by improved billing systems, enhanced internal controls and active grant management. Revenue increased to R1.26 billion, driven primarily by stable property rates and service charges. However, the debtors' book rose from R525 million in June 2024 to R552 million in June 2025 (excluding fines), due to persistent socioeconomic pressures. Strengthened credit control and debt recovery measures are being intensified in response. We achieved R63.5 million in capital expenditure during the year under review, funded by national and provincial conditional

grants. These investments focused on critical infrastructure, including pump stations, sanitation systems and road repairs. In response to growing fiscal pressures and the need to re-establish long-term financial sustainability, the municipality developed and adopted a comprehensive Financial Recovery Plan during the 2024/2025 financial year. This plan was endorsed by both the Council and the Western Cape Provincial Treasury. It sets out a structured framework for improving liquidity, managing debt and optimising revenue collection, and is being actively implemented as part of the Section 154 Support Plan.

Service Delivery and Infrastructure

Implementation of the Section 154 Support Plan played an important role in restoring service delivery capacity. Environmental compliance came into sharp focus in early 2025, following two administrative notices regarding wastewater management received from the Department of Forestry, Fisheries and the Environment. In response, we expedited repairs to critical sewer lines and strengthened our engagement with regulators to ensure compliance and environmental stewardship.

Stakeholder Engagement

This year saw a deliberate shift towards open, accountable and structured stakeholder engagement. We established ongoing dialogues with groups such as The Accountability Group, the Greater Knysna Business Chamber, Afri-Forum, Knysna United and others. Topics addressed included water and wastewater failures, waste collection challenges, by-law enforcement and billing issues. Feedback from these engagements was formally channeled into management reviews and operational planning. The municipality also updated its stakeholder database and improved its public communication strategy. Regular newsletters, enhanced use of social media and community forums were used to promote transparency and ensure public participation in service planning and review.

Strategic Partnerships and Community Support

One of the highlights of the year was the emergence of stronger community partnerships. The Knysna Infrastructure Group, a civic-led initiative, played an instrumental role in addressing local service challenges, assisting with pump maintenance, raising over R850,000 for key interventions and helping to repair key road infrastructure. These partnerships represent a renewed spirit of collaboration between the municipality and its residents.

Conclusion

The 2024/2025 financial year demonstrated that turnaround is possible when strategy, leadership and community effort align. We have made measurable progress in governance, financial health, service delivery and public accountability. Challenges do remain, particularly surrounding ageing infrastructure, environmental compliance and debt recovery. With the support of our Council, staff, civil society and residents, I am confident that Knysna Municipality is on a firm path to stability, credibility and sustainable growth. Let us build on this momentum as we move forward together.

DR LULAMILE MAPHOLOBA

MUNICIPAL MANAGER

Municipal Functions, Population and Environmental Overview

KNYSNA: AT A GLANCE

Demographics

Population Estimates, 2022; Actual households, 2022



Population
96 055

(Source: Census 2022)



Households
32 398

(Source: Knysna Municipality)

Education

2022



Matric Pass Rate **81.0%**
Learner Retention Rate **67.4%**
Learner-Teacher Ratio **28.9**

Poverty

2022



Gini Coefficient **0.63**
Poverty Head Count Ratio (UBPL) **63.1%**

Health

2022/23



Primary Health
Care Facilities
5
(excl. mobile/satellite
clinics)

Immunisation
Rate
66.6%

Maternal Mortality Ratio
(per 100 000 live births)
60.8%

Teenage Pregnancies –
Delivery rate to women
U/18
11.2%

Safety and Security

Actual number of reported cases in 2022/23



Residential
Burglaries
556

DUI
135

Drug-related
Crimes
795

Murder
18

Sexual Offences
164

Access to Basic Service Delivery

Percentage of households with access to basic services, 2022

Water

82.6%



Refuse Removal

89.3%



Electricity

93.9%



Sanitation

90.6%



Housing

83.7%



Labour

2022

Unemployment Rate
(narrow definition)

24.3%



Socio-economic Risks

Risk 1 Low economic growth
Risk 2 High inequality
Risk 3 Drug related crimes

Largest 3 Sectors

Contribution to GDP, 2021

Finance, insurance, real estate
and business services

31%



Wholesale & retail trade,
catering and accommodation

17%



Community, Social & Personal
Services

12%



1.1.1 Overview of the Greater Knysna Municipal Area

Knysna, "the jewel of the Garden Route", derives from the Khoi-khoi word "naizna", which means ferns. The KM is located on the South Coast of the Western Cape Province. The municipal area is approximately 500 kilometres east of Cape Town and 267 kilometres west of Gqeberha and resides within the jurisdiction of the Greater Garden Route District Municipal Area. The municipal land covers a geographical area of approximately 1059 square kilometres and includes the towns of Sedgefield, Hornlee, Knysna Central, Northern Areas (Nekkies, Knoetzie, Hornlee, Concordia, Xolweni, Joodse Kamp, Sunridge) as well as several Forestry Villages (Rheenendal, Brackenhill, Karatara, Springveld, Middelerf and Swanneberg).

The area is best known for the Knysna Heads that is located at the mouth of the Knysna River and breath-taking natural surroundings. Sedgefield, west of Knysna Central, creates the relaxing atmosphere of a village. The Waterfront Area, which caters for art galleries, boutiques and seafood restaurants. Annual Knysna Oyster Festival also celebrates the region's succulent oysters and dynamic lifestyle, attracting tourists from around the globe. Apart from the aforesaid, more and more visitors are attracted to the municipality's local cultural and traditional activities.

The region's flora includes the Afromontane or temperate rainforest, which covers the hilly terrain. An abundance of unique Cape Fynbos (fine or delicate bush) grows throughout the region. The area is prone to wetlands, steep topography, which on the one side some compromises housing developments, especially in our improvised areas identified as spaces for residential purposes, whilst on the other side provides for great access points to natural forestry areas for the exploring tourist which frequently visit the Knysna area.



Map 1: Greater Knysna Municipal Area

DEMOGRAPHICS

Population 96 055 (2022)

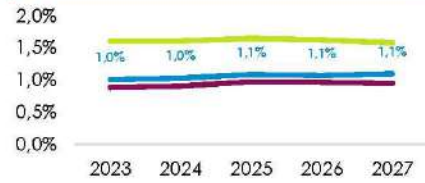


Estimated Population
101 603 2027

Estimated
Average Annual
Population
Growth Rate
2023 - 2027
1.1%



Estimated Population Growth

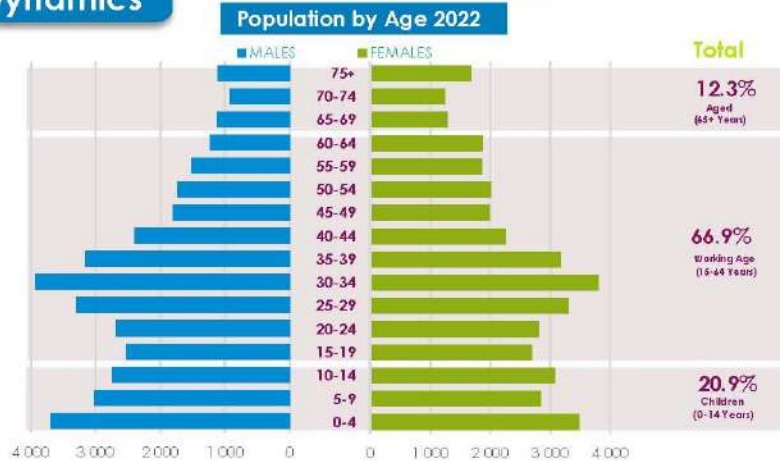


Western Cape
Garden Route District
Knysna

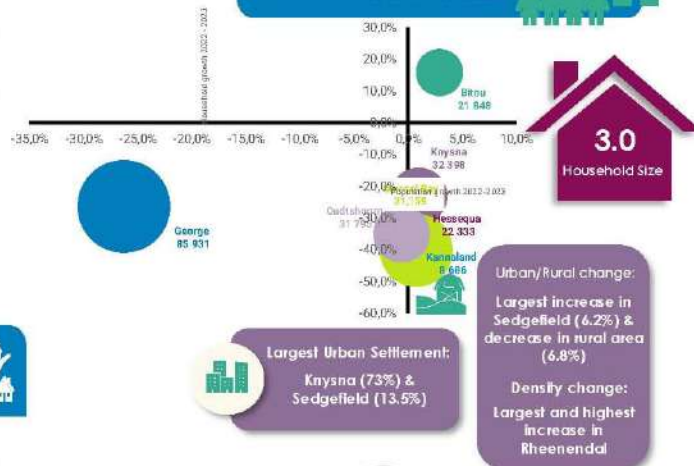
Gender and Age Dynamics



Female
51.2%
Male
48.8%



Population and Household Growth 2022



Racial Split



Level of Urbanisation 2021



1.1.2 Population Overview

According to the Census 2022, the Municipality's population is estimated at approximately 96,055. This ranks the GKMA as the fourth largest in the Garden Route, next to George, Mossel Bay and Oudtshoorn. If the municipal area continues to grow at the current pace, the total population could reach an estimated total of almost 101,603 by the year 2027. The overall sex ratio (SR) represents the number of males per 100 females in the population. Census 2022 provides that there are fewer males than females in the GKMA, with a ratio of 48.8 % males per 51.2 % females. The sex ratio for Knysna increased slightly over the past ten years, which could be attributed to a wide range of factors, including an increase in female mortality rates as well as the potential for migration of working males to the area. In 2022, the population density in the Knysna municipal area was 69 individuals per square kilometre. The largest population growth projection was recorded in the children (aged 0 -14) cohort, which grew at an annual average rate of 1.5 %. This is an indication that the population of the Knysna area has a young population, which indicates that there are lots of potential workers for the future, which might have a positive effect on the long-term economic sustainability of the municipal area.

	SETTLEMENT	RECOMMENDED DESCRIPTION
1.	Knysna	Regional Service Centre
2.	Sedgefield	Secondary Regional Service Centre
3.	Karatara	Rural Settlement
4.	Rheenendal	Rural Settlement
5.	Buffalo Bay	Coastal Hamlet
6.	Brenton	Coastal Hamlet
7.	Brenton-on-Sea	Coastal Hamlet
8.	Noetzie	Coastal Hamlet
9.	East Brook	Rural Hamlet
10.	Elandskraal	Rural Hamlet
11.	Kraaibosch	Rural Hamlet
12.	Bibby's Hoek	Rural Hamlet
13.	Gouna	Rural Hamlet
14.	Charlesford	Rural Hamlet
15.	Windheuwel	Rural Hamlet
16.	Buffelsnek	Rural Hamlet
17.	Diepwalle	Rural Hamlet
18.	Brackenhill	Rural Hamlet
19.	Bergvallei	Rural Hamlet
20.	Springveld	Rural Hamlet
21.	Middelarf	Rural Hamlet
22.	Farleigh	Rural Hamlet
23.	Goudveld	Rural Hamlet
24.	Vrystaat	Rural Hamlet
25.	Swaneberg	Rural Hamlet
26.	Protea Valley	Rural Hamlet
27.	Brammekraal	Rural Hamlet
28.	Fairview	Rural Hamlet

Table 1: Knysna Settlements

1.1.3 Access to Basic Services

Among the 32,398 households in the Knysna municipal area, 83,7 % had access to formal housing, which is slightly lower than the Garden Route District's average of 89 %. In contrast, Knysna had a higher proportion of informal dwellings, totaling 14,2%, whereas the district's average for informal housing was 9.6 %. Service access levels within the municipal area exceeded the access to formal housing significantly. Approximately 82,6 % of households had access to piped water either inside the dwelling/yard or through communal/neighbor's taps. An impressive 90.6 % had access to flush toilets or chemical toilets, and 93,9% had access to electricity (including generators) for lighting.

Additionally, local authorities removed refuse at least weekly for 89.3 % of households in the area, and it is also the only service in Knysna that exceeds the Garden District average marginally. These disparities in housing and service access have socio-economic implications, impacting the living conditions and quality of life for the local population.

In the Knysna municipal area, there has been a significant decline in the number of households receiving free basic services, from 8,780 in 2018 to 1,924 in 2019, 1,689 in 2020 and 1,485 in 2021. Due to the challenging economic circumstances, it is estimated that these conditions will place added strain on household incomes, leading to a likely upsurge in the demand for free basic services and subsequently, the number of households falling under the "indigent" category. Yet, it's important to note that this trend is specific to the region and contingent on the eligibility criteria applied.

1.1.4 Natural Environment

The Municipal area is endowed with a spectacular natural setting. The Outeniqua mountains running parallel to the coastline form the backdrop to an undulating natural and cultivated forested landscape, drained by several rivers with large water bodies in the low-lying areas and sandy beaches sheltered by rocky headlands and coastal dunes along the Indian Ocean coastline. This verdant landscape of outstanding scenic beauty (WCG, 2013) is of national significance and international renown and can be considered as much a national economic asset as it is the ecological basis for settlement in the region. View sheds are spectacular, giving name to the Garden Route. The area is host to endemic biodiversity and acts as a nursery for aquatic species that travel further afield.

The impacts of climate change are already an accepted reality, and if not addressed timeously, they will exacerbate current service delivery challenges faced by local governments, such as the provision of water and sanitation, access to energy and impact on the local economy. Climate events may create new challenges, making it more difficult for local governments to become sustainable and climate resilient in the long term.

Natural Resources

Major Natural Resource	Relevance to the Community
Forest	Manufacturing, Economic Development, Tourism and Job Creation, Carbon Sequestration
Estuary	Economic Development, Tourism and Employment Creation
Coastline	Economic Development, Tourism and Employment Creation

Table 2: Natural Resources

Achieving sustainability and climate programmes provides livelihood opportunities for disadvantaged communities of Knysna. The Knysna Climate Change Adaptation Plan is in the final stages of development. Wetland Restoration - The functionality of wetlands in the low-lying areas of Knysna and Sedgefield needs to be improved to mitigate anticipated climate-driven changes in rainfall patterns, where protracted droughts are expected to be followed by short, intense rainfall events.

1.1.5 Health Care Facilities

In 2021, the GKMA had 5 primary healthcare facilities, comprising 4 fixed clinics and 1 Community Day Centre, as well as 4 mobile/satellite clinics. In addition to these primary healthcare facilities, there is 1 district hospital, and no regional hospitals. The GKMA also has 6 ART treatment sites and 8 TB clinics. The municipal area has 10 out of the 82 (12.2 %) of the healthcare facilities within the Garden Route district.

1.1.6 Emergency Medical Services

The provision of more operational ambulances can provide greater coverage of emergency medical services. The KM has a total of three operational ambulances in the municipal area, which equates to 0.4 ambulances per 10,000 people servicing the region during 2021/2022. This number only refers to Provincial ambulances and excludes all private service providers.

1.1.7 Pediatrics

There were slight shifts in key health metrics between 2022 and 2023 as Immunisation coverage for infants under one year declined modestly from 70.6% to 66.6% during this period. A concerning trend was observed in the increase of severe acute malnutrition among children under five in Knysna, with the rate increasing notably from 0.9 to 1.4 per 100 000 people between 2022 and 2023. The Garden Route District experienced a slight uptick in malnutrition rates, rising from 2.3 to 2.4 during the same timeframe.

The neonatal mortality rate, measuring deaths per 1,000 live births within 28 days, displays a declining trend between 2022 and 2023, however the Garden Route district displays the opposite and is growing over the same period. Furthermore, the rate of low-birth-weight infants, those born under 2,500 grams, within Knysna is growing marginally, whereas the district average is declining over the same period.

1.1.8 Greater Knysna Economy

The Gross Domestic Regional Product (GDRP) of the Knysna municipal area is expected to remain relatively stagnant, contracting by a further 1.0% in 2023. Notably, the finance sector, a substantial contributor to the GDRP, is anticipated to experience growth, projected at 2.0% in 2023 and an additional 1.2% in 2024. The performance of the finance sector in 2022 was boosted by semi-emigration, which buoyed the local property market. The average sale price of property increased by 10.3 % between 2021 and 2022, even as the number of property sales in the Wilderness-, Knysna and Sedgfield areas declined by an average of 4.7 %. The extent of the price increase is apparent when considering the average Provincial property price increase over the same period, recorded at 5.9 %.

The Knysna municipal area's economy faced significant challenges due to its reliance on tourism, especially during the COVID-19 pandemic. The pandemic led to a sharp contraction of 4.7% in 2020. However, the economy began to recover, expanding by 2.4% in 2022. This growth rate signifies a rebound from the economic downturn experienced in 2020. These economic fluctuations have substantial socio-economic implications, impacting local employment, income levels, and overall economic well-being.

The economy of the Knysna municipal area is mainly dependent on household spending, either on tourist activities or for the acquisition of goods and services within local communities. This makes the economy particularly vulnerable to the conditions affecting the national economy. It is forecast that the municipal economy will contract by a further 1.0% in 2023 before stagnating in 2024, primarily because of continued declines in the construction sector and poor growth prospects for the trade sector.

1.2 Service Delivery Overview

DIRECTORATE	SERVICES
Office of the Municipal Manager	The Office of the Municipal Manager, over and above the directorates as reflected below, includes the Communications, Internal Audit, Risk Management and IDP/OPMS/IGR sections. Throughout the year, the Communications section communicated specific and service delivery-related information with the public, i.e., water outages, electricity outages, Council meeting sessions, etc. Council information is also timeously communicated as per the municipality's Newsletter, including the facilitation of Interviews with Councillors and Administration where required. The Internal Audit Unit audited financial and non-financial related reports to ensure completeness and correctness of all reported performance on a scheduled basis. The Internal Audit Unit also plays an internal performance auditing role, which includes monitoring the functioning of the PMS and compliance with legislative requirements. Its role is also to assist the municipality in validating the evidence provided by the Directors. All auditing activities assist with the readiness and preparation of the annual institutional external audit as conducted by the Office of the Auditor-General. The 2024/2025 IDP was developed and approved by Council as the most strategic principal document and plan of the municipality for execution by the Office of the Municipal Manager of all departments. The IDP was informed by public and public representative engagement processes, which guided the application of municipal resources. The Organisational Performance Management (OPMS) section drafted/developed the 2024/2025 Service Delivery and Budget Implementation Plan (SDBIP), as was approved by the Executive Mayor. The Risk Management

	section identified all potential threats which may hamper the implementation of the Business Plan and guided the management of Institutional Risks. On an annual basis, a comprehensive report on the performance of the Knysna municipality also needs to be compiled and approved. The requirements for the compilation, consideration, and review of such an annual report are set out in Chapter 12 of the MFMA. The Office of the Municipal Manager is also responsible for the coordination of the Section 154 intervention programme and provides quarterly feedback to Council and the Section 154 Steering Committee on the implementation of identified interventions.
Corporate Services	The Corporate Services Directorate managed all administrative processes of Council, which included the convening and reporting of outcomes of Council and Council Committee meetings. The management of the general ICT operations includes the procurement of hardware/software, systems and applications management, internal LAN/WAN monitoring and management and access control of users and systems administration and operations on servers. The Directorate also hosts the Human Resources department, which primarily handles all recruitment and selection of employees during the financial year. The training and development of Councillors and municipal staff were coordinated in accordance with the municipality's Work Skills Plan (WSP). All council/municipality-owned properties and legal services were also undertaken and managed by the directorate.
	Our municipal finances were done in accordance with the Council-approved Budget and Financial Management

Financial Services	Strategies were approved by Council in June 2024. The General Recognised Accounting Practices directed the standard recording of municipality transactions as executed. As per MFMA Budget Circular 123, Version 6.8 of the mSCOA chart was uploaded onto the financial system, and the 2024/2025 budget will be transacted on this new version. Despite significant changes by NT from version 6.6.1 to 6.7, Knysna Municipality is ready to continue to run the budget directly from the system with no manual intervention on running of data strings to the NT portal.
Planning and Economic Development	The Spatial development within the municipality boundaries directed all spatial planning and developments for the year under review in accordance with the Council-approved Spatial Development Framework. Spatial development was also the direct integration of communities, both in terms of residential and business development programmes. The Town Planning department managed all building-related activities and applications in accordance with the set Building Regulations. The Local Economic Development (LED) section initiated all local economic development programs and activities within the municipality. Support for existing and new local businesses was also provided to stimulate the development and expansion of the local economy
Community Services	The Community Services Directorate focused on the promotion of a clean, healthy and safe living and working environment. The cleanliness of the respective towns within our municipality boundaries is maintained by way of weekly refuse removal for both residential and business communities. Some past challenges were experienced with the

	availability of refuse trucks, to affected scheduled refuse removal. The municipality's Disaster Management plan facilitated the provision of major Fire and Rescue services to prevent any potential form of natural disaster. The Traffic and Law Enforcement services provided included regular traffic control and implementation of traffic rules and By-laws. Regular regulation of traffic, especially in the CBD of Knysna and at times in Sedgefield, ensures smoother traffic flow and the prevention and reduction of traffic-related accidents. The maintenance of our municipal Parks, Public open spaces, was also managed, including the management of noise, natural resource pollution of which includes the protection of our Lagoons, Ocean and Forestry areas. Most of these programs were undertaken in collaboration with National/Provincial governments and institutions like the National Parks Board. Our local Libraries, Halls, Cemeteries, Museums, Arts and Culture, Youth and Sport Development programs also received and provided significant support in the benefit of our local communities.
Infrastructure Services	The Infrastructure Services Directorate was responsible for the roll-out and provision of Basic Services, including ensuring access to basic services to most households in formalised areas, the electrification of informal settlements, providing quality drinking water to all households, providing adequate basic sanitation to all households and the repair, reseal and upgrading of all municipal roads. The provision of these different services was conducted in accordance with the different approved infrastructure Master Plans. The exponential growth of our town placed tremendous strain on the sustainable provision of services, though most services provided were in

	accordance with national standards. Knysna Municipality also approved an Action Plan that deals with service interruptions and issued directives focused on addressing such intermittent and sporadic happenings. The maintenance and improvement of the road infrastructure networks received significant attention, though much more focus and activity are currently in progress in this area. It is rather unfortunate that the expansion of our towns does not equal the amount of revenue generated for the provision of services. Our dependence on national and provincial grants hampers our intended levels of development, as the municipality competes with other municipalities across the country
Integrated Human Settlements	The Directorate of Integrated Human Settlements acts as an agent for the Provincial Government and works with them to achieve their vision, to develop sustainable, integrated human settlements. The Human Settlement Plan continues to guide housing developments and the priority area through the implementation of the reviewed and updated 2024/2025 Human Settlements Plan. One of the key goals of the department is to provide housing opportunities and secure land tenure Compile a GAP Housing Strategy that is in line with a long term Human Settlement Plan to meet the growing demand for social housing opportunities to decrease the housing backlog and reduce the housing waiting list per ward and pro-actively re-align the planning processes for housing development with national and provincial funding cycles. In addition to this, feasibility studies have been commissioned for two new middle-income housing developments on erf 3339, Hornlee and HeideVallei. The HeideVallei project will be a mixed-use development. The municipality is actively working on the registration of Title Deeds for the subsidy houses.

Table 3: Functions of Directorates

1.3 Financial Health Overview

1.3.1 Statement of Financial Performance

Knysna municipality continues to monitor its financial status and, as such, is showing improved financial results on an annual basis. During the 2024/2025 financial year, various interventions were embarked upon to improve municipal financial management.

The Statement of Financial Performance and Statement of Comparison of Budget and Actual Amounts reflect an actual surplus for the year of R 141 million compared to a budgeted surplus for the year of R 158 million.

Financial Overview: Year 2024/2025					
Details	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Positive / (Negative) Variance (R'000)	Positive / (Negative) Variance %
Operating Revenue:					
Operating Grants	163,537	169,108	151,866	(17,242)	-10.2%
Taxes, Levies and tariffs	336,225	344,356	348,306	3,949	1.1%
Other	753,882	765,758	761,009	(4,749)	-0.6%
Operating Revenue (Capital Grants Excluded)	1,253,644	1,279,222	1,261,181	(18,042)	-1.4%
Less: Operating Expenditure	1,228,729	1,191,468	1,166,605	24,863	2.1%
Operating Surplus / (Deficit)	24,915	87,754	94,576	(42,905)	-48.9%
Plus: Capital Grants	65,522	71,003	46,706	(24,297)	-34.2%
Plus: Contributions - Donated Assets	-	-	-	-	0.0%
Surplus / (Deficit) for the Year	90,437	158,758	141,282	(67,202)	-42.3%

Table 4: Financial Overview

The Constitution, Section 188(1)(b), states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. The Municipal Systems Act, Section 45, states that the results of performance measurement must be audited annually by the Auditor-General.

The 2024/2025 Annual Financial Statements have been prepared in August 2025 based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Municipality to continue as a going concern is dependent on a number of factors. In assessing whether the going concern assumption is appropriate under the current economic climate, management considered a vast range of factors, which include the current and expected performance of the Municipality, the likelihood of continued government funding and, if necessary, potential sources of additional funding. Further to this, the Municipality has implemented cost containment measures to limit unnecessary spending.

The assumption is further because the Municipality has a constitutional mandate to levy Property Rates and Service Charges to enable the Municipality to remain as a going concern. The Municipality will be operational over the short to medium term, given the current position where liquidity is under pressure.

1.3.2 Operating Ratios

Mechanisms, procedures and controls have been strengthened during the year under review for revenue and expenditure management. The operating ratios compared against National Treasury norms are depicted in the table below.

Operating Ratios: Year 2024/2025		
Ratio Detail	National Treasury Norm %	Actual Results %
Remuneration as a % of Operating Expenditure	25% - 40%	29,5%
Repairs & Maintenance as a % of Operating Expenditure		3,4%
Repairs & Maintenance as a % of the carrying value of Property, Plant and Equipment	8%	2,7%
Finance Charges & Depreciation as a % of Operating Expenditure		7,7%
Finance Charges & Redemption on External Loans as a % of Operating Expenditure	6% - 8%	7,8%

Table 5: Operating Ratios

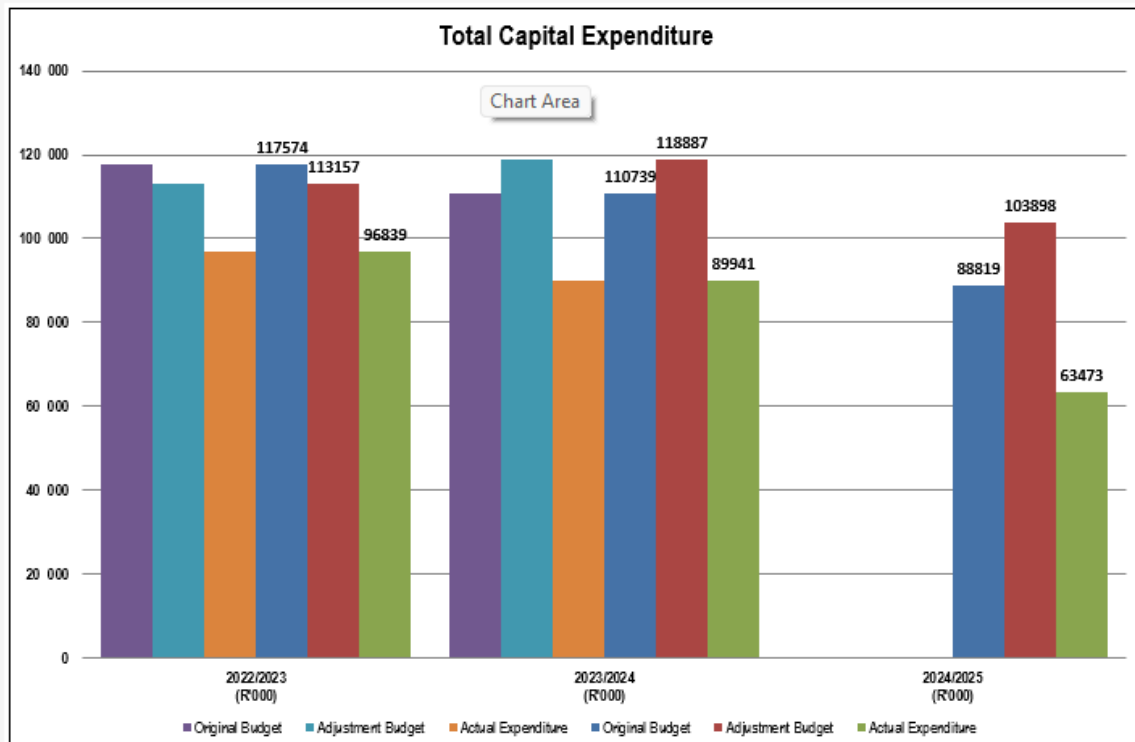
1.4.3 Capital Expenditure

Capital projects in the year under review were funded through Municipal Infrastructure Grant, Integrated National Electricity Programme, Equitable Share and internally generated funds. The municipality achieved a 61 % spending level on the capital budget for the 2024/2025 period. This is encouraging as more pressure needs to be put on departments, also the Project Management Unit (PMU), to implement and spend their budgets in a well-planned, effective and legislatively acceptable manner as opposed to spending just for the sake of chasing a 100 % level of spending. The difference in the Capital Budget and Cash Flow statement of comparison is that the Capital assets considered the Proceeds from the disposal of assets, and the Net amounted to the total capital budget of R103M. The figures are correct, however, with different disclosures. The total expenditure on capital projects over three years is depicted in the table below:

1	Total Capital Expenditure: 2022/2023 to 2024/2025			
2	Detail	2022/2023 (R'000)	2023/2024 (R'000)	2024/2025 (R'000)
3	Original Budget	117 574	110 739	88 819
4	Adjustment Budget	113 157	118 887	103 898
5	Actual Expenditure	96 839	89 941	63 473
6	Actual Expenditure as a % of Final Adjustments Budget	85,6%	75,7%	61,1%

Table 6: Capital Expenditure

Total Capital Expenditure



1.4 Organisational Development Overview

The reviewed Organisational Structure was approved by Council at its meeting held on 29 October 2018, consisting of five directorates (Community Services, Corporate Service, Financial Services, Infrastructure Services and Planning and Economic Development) and the Office of the Municipal Manager on the Macro Organisational Structure.

During the first half of 2019, Integrated Human Settlements was separated from the Directorate of Planning and Development, and an updated approved structure reflecting this as a separate Directorate was submitted and approved by the Municipal Council.

Council, at its meeting held on the 31st of March 2021, adopted a further amendment to the existing structure of the Finance Department, with an objective to accelerate revenue enhancement and collection.

Early 2025, after the appointment of the new Municipal Manager (Mr Lulamile Mapholoba) the municipality embarked on a process to strengthen the existing structure to ensure effective implementation of the municipality's legislatively (Section 152 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)) mandated responsibilities, conform with the conditions of the Section 154 Intervention Programme, whilst at same time improving the service delivery performance of the municipality.

1.5 Auditor-General Report

Knysna Municipality received an unqualified audit opinion with findings for the 2024/2025 financial year.

1.6 Statutory Annual Report Process

The table below depicts key activities and timelines in the Annual Report Process:

	ACTIVITY	TIMEFRAME
1.	Municipality Submits draft Annual Report including Consolidated Financial Statements and Annual Performance Report to the Auditor-General	August
2.	Auditor-General audits the Annual Report, including consolidated Annual Financial Statements and Performance Data	September/October
3.	Municipality receives and starts to address the Auditor-General's comments	November
4.	Executive Mayor tables Annual Report and the Audited Financial Statements to Council, complete with Auditor-General's Report	January
5.	Audited Annual Report is made public, and comment is invited	January/February
6.	Oversight Committee Assesses Annual Report	February
7.	Council adopts the Oversight Report	March
8.	Oversight Report is submitted to the Western Cape Provincial Government	March/April

Knysna Municipality has adopted Integrated Development Planning, Organisational Performance Management System and Budget Process Plan for the 2024/2025 financial year for review of IDP and 2025/2026 MTREF. These three components, Integrated Development Planning, Performance Management and Municipal Budgeting, were aligned in the process plan to ensure adherence to all legislative requirements. The process of developing the 2024/2025 Annual Report has been completed in line with the time frames set in the process plan.

The 2024/2025 Annual Report must now be submitted to the Knysna Municipal Council before the end of January 2026. This phase will be followed by an Oversight Report that must be submitted to the Municipal Council by the end of March 2025.

Chapter 2

Governance and Inter-Governmental Relations

Introduction

Good governance is a non-negotiable for developmental local government and a thought vision for the post-2000 democratic local government system. It provides direction to the municipal administration by means of monitoring and controlling the actions of management and adherence to the legal requirements for accountability.

The Constitution of South Africa, Act 108 of 1996, Sections 40 and 41 provide as follows:

“Sec 40”:

- 1) In the Republic, government is constituted as National, Provincial and local spheres of government, which are distinctive, interdependent and interrelated.
- 2) 2) All spheres of government must observe and adhere to the principles in this chapter and must conduct their activities within the parameters that the chapter provides.

“Sec 41” Principles of co-operative government and intergovernmental relations:

1) All spheres of government and all organs of state within each sphere must:

- (a) Preserve the peace, national unity and the indivisibility of the Republic;
- (b) Secure the well-being of the people of the Republic;
- (c) Provide effective, transparent, accountable and coherent government for the Republic as a whole;
- d) Be loyal to the Constitution, the Republic and its people;
- (e) Respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f) Not assume any power or function except those conferred on them in terms of the Constitution;
- (g) Exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- (h) Co-operate with one another in mutual trust and good faith by:
 - (i) Fostering friendly relations;
 - (ii) Assisting and supporting one another;

- (iii) Informing one another of, and consulting one another on, matters of common interest;
- (iv) Coordinating their actions and legislation with one another;
- (v) Adhering to agreed procedures; and
- (vi) Avoiding legal proceedings against one another.

According to Section 151 (2) of the Constitution, the Executive and Legislative authority of a municipality is vested in its municipal council.

According to Section 156 (1) of the Constitution, a municipality has executive authority in respect of, and has the right to administer:

- the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 (of the Constitution); and
- any other matter assigned to it by National or Provincial legislation.

According to Section 156(5) of the Constitution, a municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidentally, the effective performance of its functions.

2.1 Political Governance

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) prescribes a national system of local government and clearly distinguishes between the roles, functions, and responsibilities of both officials and political office bearers in governing and administering municipalities effectively, economically and efficiently.

Knysna Municipality has an Executive Mayoral type with all the Executive powers of the Council vested in the Executive Mayor, who is assisted by members of the Mayoral Committee. The political leadership of the municipality includes the Executive Mayor, the Council Speaker and the Council's Chief Whip.

The Council and administrative structure of Knysna functions on a clear separation of roles between the Council and Administration in order to enhance the oversight function of Councillors, in ensuring accountability by the Executive. This division of powers is furthermore critically important to ensure that the municipal council continues to exercise its oversight role over the achievement of specific and identified responsibilities as well as the powers granted to the executive mayor and all executive committees

	Committee	Legislation
1.	MPAC	The purpose of the committee is necessary for the effective and efficient performance of any of its functions or the exercise of any of its powers in terms of Section 79 of the Municipal Structures Act (Act No. 117 of 1998)

2.	Audit Committee	The purpose of the committee is to function in line with section 166 of the Municipal Finance Management Act No. 56 of 2003
3.	Risk Committee	The purpose of the committees is to assist the executive committee or Executive Mayor in terms of Section 80 of the Municipal Structures Act (Act No. 117 of 1998)
4.	Local Labor Forum	The purpose of the committee is to strengthen the working relations between the employer and the employee in line with the South African Local Governance Bargaining Council (SALGBC)

Table 7: Political Governance

In executing and performing the executive functions of Council and the Municipality, the Executive Mayor is backed by five (5) Members of the Mayoral Committee (MAYCO), each with a particular portfolio.

The Section 80 Portfolio Committees of Council include:

1. Planning and Economic Development
2. Infrastructure Services
3. Community Services
4. Finance and Governance
5. Integrated Human Settlements

The Speaker (Councillor Mark Willemse of KIM) is the Chairperson of Council and is mainly responsible for overseeing the functioning of Council and Council Committees. Section 73 of the Municipal Structures Act, 1998 (Act 117 of 1998) also provides for the establishment of ward committees. The objective of these committees is to enhance participatory democracy in the affairs of Knysna Municipality. Ward Councillors ensure that Ward Committee members are involved in commenting on all municipal progress reports, the IDP and the Budget process to be kept abreast and provide their input on service delivery challenges and developments within the municipality.

The Municipal Council is made up of twenty-one (21) Councillors. Eleven (11) Councillors are Ward Councillors, whilst the remaining ten (10) Councillors are Proportional Representative Councillors. The Knysna council remains the junction between Knysna Municipality and its demarcated 11 wards. At the end of the 2024/2025 Financial Year the council consisted of twenty (20) Councillors.

Political decisions are usually taken at ordinary or special council meetings where all participating political parties can deliberate on items as per the agenda, after which

resolutions are adopted. If no consensus cannot be reached, items are, after a thorough debate, put to vote by Councillors.

The municipal council also has a whippery which comprises the chief whip and the whips of the opposition parties represented in Council. They mainly handle inter-party relations, party discipline and issues of mutual interest.

The following table provides an overview of the number of representatives per political party:

	Political Party	Total
1.	African National Congress (ANC)	7
2.	Democratic Alliance (DA)	7
3.	Economic Freedom Fighters (EFF)	1
4.	Knysna Independent Movement (KIM)	2
5.	Patriotic Alliance (PA)	2
6.	Plaaslike Besorgde Inwoners (PBI)	1
	Total	20

Table 8: Political Parties

The following table depicts the details of the Ward Councillors

Ward	Name	Political Party
1	Cllr Leveal Davis	Democratic Alliance (DA)
2	Cllr Cleone Vanston	Democratic Alliance (DA)
3	Vacant	
4	Cllr Phindile Petros	African National Congress (ANC)
5	Cllr Hilton Stroebe	Democratic Alliance (DA)
6	Cllr Kay Andrews	African National Congress (ANC)
7	Cllr Mboneli Khumelwana	African National Congress (ANC)
8	Cllr Aubrey Tsengwa	African National Congress (ANC)
9	Cllr Sharon Sabbagh	Democratic Alliance (DA)
10	Cllr Peter Bester	Democratic Alliance (DA)
11	Cllr Russel Arends	African National Congress (ANC)

Table 9: Ward Councillors

The following table depicts the details of the Proportional Representative Councillors

Proportional Representative	Name	Political Party
PR	Cllr Susan Campbell	Knysna Independent Movement (KIM)
PR	Cllr Beauty Charlie	Patriotic Alliance (PA)
PR	Cllr Morton Gericke	Plaaslike Besorgde Inwoners (PBI)
PR	Cllr Waleed Grootboom	Patriotic Alliance (PA)
PR	Cllr Neil Louw	Economic Freedom Fighters (EFF)
PR	Cllr Thando Matika	African National Congress (ANC)
PR	Cllr André van Schalkwyk	Democratic Alliance (DA)
PR	Cllr Luzuko Tyokolo	Democratic Alliance (DA)
PR	Cllr Jason White	Democratic Alliance (DA)
PR	Cllr Mark Willemse	Knysna Independent Movement (KIM)

Table 10: Proportional Representative Councillors

The Mayoral Committee (MAYCO) is chaired by the Executive Mayor and draws membership from the chairs of the following 5 (five) well-established and functional Municipal Portfolio Committees (Section 80 Committees):



SPEAKER OF COUNCIL	EXECUTIVE MAYOR	DUPUTY EXECUTIVE MAYOR
		
Cllr Mark Willemse	Cllr Thando Matika	Cllr Morton Gericke

MAYORAL COMMITTEE

PLANNING AND ECONOMIC DEVELOPMENT	INFRASTRUCTURE SERVICES	COMMUNITY SERVICES	FINANCE AND GOVERNANCE	INTEGRATED HUMAN SETTLEMENTS
				
Cllr Morton Gericke	Cllr Beauty Charlie	Cllr Russel Arends	Cllr Kay Andrews	Cllr Neil Louw

WARD COUNCILLORS

		VACANT
		
		
		

PROPORTIONAL REPRESENTATIVES

Illustration 1: Knysna Council

Illustration 1: Knysna Council

Member of the Mayoral Committee (MMC)	Sec 80 Portfolio Committee	Responsible Functions of Oversight
Cllr Neil Louw	Integrated Human Settlements	Low-Cost Housing Projects; Upgrading of informal settlement areas; Gap housing; New housing projects
Cllr Beauty Charlie	Infrastructure Services	Bulk Infrastructure Services; Roads; Transport Management; Water Services; Wastewater Services; Electricity Distribution; Project Management
Cllr Russel Arends	Community Services	Disaster Management; Fire and Rescue; Traffic and Law Enforcement; Parks; Libraries; Arts and Culture & Heritage; Waste Management; Youth Development; Sport; Social Development
Cllr Morton Gericke	Planning, Economic Development and Tourism	Land Use Management; Building Control; Environmental Management; Economic Development; Tourism services
Cllr Kay Andrews	Finance and Governance	IDP and Internal Audit; All Finance-related matters; Administration services; Records and Archives; Committee Service; Property Management; Legal Services; Human Resources; Customer Relations; Public Participation; Information Communication Technology (ICT)

Table 11: Sec 80 Portfolio Committees

2.2 ADMINISTRATIVE GOVERNANCE

Section 60(b) of the Municipal Finance Management Act, 2003 (Act 56 of 2003), provides that the Municipal Manager of Knysna Municipality is the Accounting Officer of the municipality and must provide guidance on compliance with the prescriptions of the Act to political structures, political office bearers and the administration (officials) of the municipality and any entity under the sole or shared control of the municipality.

The Knysna Municipal administration consists mainly of the officials (appointed staff of the municipality). The Chief Accounting Officer in every municipality is the Municipal Manager. The Knysna Municipality appointed a new Municipal Manager in December 2024 whose performance is evaluated on a mid-yearly and annual basis. The Municipal Manager is the link between the council (policymakers) and the administration, who implement operational plans. As the head of the administration, he primarily serves as chief custodian of service delivery and implementation of political priorities. It is the responsibility of the municipal manager to ensure that the council's executive decisions and execution list are implemented.

As Chief Executive Officers of Knysna Municipality, the Municipal Manager also oversees the implementation of policies, manages the municipal operations, engages local service delivery partners and ensures the effective delivery of services to the residents of Knysna. Subsequently, he also gives regular feedback to the council on the implementation of these decisions.

To strengthen and support the operations of the Municipal Manager, the macro-organisational structure caters for the appointment of six (6) Directors. Directors are appointed on fixed-term employment contracts and report to the Municipal Manager. It is the responsibility of directors to meet and advise, weekly (at weekly Top Management and Extended Management Team Meetings), the Municipal Manager on service delivery related matters, departmental or project performance and promote, institutionalise and implement the responsibilities as assigned to them through their Employment Contracts and signed Performance Agreements in a cost-effective, efficient and economic manner.

The management team also engage with the Mayoral Committee regularly to ensure decision-making processes are expedited to enhance basic service delivery.

The following illustration provides an overview of the municipal top-layer administration under the leadership of the Municipal Manager, Dr Lulamile Mapholoba.



TIER 1	TIER 2	KEY RESPONSIBILITIES
Municipal Manager  Mr Lulamile Mapholoba	• Internal Audit Executive • Chief Risk Officer • Manager: Communications/Inter-governmental Relations • Senior Manager: Integrated Development Planning/Institutional Performance Management	• Overseeing Management and financial administration of the municipality • Institutional Performance Management • Analyse and prioritize the execution of processes to initiate, manage and control the delivery of basic services to communities • Integrated Development Planning • Internal Audit • Inter-governmental Relations • Risk and Compliance Management • Manages and directs communication, marketing and branding of the municipality
Director: Corporate Services  Ms Marlene Boyce	• Manager: Administration • Manager: Human Resource Management • Senior Manager: Information and Communications Technology • Manager: Legal Services • Manager: Public Participation • MPAC Co-ordinator	• Responsible for sound governance and public participation • Committee Services • Customer Relations • Ensuring effective and efficient management of Human Resources • Legal Services • Managing labour relations function • Manage the training and development of officials • Property and Records Management • Risk Management • Effective management of Information and Communication Technology



TIER 1	TIER 2	KEY RESPONSIBILITIES
Director: Community Services  Mr. Johnny Douglas	• Chief Disaster Management Officer • Chief Fire Officer • Manager: Disaster Management • Manager: Library Services • Manager: Public Safety • Manager: Social Development and Special Programmes • Manager: Waste Management	• Disaster Management • Fire and Rescue • Traffic and Law Enforcement • Parks • Overall management of the environmental services function including but not limited to waste management • Libraries • Cemeteries and Halls • Museums, Arts and Culture • Waste Management and Cleansing • Youth Development • Sport Development
Director: Planning and Economic Development  Ms. Andiswa Donywa	• Building Control Officer • Manager: Economic Development • Manager: Environmental Management • Manager: Land Use Management	• Development, implementation and review of the Local Economic Development Strategy, policies and procedures • Environmental Management • Land Use Management • Town Planning and Building Control • Investment Promotion and Marketing of Local Economic Development
Chief Financial Officer  Mr. Clifford Julius	• Manager: Budget and Reporting • Manager: Financial Statements, Compliance and Reporting • Manager: Assets and Liability Management • Senior Manager: Financial Management Services	• Financial Management • Revenue Services • Expenditure • Supply Chain Management • Management of assets of the municipality including the safeguarding and the maintenance of the assets • Financial Statements • Budget preparation, implementation and monitoring thereof

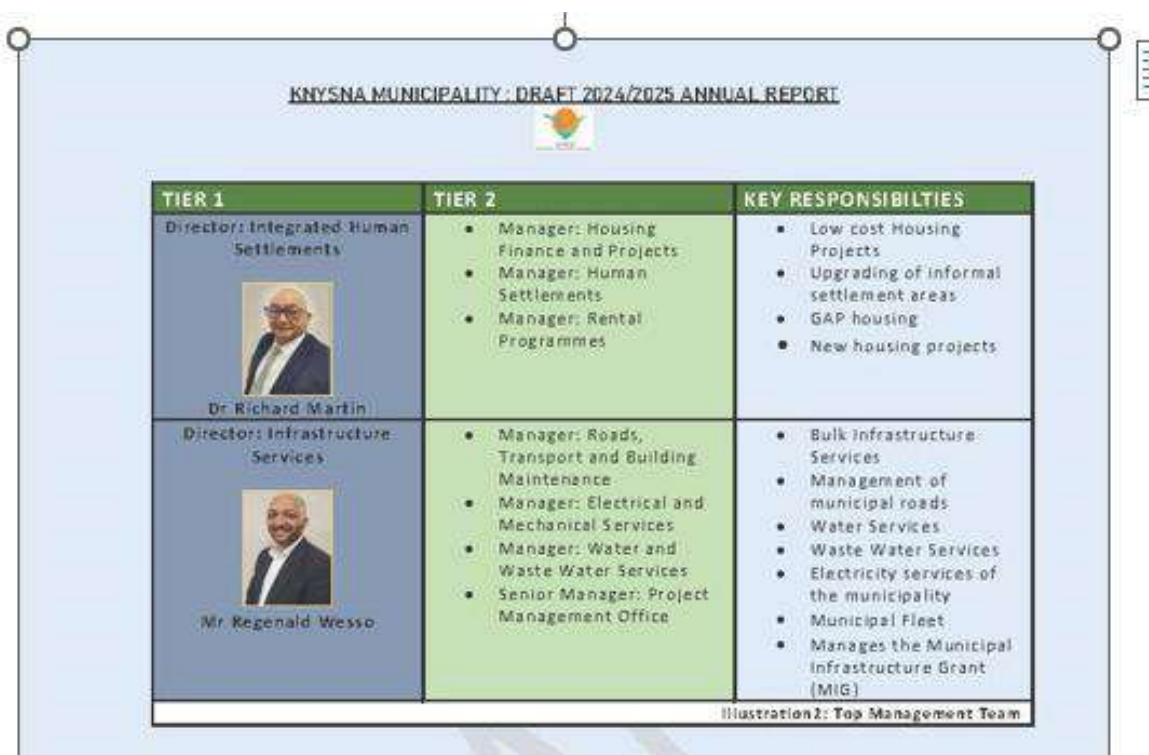


Illustration 2: Executive Management Team

INTER-GOVERNMENTAL RELATIONS

2.3 CO-OPERATIVE GOVERNANCE AND INTER-GOVERNMENTAL RELATIONS

INTRODUCTION

Co-operative government outline the core values of government as stipulated in Section 41(1) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as well as the implementation of these values through the establishment of structures and institutions. Co-operative government relates to the partnership between the three spheres of government and requires each sphere of government to fulfil a specific role, and encourages collaboration to address the basic needs of communities.

Section 3 of The Municipal Systems Act (MSA) furthermore requires municipalities to exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in the Constitution.

Knysna Municipality does not operate in isolation and strives to maintain good inter-governmental relations with all seven (7) municipalities that reside within the Garden Route District, Western Cape Provincial Government, South African National Government, State Owned Enterprises and existing Public Entities.

The Inter-Governmental Relations Framework Act 13 of 2005 intends to:

- Establish a framework for the national government, provincial governments and local governments to promote and facilitate Inter-governmental relations;
- To provide for mechanisms and procedures to facilitate the settlement of Inter-governmental disputes; and
- To provide for matters connected therewith.

A few of the inter-governmental platforms and meetings attended for the 2024/2025 period are reflected below:

Forum	Frequency	Responsible
Section 154 Steering Committee Meeting	Quarterly	Municipal Manager/Senior Manager: IDP/OPMS/IGR
PCF Tech	Quarterly	Executive Mayor/Municipal Manager
PCF	Quarterly	Executive Mayor/Municipal Manager
MinMay Tech	Quarterly	Executive Mayor/Municipal Manager
MinMay	Quarterly	Executive Mayor/Municipal Manager
Strategic Integrated Municipal Engagement (SiME)	Bi – Annually	Municipal Manager
SALGA Working Group Meetings	Quarterly	
District Communicators Forum	Quarterly	Manager: Communications/IGR
Joint District Chief Risk Officers and Chief Audit Executives Forum	Quarterly	Risk Management Officer
District IDP and Public Participation Managers Forum	Bi – Annually	Senior Manager: IDP/OPMS/IGR
District IDP Representative Forum	Bi – Annually	Senior Manager: IDP/OPMS/IGR
Provincial Public Participation Forum	Quarterly	Manager: Public Participation
IDP, Budget and PMS Representative Forum	Quarterly	Chief Financial Officer
South Cape Economic Partnership/LED Managers/Tourism forum	Quarterly	Manager: Local Economic Development
Provincial Local Economic Development Forum	Quarterly	Manager: Local Economic Development
District Green Energy Forum	Quarterly	Manager: Environmental Services
District Co-ordinating Forum	Quarterly	Executive Mayor

Forum	Frequency	Responsible
Garden Route Municipal Managers Forum	Quarterly	Municipal Manager
District EPWP Forum	Quarterly	Manager: Local Economic Development
Garden Route/ Central Karoo HR Forum	Annually	Manager: Human Resources
Regional Skills Development Facilitators Forum	Quarterly	Skills Development Officer
District/Regional Task Committee	Monthly	Human Resources Officer
Garden Route/ Central Karoo OHS Forum	Quarterly	Human Resources Officer
Garden Route/Central Karoo District Labour Practitioners Forum	Quarterly	
District CFO Forum	Quarterly	Chief Financial Officer
Provincial CRO and CAE Forum	Quarterly	Chief Audit Executive
District Roads and Infrastructure Forum	Quarterly	Director: Infrastructure Services
District Human Settlements Forum	Quarterly	Director: Integrated Human Settlements
Garden Route ICT and GIS Forum	Quarterly	Senior Manager: ICT
RELATIONSHIPS WITH MUNICIPAL ENTITIES		
Knysna Municipality does not have any municipal entities.		

Table 12: Inter-Governmental Forums

PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16(1) and Section 29(1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) outline the processes and procedures to be adhered to in terms of community participation. Based on the legislative requirements, public participation formed an integral part of the Knysna 2024/2025 IDP and Budget process. Communities were afforded the right to make representations and engage in the drafting of the IDP, considering the needs of their communities. The Knysna Communications Unit utilised various communication channels (including municipal notice boards, e-mails and the municipality's Facebook page) to convey information to the community.

Knysna Municipality actively pursues meaningful public participation and has structured its activities relevant to the Integrated Development Plan (IDP), Budget, and Ward-related matters accordingly. It also engages in feedback sessions and not only information gathering sessions, to enhance public transparency and accountability.

Towards the compilation of the 2023/2024 IDP last year, public participation engagements were held between April 2025 and May 2025 where the municipality (including the Municipal Manager, Directors and Extended Management) in conjunction with councillors, conducted an extensive exercise to collect, confirm community priorities, present the 2024 Municipal Spatial Development Framework and 2025/2026 – 2027/2028 budget.

Ward Committees were established in all eleven wards and were functional and met according to the public participation annual schedule. Ward Councillors, in collaboration with the municipality's Public Participation Unit, ensured that they are involved

in assessing and commenting on priority reports, in order to be kept well-informed (and in turn, to inform local community members) of changes and developments within the municipal space. This ensured a high level of public participation and promotes the principle of transparency and accountability.

During the 2024/2025 IDP, Spatial Development Framework and Budget public engagements were held between April and May 2025, respectively.

Ward Priorities were submitted to Ward Councillors in advance to scrutinise and liaise with their respective Ward Committee members in preparation for community engagements.

Knysna Municipality: Public Meetings (2024/2025)						
Nature and Purpose of the Meeting	Date	Number of Participating Councillors	Number of participating Administrators	Number of Community Members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to the community
Public Meetings	15/04/2025	3	6	102	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDP/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities
						Communities proposed projects and were

Public Meetings	16/04/2025	2	7	69	Yes	informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.
Public Meetings	29/04/2025	4	7	69	yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed. Municipal budgeting

						processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.
Public Meetings	30/04/2025	3	7	23	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDP/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities
IDP/MSDP/Budget Consultation	30/04/2025	4	7	43	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in

						terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDf/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.
IDP/MSDF/Budget Consultation	05/05/2025	4	7	66	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDf/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery,

						projects and programme's to be given priorities in the budget.
IDP/MSDF/Budget Consultation	06/06/2025	3	7	36	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.
IDP/MSDF/Budget Consultation	07/05/2025	2	6	20	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous

						needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities
IDP/MSDF/Budget Consultation	08/06/2025	3	6	31	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.

IDP/ MSDF/ Budget Consultations	08/05/202 5	3	6	43	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefie Id Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities
IDP/ MSDF/ Budget Consultations	12/05/202 5	5	7	76	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities.

						MSDF/Sedgefie ld Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.
IDP/ MSDF/ Budget Consultations	13/05/202 5	4	6	131	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefie ld Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities
						Communities proposed projects and were informed of the IDP

IDP/ MSDF/ Budget Consultations	14/05/2025	3	6	70	Yes	processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.
IDP/ MSDF/ Budget Consultations	15/05/2025	4	6	63	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefield Local SDF process discussed.

						Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities
IDP/ MSDF/ Budget Consultations	28/05/202 5	3	5	4	Yes	Communities proposed projects and were informed of the IDP processes, priorities, targets as well as progress made in terms of previous needs submitted by the Ward Councillor, Ward Committees and communities. MSDF/Sedgefie Id Local SDF process discussed. Municipal budgeting processes, tariffs, service delivery, projects and programme's to be given priorities in the budget.

Table 13: Public Participation

In addition to the aforementioned, the municipality reiterated its commitment to openness, transparency, accountability and co-operative governance through by means of interactive engagements between the municipality and stakeholders such as Regulatory Authorities, Ratepayers Associations, Traditional Leaders, Breede-Olifants Catchment Management Agency, The Accountability Group (TAG), the Greater Knysna Business Chamber (GKBC), Community Safety Forums and Afri-Forum to deliberate on

municipal developmental challenges and sustainable solutions for the needs of communities.

2.4 IDP PARTICIPATION AND ALIGNMENT

Public participation is critical as it is the cornerstone of community-municipality relationships and mend and interdependent connection between the municipality and all its stakeholders. To this extent, Knysna municipality believes that it is crucial to consult communities and their representatives in the municipal IDP process from the beginning.

According to Section 40 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) provides that the three spheres of government (national, provincial and local) are distinctive, interdependent and interrelated. They are autonomous ("the right to govern, on its own initiative") institutions, but must co-exist. They must co-operate on decision-making and coordinate their budgets, laws, policies and activities, particularly for those functions that cut across (transversal activities) the three spheres of government.

Co-operative governance means that national, provincial, and local governments should work together to provide citizens with a comprehensive package of services. They have to assist and support one another, share information and coordinate their efforts. Implementation of policies and government programmes particularly requires close co-operation between the three spheres of government.

Several policies, strategies and development indicators have been developed in line with the prescriptions of legislation to ensure that all government activities are aimed at meeting the developmental needs of local government.

Knysna municipality must strategically align its planning with the national, provincial and district policy directives, sector plans and legislation. This promotes the coherent planning, budgeting and implementation of programmes and projects. In this regard, KM ensures that its IDP is aligned to global, national, provincial and local spheres of government. The municipality attempts to ensure vertical and horizontal alignments in planning.

Municipal planning is informed by the National KPAs, Provincial Strategic Objectives and other National programs.

The six approved strategic objectives of Knysna Municipality are the following:

- i. To improve and maintain current basic service delivery, through specific infrastructural development projects;
- ii. To create an enabling environment for social development and economic growth;
- iii. To promote a safe and healthy environment through the protection of our natural resources;
- iv. To grow the revenue base of the municipality;
- v. To structure and manage the municipal administration to ensure efficient service delivery; and
- vi. To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication.

National KPA's for Municipalities Aligned to Knysna Municipality's Strategic Objectives	
NKPA 1: Municipal Transformation & Development	SO5: To structure and manage the municipal administration to ensure efficient service delivery
NKPA 2: Basic Service Delivery	SO1: To improve and maintain the current basic service delivery through specific infrastructural development projects
NKPA 3: Local Economic Development	SO3: To create an enabling environment for social development and economic growth
NKPA 4: Municipal Financial Viability & Management	SO4: To grow the revenue base of the municipality
NKPA 5: Good Governance & Public Participation	SO6: To encourage the involvement of communities in matters of local government, through the promotion of open channels of communication

Table 14: Alignment with National KPS's

Back to Basics Aligned to Knysna Strategic Objectives	
1. Putting people and their concerns first	SO6: To encourage the involvement of communities in matters of local government, through the promotion of open channels of communication
2. Supporting the delivery of municipal services to the right quality and standard	SO1: To improve and maintain the current basic service delivery through specific infrastructural development projects
3. Promoting good governance, transparency and accountability	SO6: To encourage the involvement of communities in matters of local government, through the promotion of open channels of communication
4. Ensuring sound financial management and accounting	SO4: To grow the revenue base of the municipality
5. Building institutional resilience and administrative capability	SO5: To structure and manage the municipal administration to ensure efficient service delivery

Table 15: Alignment with Back to Basics

National Development Plan 2030 Aligned to Knysna Municipality Strategic Objectives	
1. Creating jobs and improving livelihoods	SO3: To create an enabling environment for social development and economic growth
2. Expanding infrastructure	SO1: To improve and maintain current basic service delivery through specific infrastructural development projects
3. Transition to a low-carbon economy	SO2: To promote a safe and healthy environment through the protection of our natural resources
4. Transforming urban and rural spaces	SO1: To improve and maintain current basic service delivery through specific infrastructural development projects
5. Improving education and training	SO3: To create an enabling environment for social development and economic growth
6. Providing quality healthcare	SO3: To create an enabling environment for social development and economic growth
7. Fighting corruption and enhancing accountability	SO6: To encourage the involvement of communities in matters of local government, through the promotion of open channels of communication
8. Transforming society and uniting the nation	SO6: To encourage the involvement of communities in matters of local government, through the promotion of open channels of communication

Table 16: Alignment with the National Development Plan

The development of the 2024/2025 IDP was also undertaken, inclusive of non-statutory specific sector plans, including the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Local Economic Development Strategy and lastly the municipal 2024/2025-2026/2027 budget. Apart from the legislatively prescribed sector departmental plans, the 2024/2025 IDP also promotes the alignment with the following:

- The National Development Plan;
- Medium-Term Strategic Framework: 2019-2024;
- State of the Nation Address
- The Five National Key Performance Areas;
- Strategic Integrated Projects (SIPS)
- The Western Cape Government (WCG) Strategic Plan for 2019–2024
- Western Cape Provincial Spatial Development Framework
- State of the Province (SoPA) Priorities
- The District Development Model (One Plan)

- Sector Departmental Investment

The Knysna Municipality 2024 Performance Management Policy was amended as the framework that describes and represents how the municipality's process of performance planning, monitoring, measurement review, reporting and improvement will be conducted, organised and managed, including determining the different role-players. This policy document basically guides the development of a PMS for the KM. It also forms the basis of aligning the IDP with the operational SDBIPs, performance areas and performance indicators of the various departments of the KM.

The 2024/2025 IDP and Service Delivery and Budget Implementation Plan were also approved by the council and the Executive Mayor. While the IDP provided a framework for strategic decision-making, the SDBIP was envisaged to ensure that the desired results are achieved during implementation to ensure the correctness of the strategic direction of the objectives, strategies and projects put forward by the IDP.

The 2024/2025 SDBIP aimed to monitor the following:

- If delivery is happening as planned in the 2024/2025 SDBIP;
- If the municipality is using its financial and human resources most efficiently; and
- If the municipality is producing the quality-of-service delivery envisaged.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, and output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, and development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned, and can they be calculated into a score?	Yes
Does the budget align directly with the KPIs in the strategic plan?	Yes
Do the IDP KPIs align with the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four-quarter aligned reports submitted within the stipulated time frames?	Yes

Table 17: IDP Participation and Alignment Criteria

*Section 26 of the Local Government: Municipal Systems Act, Act 32/2000

2.5 RISK MANAGEMENT

Section 62(1)(c)(i) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) provides that “the accounting officer of a municipality is responsible for the managing of the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.”

Knysna Municipality adopted a Risk Management Policy in 2023. The key objectives of the policy are to ensure that risk management is:

- Proportionate to the level of risk within the organisation
- Aligned with other business activities
- Comprehensive, systematic and structured
- Embedded within business processes
- Dynamic, responsive to emerging change

Risk management remains a key priority of the Knysna municipality, and as such, it is a standing item on the weekly Top Management Team agenda. This meeting is chaired by the municipal manager and creates the opportunity for the early identification and mitigation of risks. It is the responsibility of all departments (directors, managers and supervisors) to identify, review and manage their risks on an ongoing basis and include risk management a part of the day-to-day planning, organisational functions and procedures. Risk management should be embedded in the organisation, it becomes an intrinsic part of business planning and decision making, mainly because there is no direction taken without looking at potential municipal risks.

The Knysna Strategic Risk Register is furthermore also aligned to the objectives of the 2024/2025 Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality. It is the responsibility of the Chief Risk Officer to submit progress reports to the quarterly Audit Committee Meetings, to report on progress made on the mitigation of the identified risks. Quarterly progress reports were also submitted to the Council on the mitigation of Strategic and Operational Risks. In the 2024/2025 financial year, Risk Management was audited by the internal audit for completeness and effectiveness.

The following table provides an overview of the municipality's top risks:

Strategic Objectives	Risk Title	Contributing Factors
To improve and maintain current basic delivery through specific infrastructural developments projects	Inadequate/backlog infrastructure asset management.	Insufficient budget allocated to infrastructure management.
To grow the revenue base of the municipality	Inadequate funding for Capital projects	Insufficient revenue/cash collection
To improve and maintain current basic delivery through specific infrastructural development projects	Failure to adequately implement and monitor the Water Master Plan	Insufficient budgets, Load-shedding, Vandalism, mechanical

To structure and manage the municipal administration to ensure efficient service delivery	Wastewater Risk Abatement Plan.	and electrical failures, non-filling of critical vacancies and positions held by unskilled personnel.
To structure and manage the municipal administration to ensure efficient service delivery	Limited raw water sources	Insufficient storage facilities for raw water
To improve and maintain the current basic delivery through specific infrastructural development projects	Non-compliance with the licensing and permits requirement (SANS 241-2015) for the water and wastewater treatment facilities	Inability to fill critical vacancies
To structure and manage the municipal administration to ensure efficient service delivery	Inadequate human capital development	Inadequate submissions by some departments of training needs

Table 18: Knysna Municipality Risk Register

2.6 ANTI-FRAUD AND CORRUPTION STRATEGY

In addition to promoting ethical conduct at Knysna Municipality, an Anti-Fraud and Corruption Strategy was formulated in 2023 to assist in preventing, detecting, investigating and sanctioning fraud and corruption. Different forms of fraud identified by the 2023/2024 Anti-Fraud and Corruption Strategy include:

- Cash Fraud
- Procurement fraud
- Account receivable fraud
- Inventory fraud
- Investment and fixed assets fraud
- Payroll fraud
- Computer / Cyber fraud

An independent Anti-Fraud and Corruption portal for employees, members of the public and external stakeholders to report allegations of fraud and corruption was also developed. The municipal channel on the Collaborator (Collab) citizen application now features an anti-fraud and corruption portal. This makes it easier to report suspicions of criminal activity. This dynamic Policy and Plan details the steps which have been and will

continually be taken by the municipality to avoid and report unethical conduct and address fraud and corruption.

The municipality's prevention strategies include:

- Education programs to raise and maintain awareness of staff and other stakeholders;
- Building and maintaining an ethical culture;
- Adoption of appropriate financial internal controls;
- Implementation of physical and information security measures;
- Vetting officials and suppliers before engagement; and
- Fraud Risk assessments.

Knowledge or suspicion of reportable transgressions may be reported to the following structures:

- Collaborator App
- National Anti-Corruption Hotline 0800 701 701
- offs@westerncape.gov.za
- Provincial Forensic Services 021 483 0931
- Direct Reporting (employee to line manager)

The Municipal Financial Management Act, Act 56 of 2003, places an obligation on the municipalities to report any incidents of fraud and corruption and to pursue criminal prosecution and recovery of public funds. When the investigation is concluded, all reported cases shall be responded to, based on their nature.

The municipality's resolution strategies include the following:

- Disciplinary proceedings;
- Civil recovery;
- Criminal prosecution; and
- Referring to other agencies and blacklisting

2.7 SUPPLY CHAIN MANAGEMENT

The Municipal Finance Management Act, 2003 (Act 56 of 2003), Sections 110 – 119, Supply Chain Management (SCM) Regulations 2005, and relevant MFMA Circulars set out required processes and guidance manuals to ensure SCM arrangements provide appropriate goods and services, offer best value for money and minimise the opportunities for fraud and corruption.

The municipality's Supply Chain Management system is functional, and all bid committee members were appointed by the Municipal Manager. The Bid Adjudication Committee meetings are open to the public, and no councillors are allowed to serve on any of the municipality's supply chain management committees. Contract management is being adhered to, as stipulated in Section 116 of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Regulation 36 of the same gazette states that the Municipal Manager may dispense with the official procurement process in certain circumstances, provided that the relevant reasons are recorded for any deviations and include a note to the Annual Financial Statements.

Deviations must comply with the policy and requirements, as well as be reported to the Knysna Council. In these cases, it was for justifiable reasons, and all such cases were reported to the Council. Deviations amounted to R 51,507,912 for the 2024/2025 financial year. This illustrates a decrease of 0.13% from the 2023/2024 financial year. Whilst some items mentioned had to be addressed on short notice and the response times did not allow for the complete procurement process to be followed, others were circumstantial or due to emergencies.

2.8 BY-LAWS

Section 11(3)(m) of the Municipal Systems Act, 2000 (Act 32 of 2000), endows municipal councils with the legislative authority to pass and implement municipal by-laws for the betterment of the community. The municipality's Legal Services Unit is based in the Corporate Services Department and plays a major role in finalising agreements and providing legal input on various matters such as policies, contracts, legislation and municipal by-laws.

By-law/s introduced by the Greater Knysna Municipality			
By-Law	Revised	By-Law Gazette (Yes/No)	Date of Publication
Knysna Municipality: Keeping of Dogs By-Law	No	No	N/A

Table 19: By-Law/s Introduced

2.9 WEBSITE

Knysna Municipality developed and maintains a functional and operational municipal website that displays legislatively required information as per the requirements of Section 75 of the MFMA and Section 21A and B of the MSA as amended.

The municipality's website also serves as a mechanism to promote accountability and transparency to communities, and therefore, information posted should be accurate and timeously updated. It is a communication tool that should allow easy and convenient access to relevant information. The municipality's website is an integral part of the municipality's communication strategy.

Knysna Municipality's Website complies with all requirements of Section 75 of the MFMA. The Council's website address is: <http://www.knysna.gov.za/>

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	28/06/2024 09/10/2024 11/03/2025 23/06/2025
All current budget-related policies	Yes	23/06/2025
The previous annual report (Year -1)	Yes (Draft)	29/01/2025
The annual report (Year 2023/24) published/to be published	Yes	15/02/2025
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	08/05/2025 12/05/2025 13/05/2025 14/05/2025
All service delivery agreements (Year 0)	Yes	03/12/2024 05/03/2025 22/05/2025 20/06/2025
All long-term borrowing contracts (Year 0)	Yes	28/08/2024
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	03/12/2024- 20/06/2025
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	06/09/2024
Contracts agreed in Year 0 to which subsection (1) of section 33 applies, subject to subsection (3) of that section	Yes	28/08/2024
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	12/11/2024 31/01/2025 02/05/2025

Table 20: Knysna Municipality Website (Content and Currency of Material)

2.10 CUSTOMER SATISFACTION SURVEYS

No Customer Satisfaction Surveys have been done in the year under review.

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Basic service delivery in the context of municipalities relates to the implementation of actions that are deemed public, with the objective of enhancing the quality of life of residents. It relates to the provisioning of services that can be interpreted as being visible and services that affect the day-to-day survival of communities. Some of the services include the provisioning of housing, road repair and maintenance, water and sanitation supply systems, sewerage systems and public transport. These services are undoubtedly services that can be regarded to as being essential for communities to exist. The key basic services rendered by Knysna Municipality include the provisioning of water, wastewater (sanitation), electricity, waste management and housing services.

The provision of basic services covers two categories:

- Residents/households registered to pay for services as per the municipality's Promun system
- Residents/households registered on our Indigent Register who require a level of subsidiary support to access basic services.

The Knysna Municipality, in its amended 2024/2025 Service Delivery and Budget Implementation Plan (SDBIP), identified the following key performance indicators (KPIs) for water and sanitation service delivery:

1. Provide free basic water to indigent households
2. Provide free basic sanitation to indigent account holders connected to the municipal sanitation infrastructure network
3. Number of residential properties with access to water services and are on the financial system as of the end of June
4. Number of formal residential properties connected to the municipal wastewater sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at the end of June of the financial year
5. Limit unaccounted water losses to less than 35%
6. 90% compliance with general standards about wastewater outflow by 30 June of the financial year;

7. 95% water quality level obtained as per SANS 241 physical and micro parameters by 30 June of the financial year.

The provision of basic services within the Greater Knysna municipal area is primarily informed by the foundation layer, as established during public consultations to develop the Five-Year IDP and its annual review. The annual review of the IDP focuses on the continued relevance of identified community needs and applicable municipal strategies to address these needs. In the context of basic services, the following strategies guide development planning and response:

- Water Services Development Plan;
- Electricity Master Plan;
- Roads and Storm Water Master Plan; and
- Waste Management Plan.

The municipality continues to utilise all efforts to reduce the water losses, as this may also contribute to poor compliance with water use efficiencies. In South Africa, the national norm and target range for electricity energy losses in municipal distribution systems is between 5% and 12%, as set by the National Energy Regulator (NERSA). In the 2024/2025 Knysna Municipality managed to reduce the percentage of electricity losses to a remarkable 10,46 %. The percentage water losses increased from 35,38 % in 2023/2024 to 47.98 % in 2024/2025 of the water production volume. The Indigent Register for the 2024/2025 financial year reflects a total number of 3170 indigents received free basic water, and 3150 basic sanitation.

Internal Reference / Indicator Code	KPI Description	2024/2025 Actual
TL28	Number of residential properties with access to water services as registered on the financial system as at end June	17,806
TL29	Number of residential properties with access to electricity services registered on the financial system (Promun and Ontec) at the end of June of the financial year	25,450
TL30	Number of formal residential properties which are billed for sewerage as at the end of June of the financial year	12,767
TL31	Number of formal residential properties which are billed for refuse removal as of the end of June of the financial year	16,586

TL34	Number of indigent households receiving free basic water as of the end of June of the financial year	3,170
TL35	Number of indigent households receiving free basic electricity as of 30 June of the financial year	3,168
TL36	Number of indigent households receiving free basic sanitation as of the end of June of the financial year	3,150
TL37	Number of indigent households receiving free basic refuse removal as of the end of June of the financial year	3,165
TL56	Less than (<) 35% water losses were recorded by the end of June of the financial year	47,98%
TL57	One hundred % (100%) of the Streets and Stormwater Capital Budget spent by the end of June of the financial year	73,9%
TL58	100% compliance with the general standards for wastewater outflow by the end of June of the financial year	67,12%
TL59	95% compliance with the SANS 241 regarding the water quality level by the end of June of the financial year	96,59%
TL60	Less than 11.5% electricity losses by the end of June of the financial year	10,46%
TL63	Number of sites serviced through the Human Settlements Development Grant (HSDG) programmes	44
TL65	Ninety-nine (99) housing opportunities were provided for the financial year	42

Table 21: Basic Service Delivery

Free Basic Services to Low-Income Households					
Financial Year	Household earning less than R5,300 per month				
	Property Rates Social Rebates	Free Basic Water	Free Basic Sanitation	Free Basic Electricity	Free Basic Refuse
2020/2021	1,689	1,689	1,689	1,425	1,689
2021/2022	1,485	1,335	1,479	1,527	1,485
2022/2023	2,107	2,107	2,107	1,868	2,107
2023/2024	2,770	2,749	2,754	2,511	2,762
2024/2025	3,113	3,170	3,168	3,150	3,165
Free Basic Services to Low-Income Households					T 3.6.3

Table 22: Free Basic Services to Low-income Households

3.1 WATER PROVISIONING

Water is most certainly an essential and irreplaceable natural resource, vital for life, the environment, food production, hygiene, and power generation. The link between poverty reduction and improved water management and provisioning is clear. Section 4B of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) provides that local governments are responsible for water and sanitation services, including potable water supply systems and domestic wastewater and sewerage disposal systems. Basic

water service is defined as 25 litres of potable water per day provided within 200 meters of a household.

The Water Services Act, 1997 (Act 108 of 1997) provides that all spheres of government must provide water supply services in an efficient, equitable and sustainable manner. Municipalities with Water Services Authority status must also provide measures to promote water conservation and demand management, which should be included in their Water Services Development Plans (WSDP).

Service Delivery Levels

The following table indicates the staff composition for this division:

Job Level	Year 2024/25			
	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	2	2	0	0%
4 - 6	110	49	61	55%
7 - 9	44	20	24	55%
10 - 12	22	10	12	55%
13 - 15	6	2	4	66%
16 - 18	1	1	0	0%
19 - 20	0	0	0	0%
Total	185	84	101	55%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or the adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management'), then dividing that total by 250 to give the number of posts equivalent to the accumulated days.				

Table 23: Staff Composition Water Services

The water losses report is as depicted below:

Water Distribution Losses	2025	2024	2023	2022	2021
Mega Litres Purified	5,484,402	5,807,434	3,714,913	4,623,913	4,159,861
Mega Litres lost during distribution	2,631,514	1,956,048	509,711	1,256,691	1,850,985
Percentage lost during distribution	47,98%	33,68%	13,72%	27,18%	44,5%

Table 24: Water Losses

Operating and Revenue Expenditure: Water Services Division

Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	138 965	144 586	129 641	145 093	11,9%
Expenditure:					
Employees	30 312	26 558	30 392	31 819	-4,7%
Repairs and Maintenance	10 778	11 760	7 377	5 314	28,0%
Other	99 438	92 098	77 221	80 912	-4,8%
Total Operational Expenditure	140 528	130 416	114 990	118 046	-2,7%
Net Operational Surplus / (Deficit)	(1 563)	14 170	14 651	27 047	84,6%

Table 25: Operating and Revenue Expenditure – Water Services

Capital Expenditure: Water Services Division

Capital Expenditure Year 2024/2025: Water Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	15 423 527	22 579 613	13 457 669	40,4%
Fencing at wastewater infrastructure facilities	500 000	0	0	0,0%
Municipal Water Resilience Grant - W C P A	0	7 944 348	3 793 848	52,2%
Water Services Infrastructure Grant	8 695 652	7 831 304	7 735 259	1,2%
Bulk Water Supply - Karatara	0	434 782	125 987	71,0%
MIG: 196403 - New Lower River Dam	6 227 875	2 611 738	1 512 297	42,1%
Upgrade Bulk Water Supply Rheenendal	0	1 583 528	290 277	81,7%
Smart Meters Installation	0	2 173 913	0	100,0%

Table 26: Capital Expenditure - Water Services

3.2 WASTEWATER (SANITATION) SERVICES

According to Section 4B of the Constitution, local governments are responsible for water and sanitation services, including potable water supply systems and domestic wastewater and sewerage disposal.

The Department of Water and Sanitation (DWS) began regulating water services in South Africa in 2004 and has since strengthened this approach with the introduction of incentive-based regulatory programs, such as the Green Drop and the newly launched No Drop Certification. These programs have surpassed expectations, even gaining political attention. Knysna Municipality is hard at work to meet the standards set by the local government. The challenges, however, to address the existing infrastructure backlogs include:

- Migration patterns result in a rapid increase in population growth in the Knysna area;
- Mushrooming informal housing settlements and the upgrading thereof place excessive pressure on the existing services and infrastructure capacity
- Anything other than a full waterborne system is perceived as a lower standard of service
- Limited resources are available to alleviate the sanitation backlogs
- Sabotage and vandalism of sanitation infrastructure and public amenities
- Dependency on conventional sanitation technologies

The provision of sanitation services is broken down into water-borne (flush toilets) systems connected to the sewer network, pumped into various wastewater treatment works for purification, before it is discharged into the river and waterborne systems connected to septic tanks, which are emptied frequently for disposal at wastewater treatment works as well as chemical toilets, Ventilated Improved Pit Latrine (VIP) toilets and pit latrines, which are maintained on a regular basis.

The Following table depicts the staff composition for this division:

Employees: Sanitation Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	33	25	8	24%
4-6	25	66	43	23	35%
7-9	1	12	12	0	0%
10-12	0	4	2	2	50%
13-15	0	0	0	0	0%
16-18	0	1	0	1	100%
19-20	0	0	0	0	0%
Total		116	82	34	29%

Table 27: Staff Composition – Wastewater

Operating and Revenue Expenditure: Wastewater Division

Financial Performance Year 2024/2025: Sanitation Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	58 578	60 768	59 939	61 243	2,2%
Expenditure:					
Employees	9 410	10 261	8 795	9 017	-2,5%
Repairs and Maintenance	9 387	8 040	4 888	4 222	13,6%
Other	34 036	24 099	24 207	25 601	-5,8%
Total Operational Expenditure	52 832	42 400	37 890	38 841	-2,5%
Net Operational Surplus / (Deficit)	5 747	18 368	22 049	22 402	1,6%

Table 28: Operating and Revenue Expenditure: Wastewater Division

Capital Expenditure: Wastewater Division

Capital Expenditure Year 2024/2025: Sanitation Services				
	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Capital Projects				
Total: Capital Projects	3 920 800	6 965 603	5 088 511	26,9%
Refurbishment of the biodisk in Karatara	400 000	400 000	0	100,0%
Refurbishment of the biodisk in Belvedere	790 800	790 800	0	100,0%
Replacement of Pump, Valves and rails	0	1 877 412	1 891 674	-0,8%
Brenton on Lake to Belvedere Sewer Link	0	217 391	213 692	1,7%
Bulk Sewer Services Damsebos next to Uniondale Road	730 000	1 030 000	730 000	29,1%
Upgrade the main Sewer Pump Station and sewers in the CBD	500 000	2 000 000	1 975 224	1,2%
Knysna Windheuwel WWTW	250 000	250 000	217 391	13,0%
Rehabilitation of the Khayaletu sewer project	1 250 000	400 000	60 530	84,9%

Table 29: Capital Expenditure - Wastewater Division

3.3 ELECTRICITY

Local government plays a very important role in the provision of electricity. Section 153 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) places the responsibility on municipalities to ensure the provision of services to communities in a sustainable manner for economic and social support.

Knysna Municipality, as a Service Authority within its area of jurisdiction, has a Legislative Mandate to provide services in a safe and healthy environment. The electricity section is also responsible for the operation, maintenance, extension, and upgrading of the infrastructure. In so doing, it promotes and catalyses the socio-economic development within the area. Service provision is mainly the development, extension, and maintenance of infrastructure. However, the municipality has an infrastructural base that is in a state of decay, with a large percentage of aged and outdated technology. The backlogs in terms of maintenance and upgrading are colossal, and the available resources are simply not adequate for the task.

Core Responsibilities of the electricity department include:

- Providing quality and uninterrupted supply of electricity to all domestic, business, industrial and rural consumers within its area of distribution;
- Maintaining the electricity distribution network to adhere to the prescribed standards;
- Upgrading of the electricity distribution network to accommodate population growth as well as business and industrial development;
- Monitoring the electricity consumption of consumers by means of effective metering and visual inspections to minimise electricity losses;
- Maintaining all public lighting and traffic lighting; and
- Providing accurate feedback to the monitoring authority, National Energy Regulator South Africa (NERSA), pertaining to the quality of service and quality of supply to adhere to license conditions.

The challenges experienced by the section to address the existing infrastructure backlogs include:

- Electrification is dependent on funding from other spheres of government.
- Limited availability of qualified and competent electrical technicians;
- Proper township establishment is a prerequisite for the electrification of informal settlements;
- High cost of electricity for end users and potential developers;
- Feasibility of overhead distribution network vs. underground cabling; and
- Resignation of professionally registered and qualified staff.

The electricity losses are described below:

Electricity distribution losses	2025	2024	2023
Units purchased (MwH)	163 359 684	158 117 205	154 793 947
Units sold (MwH)	146 280 356	139 810 155	135 987 983
Units lost during distribution (Mwh)	17 079 328	18 307 050	18 805 964
Percentage lost during distribution	10,46%	11,58%	12,15%

Table 30: Electricity Losses

The following table describes the staff composition for this division:

Employees : Electricity Services					
Job Level	20 23/20 24	20 24/20 25			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
					%
0 - 3	0	0	0	0	0%
4 - 6	11	11	11	1	1%
7 - 9	0	0	0	0	0%
10 - 12	11	11	11	3	27%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	1	1%
19 - 20	0	0	0	0	0%
Total	24	24	24	5	21%
Totals should equate to those included in the Chapter 4 total of employee scheduled. Employees and Posts numbers are as at 30 June. * Posts must be established and funded in the approved budget or adjustment budget. Full-time equivalents are calculated by taking the total number of working days (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 220 to give the number of posts equivalent to the accumulated days.					
T 3.3.5					

Table 31: Staff composition – Electro-Technical Dept.

Operating Revenue and Expenditure: Electro-Technical Dept.

Financial Performance Year 2024/2025: Electricity Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	398 024	456 044	450 846	449 582	-0,3%
Expenditure:					
Employees	17 070	20 268	16 362	16 502	-0,9%
Repairs and Maintenance	11 774	17 764	13 760	13 057	5,1%
Other	351 648	393 179	394 824	390 912	1,0%
Total Operational Expenditure	380 492	431 211	424 946	420 471	1,1%
Net Operational Surplus / (Deficit)	17 532	24 834	25 900	29 111	12,4%
T. 3.3.6					

Table 32: Operating revenue and expenditure - Electro-Technical Dept.

Financial Performance: Electro-Technical Dept

Financial Performance Year 2023/2024: Electricity Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	398 024	456 044	450 846	441 844	-2,0%
Expenditure:					
Employees	17 070	20 268	16 362	16 502	-0,9%
Repairs and Maintenance	11 774	17 764	13 760	13 390	2,7%
Other	351 648	393 179	403 100	385 875	4,3%
Total Operational Expenditure	380 492	431 211	433 221	415 768	4,0%
Net Operational Surplus / (Deficit)	17 532	24 834	17 624	26 076	48,0%

Table 33: Financial Performance: Electro-Technical Dept

Capital Expenditure: Electro-Technical Dept

Capital Expenditure Year 2024/2025: Electricity Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	17 704 348	14 991 180	2 626 632	82,5%
Electrification of informal areas	1 000 000	1 000 000	141 120	85,9%
Electrification of informal areas	1 000 000	1 000 000	817 553	18,2%
Electrification of informal areas	0	500 000	0	100,0%
Electrification of Formal Housing	0	71 615	0	100,0%
Electrification of formal Houses (INEP) - Hlalani Damsebos	1 356 522	1 356 522	545 128	59,8%
Bulk upgrade main intake substation	12 347 826	7 252 174	391 730	94,6%
Rheenendal Spotlights	0	400 000	0	100,0%
Electrification of informal areas - Hornlee	0	500 000	0	100,0%
Refurbishment of Ring Main Units	0	391 304	0	100,0%
Relay replacement to reduce overloading	1 000 000	1 000 000	731 100	26,9%
Smart Meters Installation	0	869 565	0	100,0%
Replacement of 2 RMUs s Eastford and White location	1 000 000	650 000	0	100,0%

Table 34: Capital Expenditure: Electro-Technical Dept

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

The Solid Waste Management mandate is derived from Chapter 2, Section 24 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). The National Environmental Management: Waste Act (NEMWA), 2008 (Act 59 of 2008) is the core legislative guide for delivering a quality Solid Waste Management service. The Section is responsible for the following functions:

- Refuse Removal
- Street Cleansing
- Public Toilets
- Landfill sites.

The fragmented and uncoordinated approach to pollution and waste management, combined with insufficient resources to implement and monitor existing legislation, has led to unacceptably high levels of pollution and waste in South Africa. Improvements are expected through the implementation of various policies, legislation, standards, and guidelines, along with the promotion of cooperative governance as outlined in the Constitution. These efforts aim to eliminate fragmentation, duplication, and lack of coordination. Pollution and waste management are not solely the government's responsibility; the private sector and civil society also play crucial roles.

Establishing partnerships between the government and the private sector is essential for sustainable and effective pollution and waste management. Likewise, fostering cooperative governance between state organs is vital due to the cross-cutting nature of pollution and waste management.

Knysna Municipality strives to achieve the target set by the National Government for the reduction of waste that reaches landfill by 50% through the implementation of recycling and composting initiatives in order to reduce, reuse, and recycle. The goal of the Solid Waste Management Section is to keep Greater Knysna Clean, Green and Safe. Secondly, to improve access to basic waste management services through cleaning, collection and disposal, while significantly diverting waste from landfill.

The focus of the Waste Removal Section is the provision of efficient, cost-effective and

environmentally friendly waste removal services. The collection of waste from residential and business clients is available daily, with residential clients receiving weekly waste collection and while business clients receive up to three collections per week, depending on requirement.

The minimisation of waste that reaches the landfill site is encouraged through the issuing and collection of clear bags. The recycling service is contracted to a service provider who takes responsibility for the sorting and baling of recyclable waste. Non-recyclable waste is taken to a central transfer station where it is compacted in huge containers and transported to PetroSA in Mossel Bay. Garden Route District Municipality is also busy with a new regional landfill site that will service both Knysna, Plettenberg Bay, George and Mossel Bay. Due to the unexpected closure of PetroSA in the coming few months, the key driver is the landfill site that the Garden Route District Municipality is implementing.

The section, however, also encounters some challenges:

- The transfer station does not cater for the sorting of waste, which results in recyclable waste reaching landfill.
- Old Place Garden Refuse site – the only permitted green waste facility in Knysna has reached capacity and also contributes towards the issue of illegal dumping. A new site should be identified and developed soon.
- The Municipal refuse collection schedule should be revisited since the collections are not evenly spread through the week, and therefore, it is difficult to complete certain days during normal working hours.
- The waste transfer facility is located on a dormant railway facility on which the council continues to incur rental costs. A huge financial outlay will be required to relocate the facility to municipal owned land;
- Inexplicable widespread illegal dumping in all wards, which could be a result of distances to local disposal or collection sites; and
- Implementation of containerised waste collection in areas that are not accessible due to the topography of the town.

A Third-Generation Integrated Waste Management Plan (IWMP) was developed and approved during the 2019/20 financial year. This document is a working tool for the Waste Management Department for the next five years. Inputs regarding the plan have

been received from the Department of Environmental Affairs and Development Planning.

The waste section has undergone numerous challenges within the section with breakdowns of old trucks, and now will go into the new financial year with a budget for 2 new refuse collection trucks. The waste unit is still under section 154, but has shown great strides in addressing these environmental challenges within the unit. Feasibility studies were conducted to look at the new waste-to-energy concept and the relocation of the transfer station. Windheuwel project was a key project identified for the waste-to-energy plant, together with the wastewater treatment plant for the Northern Areas. Garden Route District Municipality went out on tender to appoint a service provider. All B Municipality signed a service level agreement (SLA) with GRDM regarding the review of the integrated waste management plan.

Service Statistics

- Service statistics on total households should be aligned to the finance information – Municipality rendering a collection service to 93% of properties, excluding Bosdorpies/Forest Villages like your Brackenhill/Diepvalle areas.
- Number of formal residents with access to refuse removal once a week, coupled with financial information, and around 16,586
- Number of indigent households receiving free basic refuse removal for the 2024/2025 financial year equals 3,165
- Using Communal Refuse dump = 1 (Refuse Transfer Station)
- Other refuse disposal = None
- No rubbish disposal = None

Waste management education and awareness programmes and environmental cleaning campaigns at primary schools, informal settlements and previously disadvantaged communities assist in the prevention and control of waste management.

Recycling is being done by two service providers in the Greater Knysna for a 3-year period. The only feasible option with the Sedgefield facility is to create a drop-off facility, taking cognisance of the facility having no electricity or stormwater system. The source of recycling is Knysna, where it is processed and transported to other agents.

Municipal waste is being transported to PetroSA daily by the service provider; the waste unit is still busy with the transversal tender. Purchasing of Hook lift and compactor trucks was budgeted for to mitigate backlogs and minimise money spent on hiring charges. In terms of the waste facility, there are two security personnel safeguarding the assets of the Municipality. Together with the current super sucker, the water and sewer unit also proposed that we use the enzyme they are currently using for the smell and breakdown of fats and sludge at the WWTW. The waste unit will be using the enzyme to see the current output it creates and will purchase more after testing from laboratory services.

The following table indicates the staff composition of this division:

Employees: Solid Waste Management Services					
Job Level	2023/2024	2024/2025			
	Employees	Posts	Employees	Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	27	27	27	1	4%
4-6	55	55	55	1	2%
7-9	10	10	10	0	0%
10-12	2	2	2	0	0%
13-15	0	0	0	0	0%
16-18	1	1	1	0	0%
19-20	0	0	0	0	0%
Total	95	95	95	2	0%
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>					
T3.4.5					

Table 35: Employees - Solid Waste

Operating and Revenue Expenditure

Financial Performance Year 2024/2025: Solid Waste Management Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	53 772	57 081	66 501	61 878	-7,0%
Expenditure:					
Employees	25 105	24 707	26 865	28 074	-4,5%
Repairs and Maintenance	4 439	700	3 577	4 086	-14,2%
Other	39 360	39 935	36 926	42 102	-14,0%
Total Operational Expenditure	68 904	65 341	67 368	74 263	-10,2%
Net Operational Surplus / (Deficit)	(15 132)	(8 260)	(867)	(12 385)	1328,2%

Table 36: Financial Performance Solid Waste

Capital Expenditure

Capital Expenditure Year 2024/2025: Solid Waste Management Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	3 000 000	0	100,0%
New Compactor Trucks	0	3 000 000	0	100,0%

Table 37: Capital Expenditure Solid Waste

3.5 Integrated Human Settlements/HOUSING

The Directorate of Integrated Human Settlements acts as an agent for the Provincial Government and is working with them to achieve their vision, to develop sustainable integrated human settlements. Sustainable settlements are residential areas that allow their residents to access social and economic opportunities close to where they live. The Directorate acts as an agent for the Provincial Government and is working with them to achieve their vision, to develop sustainable, integrated human settlements. Sustainable settlements are residential areas that allow their residents to access social and economic opportunities close to where they live.

In 2019, the new directorate of Integrated Human Settlements was established with a mandate of ensuring that, through a period of 10 years, the housing demand of 9588 with 3% increase is addressed by ensuring that land for future residential purposes is identified and development processes are followed. The directorate is tasked with the responsibility of implementing all Housing programs as outlined in the Housing code, which include Social/Rental Housing, Finance Linked Subsidy Program, Affordable housing, Community Residential units, Upgrading of Informal Settlements. Enhanced People's Housing Process and Provision of Interim Basic Services.

Census provide that in 2022, Knysna had approximately 27,127 formal households with an annual growth rate of 1.8 % and 5,271 informal households growing at an annual rate of 14.2 %.

By 2032, Knysna will need to accommodate 5,527 additional households, with informal settlements showing a marked increase. By 2052, the total household number is projected to reach 80,947, representing a growth of 48,549 households from the 2022 baseline.

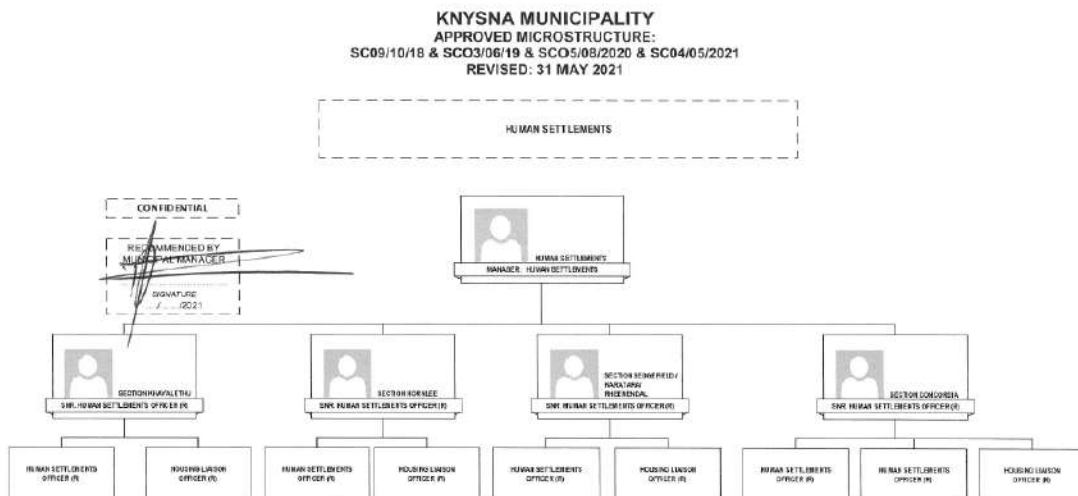
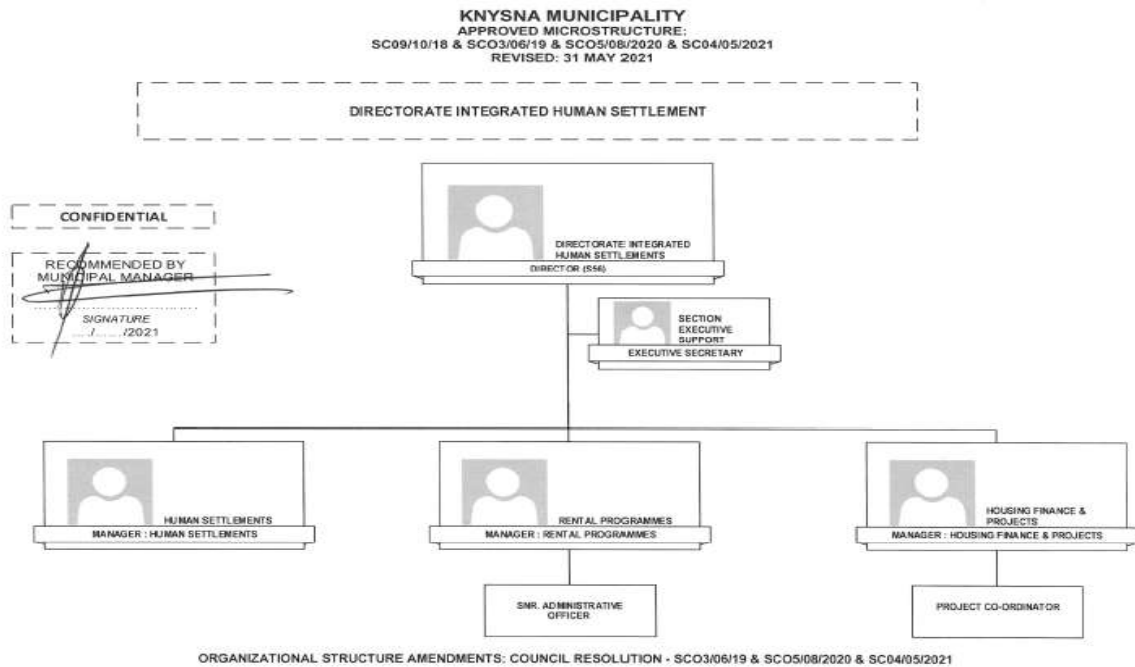
This household growth has significant implications for spatial planning, infrastructure development, and service delivery across Knysna. The municipality will need to identify areas for both formal and informal settlement expansion, prioritise infrastructure investment, and ensure service delivery is aligned with projected demand. Addressing informal settlement growth, improving housing quality, and expanding municipal services will be key to managing this anticipated growth in a sustainable and inclusive manner. Proactive planning for land use, housing density, and infrastructure expansion will be essential to meeting these needs.

The challenges experienced by the department include:

- Increasing demand for adequate quality housing opportunities;
- Limited availability of suitable land for the implementation of human settlement projects;
- Housing delivery is dependent on funding from other spheres of government;
- Migration trends resulting in an increase in population, which subsequently increases the demand for houses at the lower end of the income bracket;
- Uncontrolled settlement of people on municipal or SANRAL land;

- Limited resources for emergency housing initiatives as a result of disaster situations;
- Urban expansion, including informal settlements, existing land uses' impact on sensitive natural systems, increases vulnerability to disaster and results in a mounting infrastructure maintenance backlog; and
- Potential risk of illegal land occupation in ecologically sensitive areas.

The following describes the staff organisational structure for this division:



Service Statistics

Percentage of households with access to basic housing			
Year end	Total households (informal and informal settlements)	Households in formal settlements	Percentage of HHs in informal settlements
Year 2024/2025	32,398	6,620	79,46%
Year 2023/2024	32,398	8,823	72,76%
Year 2022/2023	32,398	9,003	72,21%
Year 2021/2022	32,398	9,184	71,65%
Year 2020/2021	27,587	9,354	66,09%
T3.5.2			

Table 38: Percentage of Households with access to basic housing

Operating Revenue and Expenditure

Financial Performance Year 2023/2024: Housing Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	24,541	21,912	23,170	23,076	-0.4%
Expenditure:					
Employees	6,150	7,793	7,146	7,253	-1.5%
Repairs and Maintenance	186	0	0	194	0.0%
Other	36,376	32,648	35,735	33,240	7.0%
Total Operational Expenditure	42,712	40,442	42,881	40,687	5.1%
Net Operational Surplus / (Deficit)	(18,171)	(18,529)	(19,712)	(17,611)	-10.7%

Table 39: Financial Performance: Housing Services

Capital Expenditure

Capital Expenditure Year 2024/2025: Housing Services

	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Capital Projects				
Total: Capital Projects	10 900 000	2 900 000	3 014 650	-4,0%
Knysna Vision(1393) UISP	2 400 000	2 400 000	2 299 907	4,2%
Sedgefield Infill - Informal Settlements Upgrading Partnership Grant	8 000 000	0	714 743	0,0%
Subsoil drains - Bongani Khayaletu Valley	500 000	500 000	0	100,0%

Table 40: Capital Expenditure - Housing Services

ROADS AND TRANSPORT

INTRODUCTION

Knysna Municipality has a total road network of over 287 km, of which 242 km is paved and over 45 km are unpaved. The Municipality, with the assistance of the Garden Route District Municipality 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 prioritise and manage road maintenance and upgrading however the development of new roads is only rolled out through the housing development programs and private developments.

The Municipality has two road strategies: the RAMS, which is a maintenance strategy and the Urban Renewal Strategy (URS), which has identified road upgrades in the CBD as a priority. The maintenance strategy has resurfaced 4 km of public streets during the 2024/2025 financial year.

The funding for resurfacing, however, is far from being sufficient and, at the current pace, will take more than a decade to achieve the level of asset management required. The general condition of the roads bears witness to the shortcomings, as the prevalence of potholes is an indication that the surface has long since exceeded its lifespan, and the high need for rehabilitation indicates that normal maintenance is no longer possible, as the asset has incurred too much damage.

The creation of the RAMS is a step in the right direction with respect to timely, appropriate and predictable maintenance and is in line with asset management

principles. These measures, although not fully funded, provide a platform for informed decision-making and forward planning, having full cognisance of the impact of one's decisions or indecision.

It is important to note that the RAMS is an asset management tool, and it is therefore unable to respond to the socio-economic challenges faced by our communities and the impact of poverty on livelihoods. This is because asset management, per se, assumes that all assets are maintained and managed based on the design lifespan, irrespective of their location or who they serve.

The roads are maintained to an extremely high standard in terms of safety requirements and ease of travel for road users. Maintenance of paved roads is of priority, with potholes and edge breaks being attended to as and when they develop, and gravel roads are graded as and when required, depending on the condition of the particular road and rainfall patterns for the particular season.

Potholes are attended to according to complaints received. However, the road teams attending to a complaint are required to fix every pothole within a specific area where the complaint was reported, to avoid further complaints and to prevent more potential potholes from developing.

The municipal area does not have any public commuter bus services, save for the long-distance bus services along the N2 that runs through the town. Short distances and daily commuter traffic are accommodated by the private taxi industry.

Service Statistics

There is a total of 287 km of paved and unpaved roads in the municipal area, as verified by the RRAMS system. Unpaved roads constitute 16% of the total road network, while the paved roads constitute 84% of the road network.

The top 3 priorities for roads are resurfacing, rehabilitation and blading of gravel roads. The department was able to resurface 4 km of tarred roads and blade 38,5 kilometres of gravel roads and thereby reduce the maintenance backlog.

The road infrastructure department remains underfunded and understaffed, with a high vacancy rate of over 45 %. The old fleet and financial constraints cause staff to lose

momentum with maintenance. The department has had to tailor its operations to still deliver the service.

The maintenance rationale, based on the available resources, is simple: a team spends two weeks in a ward and tries to do as much work as possible during that time, but has to move over to the next ward once the time has expired, thereby ensuring an equitable share across all wards. In addition, all teams convert to stormwater maintenance during rain events, irrespective of their functions, thereby boosting the teams when it is needed most.

A total of 5,344 square metres of gravel roads were graded and maintained during the financial year, and maintenance was performed over the entire tarred road network in the form of general maintenance, pothole repairs and reinstatements.

The service delivery levels for both paved and unpaved roads are detailed in the table below for 2024/2025 financial year.

Gravel Road Infrastructure					Kilometres
Year	Total gravel roads	Gravel roads upgraded to tar	Gravel roads graded/maintained		
2021/2022	45	0	45		
2022/2023	45	0	45		
2023/2024	45	0	45		
2024/2025	45	0	53 square kilometers		
T3.7.1					
Tarred Roads					
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads Maintained
2021/2022	242	0	5,4	0	242
2022/2023	242	0	8	0	242
2023/2024	242	0	2,6	0	242
2024/2025	242	0	0	0	4
T3.7.2					
Cost of Construction/Maintenance					
Year	Gravel - Tar	Maintained	Re-worked	(R'000)	
2021/2022	19 924	963	8 717	4 566	
2022/2023	23 308	874	15 258	5 666	
2023/2024	9 633	249	7 226	3 628	
2024/2025	Please refer to table 3.7.9				
T3.7.3					

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Road Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	1 119	5 066	6 280	3 970	-36,8%
Expenditure:					
Employees	17 046	17 254	17 323	17 376	-0,3%
Repairs and Maintenance	5 595	8 076	6 422	4 212	34,4%
Other	21 082	17 963	17 080	16 718	2,1%
Total Operational Expenditure	43 724	43 293	40 825	38 306	6,2%
Net Operational Surplus / (Deficit)	(42 605)	(38 227)	(34 545)	(34 336)	-0,6%

Table 3.7.8

Capital Expenditure

Capital Expenditure Year 2024/2025: Road Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	23 917 343	37 038 656	28 134 776	24,0%
Upgrade Gravel Roads Ward 4	0	44 850	5 087	88,7%
Upgrade Gravel Roads Ward 7	0	126 346	15 681	87,6%
Resealing of streets	0	464 369	352 464	24,1%
Public Transport Facilities	9 110 435	17 806 087	12 814 681	28,0%
MIG : Upgrade of Gravel Roads - Ph2 (Northern Areas)	2 828 936	1 089 805	1 089 805	0,0%
MIG: Rehabilitation of Streets	7 977 972	8 816 840	7 579 188	14,0%
Upgrade Howard Street Ward 9	1 000 000	0	0	0,0%
Resurface Gravel Roads	0	2 740 359	1 513 782	44,8%
Surface Gravel Roads- Ward 1	0	300 000	13 870	95,4%
Surface Gravel Roads- Ward 3	0	300 000	240 203	19,9%
Surface Gravel Roads- Ward 4	0	300 000	295 852	1,4%
Surface Gravel Roads- Ward 5	0	750 000	291 519	61,1%

Surface Gravel Roads- Ward 7	0	300 000	45 956	84,7%
Sinkholes	0	1 000 000	887 800	11,2%
Resealing of streets	3 000 000	3 000 000	2 988 889	0,4%

Table 3.7.9

Comment on Road Services

Road maintenance experiences both financial and human resource challenges that impede the efficient and effective performance of the function throughout the municipal area.

3.7 TRANSPORT

Knysna municipality conducted a section 78 (MSA) investigation in 2012, which determined that the municipality did not have the capacity to operate a public transport system, and hence public transport is provided by the private sector.

The municipality experienced an elevated level of complaints from businesses in the CBD about the parking of taxis and their general behaviour in the area. The taxi association in turn, complained about there not being sufficient parking for their vehicles due to the insufficient space in the taxi rank and due to the loss of public parking after the construction of the Checkers mall. This situation continued for years.

3.8 STORMWATER

In 2015/2016 a Masterplan was commenced, which included the mapping, modelling of flows and capacity determination, but to date, only the CBD and approximately 30% of the northern area catchment have been completed, and no further progress has been made due to funding constraints.

The upgrading of the storm water system is dependent on the completion of the master plan, which generates a priority list which in turn feeds into the budget. The absence of such a plan has made it impossible to make meaningful improvements to the system, and instead, the department has had to make small adjustments as the need arises.

Services to informal settlements and rural communities fall outside the responsibility of the department, as none of these areas contain municipal infrastructure. The department, however, does, from time to time, play a support role in disaster management where these communities are at risk or require services.

The Knysna stormwater network consists of the following types of stormwater systems including:

1. Underground storm water pipes
2. Open concrete V-channels
3. Open soil storm water channels
4. Culverts

Stormwater Infrastructure				
Year	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained Kilometers
2024/2025	0	0	0	18.4
2023/2024	145	0	0	88
2022/2023	160	0	0	48
				T 3.9.2

Cost of Construction/Maintenance			
			R' 000
Year	Stormwater Measures		
	New	Upgraded	Maintained
2024/2025	0	250	779
2023/2024	250	250	2 048
2022/2023	1 915	1 728	2 033
			T 3.9.3

The following table describes the staff composition of this division:

Position	No. of Posts	Filled Posts	Vacant Posts
Manager: Roads, Transport & Stormwater & Building Maintenance	1	1	0
Senior Superintendent	2	1	1
Senior Technician	1	1	0
Technician	1	1	0
Superintendent	8	2	6
Senior Supervisor	15	6	9
Artisan: Bricklayer	2	1	1
Artisan: Carpenter	1	1	1
Foreman(Road marking)	1	1	0
Small Plant Operator	1	0	1
General Assistant	99	47	52
Special Workman	5	3	2
Handyman Painter	1	1	0
Handyman	4	1	3
Driver/Operator	15	6	9
Storeman	1	0	1
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days</i>			

Table 41: Staff Compliment – Stormwater Division

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Stormwater Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)					
Expenditure:					
Employees	2,290	1,399	1,351	1,405	-4.0%
Repairs and Maintenance	411	566	877	779	11.1%
Other	2,238	1,910	1,818	1,843	-1.4%
Total Operational Expenditure	4,939	3,875	4,045	4,027	0.4%
Net Operational Surplus / (Deficit)	(4,939)	(3,875)	(4,045)	(4,027)	-0.4%

Table 3.9.7

Capital Expenditure

Capital Expenditure Year 2024/2025: Stormwater Services				
Capital Projects	Year: 202542025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	1 000 000	500 000	409 648	18,1%
Upgrade Stormwater Infrastructure	1 000 000	500 000	409 648	18,1%

Table 3.9.8

COMMENT ON ROADS AND STORMWATER

The Department did not implement large capital projects in the period, as no funding was available, but instead, small interventions were made where communities were flooded in low-income areas. The limited funds available required the department to focus solely on areas where damages had consistently occurred to properties in the past due to low capacity or sub-standard systems.

In future, large amounts of money will be required to upgrade old existing systems in order to adapt to changes in the urban environment, a higher capacity standard set by the national and provincial departments of integrated human settlements and climate change.

PLANNING AND DEVELOPMENT

3.9 PLANNING

INTRODUCTION

The key outcomes with respect to Land Use and the Built Environment functions in Knysna Municipality are to address historical spatial imbalances evidenced in underserved areas, rural areas, informal settlements, and state land; to mitigate long-term risks of spatial development patterns; and to promote rational and predictable land development. The Knysna Municipal Area faces significant spatial and ecological limits to spatial growth, which, if overstepped, will become counter-productive to its very survival and prosperity. Knysna needs to pursue smart growth, seeking synergy between its people, their needs and the environment.

The key strategic objective of the section relates to the timeous, efficient and effective consideration and approval of land use applications that are responsive to and reflective of community needs and development trends. This is being done through the implementation of planning tools and processes that guide the land use application life cycle, from submission to approval. Planning tools such as the Knysna Municipal Land Use Scheme, Spatial Planning and Land Use Management By-Law are being used to evaluate land use applications in an efficient and coherent manner.

The change in the Land Use legislative regime resulted in more functions being allocated to Knysna Municipality, with a higher-than-average number of applications received. Together with the limited human resource capacity, this has placed a strain on the department's ability to meet the application processing timeframe demands. The Land Use Management Department has appointed two Town Planners on contract to maintain service delivery and address the application backlogs.

The Land Use Management Department has developed and made available a web-based portal for all land use applications to the public.

Applications for Land Use Development				
Detail	Formalisation of Townships		Rezoning	
	2024/2025	2023/2024	2024/2025	2023/2024
Planning application received	0	12	0	10
Determination made in-year of receipt	0	2	0	1
Determination made in following year	0	3	0	4
Application withdrawn	0	0-	0	0-
Applications outstanding at year end	0	8	0	7
				T 3.10.2

Comment on the overall performance of the physical planning

There are no capital projects prioritized for Planning & Development and, therefore, no budgeted expenditure for projects.

3.10 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION

Knysna Municipality has a responsibility to create a conducive environment for economic growth and development. Centred on the vision, mission statement and strategic objectives of the municipality is the promotion of local economic development.

Employment opportunities are normally associated with a sustainable growing economy, which creates employment opportunities. Knysna municipality promotes local economic empowerment through the implementation of the Expanded Public Works Programme (EPWP) and SMME development.

The Knysna Local Municipality's Economic Development Department's functional mandate is as follows: "To manage and coordinate the economic development function and strategy as mandated by the Constitution to create an enabling environment to ensure the local economy and local businesses can thrive, thus creating job opportunities and growing the local economy."

Business Support and Development

The main outputs for SMME development were through a SMME Incubator Programme and SMME training and capacity building sessions throughout the municipal areas as well as management of informal trade through issuing of trading permits. This service is primarily focused on assisting poor communities to access entrepreneurial opportunities.

Trade and Investment Promotion

This service involves a comprehensive suite of services such as individual business retention and expansion services, exporter development and promotion, industry cluster support, marketing and promotion of the municipal area to domestic and foreign investors.

Investment Attraction

The Municipality received funding approval from the Services SETA to train a youth development program focusing on short skills programs as well as apprenticeship. This program aims to increase youth employability. The program seeks to create training opportunities for 244 young people across the greater Knysna with a specific focus on apprenticeships and short skills programs. These range from Mechanical fitters, electricians, plumbers, fitters and turners, plumbing hands, environmental management practices, mixed farming, new venture creation and office administration. As a way of attracting new investments into the Greater Knysna, the municipality, in collaboration with the Business Chamber, hosted an Investment Conference. The main objective of the conference is to attract investments into the Municipal area, which will contribute to the local economy and create jobs.

Expanded Public Works Program

To create temporal employment opportunities through the Expanded Public Works Program, the municipality received an annual Integrated Grant allocation to the value of R 1,200,000-00. For the 2024/2025 financial year through the allocated Integrated Grant created work opportunities in three different sectors, which are the Social Sector (Two data Captures and Admin Support), Environmental Management (Dune Rehabilitation, River Health, as well as Fire and Rescue) and Parks and Recreation (maintenance of municipal facilities). However, in the 2024/2025 financial year, the Municipality created 158 work opportunities through its annual MTRF allocation.

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Local Economic Development Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	1 264	1 279	1 279	1 279	0,0%
Expenditure:					
Employees	5 786	4 594	5 864	5 911	-0,8%
Repairs and Maintenance					#DIV/0!
Other	2 682	3 316	2 887	2 792	3,3%
Total Operational Expenditure	8 468	7 910	8 750	8 703	0,5%
Net Operational Surplus / (Deficit)	(7 204)	(6 631)	(7 471)	(7 424)	-0,6%

Table 3.11.9

Capital Expenditure

Capital Expenditure Year 2024/2025: Local Economic Development Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	0	0	0,0%

Table 3.11.10

COMMENT ON THE OVERALL PERFORMANCE OF THE PHYSICAL PLANNING

Knysna Municipality, like any other municipality in South Africa, is confronted with the triple challenges of poverty, inequality and unemployment. Knysna must utilise its limited resources effectively to stimulate the local economy for its communities. The section should assist the municipality in building local economic capacity to improve its economic potential and the quality of life for all, for the benefit of the local citizens. It is a given fact that priority should be given to local communities to explore and take advantage of economic development initiatives in their areas.

The following table depicts the staff composition of this division:

Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	2	2	0	0
7 - 9	7	7	0	0
10 - 12	11	11	0	0
13 - 15	5	5	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
Total	26	26	0	0

Table 42: Staff Composition - Planning Division

Operating Revenue and Expenditure

Financial Performance Year 2024/225: Planning Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	26 387	23 562	25 111	26 717	6,4%
Expenditure:					
Employees	47 490	49 912	49 468	49 808	-0,7%
Repairs and Maintenance	3	5	4	–	100,0%
Other	5 377	8 498	4 848	4 025	17,0%
Total Operational Expenditure	52 869	58 415	54 320	53 832	0,9%
Net Operational Surplus / (Deficit)	(26 482)	(34 853)	(29 209)	(27 116)	-7,2%

Table 3.10.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Planning Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	2 360 000	2 071 539	12,2%
Flood intervention (MDRG) - Knoetzie	0	99 130	0	100,0%
Flood intervention (MDRG) - Brenton	0	2 260 870	2 071 539	8,4%

Table 3.10.6

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

INTRODUCTION

Community and Social Services strive to improve the quality of life for all residents, from the cradle to the grave, by ensuring access to health, information and recreation in a safe, secure, clean and sustainable environment and by providing the core principles, mechanisms and processes that are necessary to empower and uplift previously disadvantaged communities.

3.11 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

Success in education remains one of the determinants of effective participation in the economic life of a society. Strategic intervention in the education sector carry a significant sway in shaping the level to which forthcoming economic objectives and poverty alleviation initiatives can be actualised.

The majority of those in formal employment in Knysna comprises a high percentage in the semi-skilled and skilled categories. These workforce dynamics have significant socio-economic implications as they affect the employment opportunities that are available in the town.

Interventions that ensure a steady increase in the literacy levels and, by extension, a higher supply of skilled and semi-skilled labour, such as the ones implemented by the library service, are thus a boon to attracting investment opportunities.

The Knysna Municipality, together with the Provincial government, are continuously investing in wireless broadband, which is freely available to members of the public via the library computer centres and hotspots. The public has taken advantage of the free internet service to access websites for job opportunities and online government services.

There is an improved capacity within the municipal precinct to use technology for the communication of information. The signs of an unfolding information society are thus evident. The reports below highlight some of the achievements of the library service.

The purpose of a library is multifaceted and includes:

1. Access to information

Libraries provide access to a wide range of information resources, including books, journals, databases, and digital media, supporting research, learning, and knowledge acquisition.

2. Educational support

They support educational development by offering resources for students of all ages, from early childhood through higher education, and by providing tutoring, literacy programs, and educational workshops.

3. Community hub

Libraries serve as community centers where people can gather, participate in events, and engage in cultural, recreational, and social activities. They often host programs, lectures, and activities that benefit the community.

4. Place of knowledge

Libraries preserve and protect valuable collections of books, documents, and other materials, ensuring that historical and cultural knowledge is maintained for future generations.

5. Access

They offer free or low-cost access to information and resources, ensuring that all members of the community, regardless of their socioeconomic status, can learn and grow.

6. A place of learning

Libraries promote literacy and lifelong learning by offering reading programs, educational resources, and tools for self-directed learning.



Highlight	Activities
Primary schools Spelling & reading competitions	Eleven primary schools enrolled a total of four hundred and fifty-four learners in the reading and spelling competitions in Afrikaans, isiXhosa and English. A debate competition in English and isiXhosa was introduced for the first time. Twenty-four Learners enrolled for this competition. Participating primary schools: Brackenhill, Sundridge, Hornlee, Fraaisig, Thembelitsha, Chris Nissen, Concordia, Rheenendal, Smutsville all from Knysna. Phakamisani and Kwanokuthula Primary are from the Bitou municipal area.
High school 'Book club' competition	Thirty-two high school learners enrolled for the spelling, book review, debate and public speaking competitions. Of these thirty-two learners, six were selected to participate in the Funda Mzantsi competition as members of the Provincial Library Service's book club. Participating schools: Percy Mdala, Concordia and Knysna Senior Sekonder.
The Funda Mzantsi National Literacy Championship	The aim of the Funda Mzantsi Competition is to infuse a culture of reading, promote South Africa's language diversity; contribute to an increase of the literacy rate, and to encourage all citizens to read, write, converse and value the ideas and thoughts of others. The Knysna library service's Book Club consisting of winners of the municipal hosted local high school's reading, book review and spelling clubs participated in the 14th chapter of the Funda Mzantsi National Literacy Championship which is held annually in George. The Knysna book club competed in the book review and reading competitions in all three official languages of the Western Cape (English, isiXhosa & Afrikaans). Sandelen Jafta, a Learner from Knysna Senior Sekonder and a member of the Knysna book club clinched the second prize in the Afrikaans spelling category in this prestigious competition which is a highlight for all book club participants.
The 1000 Stories Literacy Stream Year Beyond Programme	Thirty (30) young people (Yeboneers) between the ages of 19 and 25 were appointed in the Western Cape Government sponsored literacy stream youth service programme (Year Beyond Programme). Each Yeboneer was tasked to read twenty stories to twenty children per week, including the designing and the presentation of an arts and crafts programmes that are aligned to the stories. The Yeboneers performed beyond expectations by exceeding their target of stories read by more than 20%.



Highlight	Activities
Library computer centres	The library computer centres provide free access to computers and the internet. Members of the public are able to access online government services such as school and university admission applications. The free basic computer class, which accepts enrolment from anyone who can read and write, also assists the public with the basics of writing a word document and using the internet. Participants in the course walk away with a basic computer certificate, a curriculum vitae which they are assisted to write and an email address.

Libraries; Archives; Museums; Galleries; Community Facilities; Other Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year 2023/2024		Year 2024/2025		
		Target	Actual	Target		Actual
	Service Indicators (i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)
Service Objective xxx						
Facilitating the development of literacy skills	Implement school and Pre-school programs	Number of participants in Literacy activities	1340	1450	1550	5950
Provide access to computers and the internet to local enterprises, schools associations and other interest groups	Establishment of computers and internet facilities at all Libraries	Number of patrons accessing computers and the internet at Library service points	3200	7200	7500	10300
Provide access to Library Facilities	Establish Library facilities including Container and Modular Libraries	Plans underway for the establishment of a satellite library in ward 6 - Horn lee	0	1	0	0

Table 43: Libraries, Archives, Museums, Galleries & Community Facilities

THE PERFORMANCE OF MUSEUMS

Museum activities are enthusiastically supported by members of the historical society who contribute to research, conservation work and lectures. The actions of the historical society give effect to the spirit of the Heritage Act, which places the responsibility for preservation of heritage squarely in the hands of the practising community.

The museum is promoted as a tourist destination through virtual networks that are accessible to both internal and international tourists. Visitors and researchers may scan the QR code link to the museum website using their smartphones while walking through the museum to access additional information on each exhibition.

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Libraries, Archives, Museums, Galleries, Community Facilities and Other					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	10 631	12 142	13 119	11 097	-15,4%
Expenditure:					
Employees	20 158	19 604	19 398	21 147	-9,0%
Repairs and Maintenance	539	1 016	908	819	9,7%
Other	3 408	3 571	3 311	2 841	14,2%
Total Operational Expenditure	24 105	24 191	23 617	24 808	-5,0%
Net Operational Surplus / (Deficit)	(13 473)	(12 049)	(10 498)	(13 711)	30,6%

Table 3.12.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Libraries, Archives, Museums, Galleries, Community Facilities and Other				
	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Capital Projects				
Total: Capital Projects	300 000	200 000	273 344	-36,7%
Furniture and Equipment	300 000	200 000	273 344	-36,7%

Table 3.12.6

3.12 CEMETERIES

INTRODUCTION

Parks include all the work necessary to keep public parks and open spaces safe and clean to serve the needs, to establish quality of life and contribute to the economic and environmental well-being of the community. Park developments have been neglected for many years. Outdoor programming is a critical way to help individuals fighting mental health issues and to develop gross motor intervention and building of children's muscle strength.

Cemetery management is a profession essential in one of the most important means of life, the final step, to be laid to rest. The primary task of the Knysna Municipality is to undertake clearing work as early and effectively as possible and assist in topping and removing tree branches, trees and shrubs presenting a danger.

Knysna municipality continues to focus on the identification of, and planning for, additional and alternative burial options. Other options include raising awareness of and incentivising alternatives such as cremation and mausoleum interment.

The rapid urbanisation of the population of South Africa in general is impacting negatively on the ability of local governments to provide social goods optimally to all citizens. The Knysna local municipality, with its close location to the largely rural Eastern Cape, is not immune to in-migration. It is estimated that the population of the town is growing by approximately two percent per annum.

The competing demand for human settlement far outweighs the need to provide for a burial ground within the urban edge. The topography and sensitivity of the town's natural environment further exacerbate the difficulty of finding land that is suitable for the establishment of a cemetery. However, the planned extension of the Sedgefield cemetery will increase available capacity by a few additional hectares.

The following table depicts the staff complement in that division:

Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	6	6	0	0
4 - 6	35	35	0	0
7 - 9	4	4	0	0
10 - 12	0	0	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	46	46	0	0

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Cemeteries and Crematoriums					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	425 914	323 098	572 634	558 402	-2,5%
Expenditure:					
Employees	2 257	2 087	2 326	2 346	-0,9%
Repairs and Maintenance	377	506	457	444	3,0%
Other	1 097	523	852	910	-6,7%
Total Operational Expenditure	3 730 700	3 115 581	3 635 509	3 699 416	-1,8%
Net Operational Surplus / (Deficit)	(3 305)	(2 792)	(3 063)	(3 141)	2,6%

Table 3.13.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Cemeteries and Crematoriums				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	550 769	397 637	27,8%
Cemetery Fencing	0	550 769	397 637	27,8%

Table 3.13.6

3.13 CHILD CARE, AGED CARE, SOCIAL PROGRAMMES

INTRODUCTION

Herewith a list of outstanding achievements from the Social Development and Special Programmes Department:

- Driver License Program with 20 participants, 14 passed and 6 failed
- 244 Learner is currently active in skills development training programmes
- Environmental Practices, 15 learners, duration 12months;
- Mix Farming Systems, 14 learners, duration 12 months
- Office Administrator, 25 learners, duration 4months;
- New Venture Creations, 100 learners, duration 15days;
- Plumbing Hand, 20 learners, duration 62days
- Boat Builder Repairer, 10 learners, duration 3 years,
- Electrician, 21 learners, duration 3 years
- Plumber, 24 learners, duration 3 years;
- Millwright, 8 learners, duration 3 years; and
- Mechanical Fitter, 7 learners. Duration: 3 years.

COMPONENT E: ENVIRONMENTAL MANAGEMENT

INTRODUCTION

Knysna embodies all the natural features that make the Garden Route one of the most popular destinations in South Africa. Local and international visitors are drawn to the area to enjoy vast tracts of indigenous forest, pristine mountain fynbos, abundant wildlife, and a coastline that includes at least two blue flag beaches. Our most outstanding feature, the Knysna Estuary, is also the most valuable estuary in South Africa.

The beauty and functionality of Knysna's natural assets is not distributed evenly throughout the municipal area. What cannot be seen from the tourist viewing sites and the sandy beaches are the heavily polluted streams and highly degraded landscapes in the northern areas of the town and the highly compromised wetlands in the low-lying areas. Most of the major environmental challenges faced by the Municipality reflect the inequalities of historical town planning in South Africa.

Illegally dumped solid waste and sewerage spills are the biggest contributors to chemical and bacteriological pollution of freshwater systems and ultimately the estuary. If the origin of the pollution is not addressed, the estuary is at risk of not being fit for recreational purposes, which will have a profound effect on tourism.

The imperative to keep Knysna ecologically functional and beautiful is supported by the fact that it is situated within the boundaries of the Garden Route National Park and forms part of one of the world's biodiversity hotspots - the Cape Floral Kingdom.

This ensures that Knysna Municipality works in cooperation with environmental authorities such as SANParks, Cape Nature, DEA&DP, civil society groups and non-profit organisations to ensure that natural resources are protected and enhanced for future generations.

Managing the risks associated with climate change is one of the biggest ecological challenges faced by Knysna Municipality. The ability to adapt to climate-driven changes is increasingly important as the town's economy is directly affected by shortages of water, sea level changes and extreme weather events that can lead to devastating fires, floods and droughts. A Climate Change Risk and Vulnerability Assessment forms the basis of a Climate Change adaptation plan that will allow for better planning and improved risk management through the implementation of specifically designed programmes and projects that will help Knysna adapt to inevitable climate-driven changes.

The functions of the Environmental Services Section include:

- To facilitate the improved management of our natural environment
- Improve resilience to climate change
- Develop a comprehensive Climate Change Adaptation Strategy

- Pro-active strategy to mitigate the risk of potential environmental disasters
- Effective implementation of an alien vegetation eradication programme on state- and privately-owned land
- Promote inclusive living spaces
- Identify risk-prone areas/hotspots
- Commit to protecting and restoring natural areas
- Aim to ensure long-term sustainability and efficacy

3.14 POLLUTION CONTROL

INTRODUCTION

Pump failures on critical sewer lines have precipitated ongoing discharge of sewerage into the stormwater system and ultimately into the estuary, resulting in the issuing of Directives by the Breede-Olifants Catchment Management Agency (BOCMA) and the Provincial Department of Environment and Development Planning (DEADP). A detailed action plan to remedy pump failures and to secure sites from vandalism was submitted to BOCMA and DEA&DP in response to the Directives and continues to be implemented within budget constraints.

Although the mandated authority for environmental health, including certain pollution challenges, is the Garden Route District Municipality, a close partnership exists between the Environmental Management department of Knysna Municipality and the District in recognition of the environmental impact of pollution on river courses and the estuary.

The Planning and Economic Development Department continue to implement pollution control strategies for all environmental pollution, as well as promotes sustainable utilisation and conservation of biological diversity and natural processes for the development of all communities.

3.15 BIODIVERSITY MANAGEMENT

Environmental Management has conducted five joint enforcement operations with the National Department of Forestry, Fisheries and Environment throughout the municipal area. The aim of the enforcement operations is to compel landowners to comply with the National Environmental Management: Biodiversity Act (NEMA) pertaining to invasive species in order to reduce the risk of wildfires on the urban edge and to improve

biodiversity. Enforcement is ongoing annually, and follow-up notices are issued to landowners if they do not comply. This has resulted in fuel-load reductions in some key urban-wildland areas like Belvedere, Hoogekraal and Sedgfield.

Knysna Municipality aims to optimally manage biodiversity and ecosystem services at the local government level, aligning with international, national and provincial conservation goals.

The municipality was a key partner in a key conservation project aimed at protecting critically endangered Knysna sand fynbos that occurs largely on the Western Heads. The project was funded by the Table Mountain Fund and includes a municipal-owned property overlooking the estuary.

The department continues to create employment and training opportunities for unemployed youth and women in the Natural Resource Management programmes that include invasive plant management on municipal properties and River Health cleaning teams.

3.16 TRAFFIC POLICING AND LAW ENFORCEMENT

To provide an effective and efficient traffic management service to the community of the Greater Knysna Municipal Area, aimed specifically at reducing the number of road traffic accidents, injuries and fatalities on all roads within the area of jurisdiction of the municipality in collaboration with other law enforcement agencies.

Traffic Police services entail traffic law enforcement, speed prosecution, which remains our highest priority, due to daily accident reports caused by largely ignorance and non-compliance with traffic legislation.

The following services are also rendered by the section:

- Driving licenses
- Learner licenses
- Registration and licensing of vehicles
- Roadworthiness of vehicles

The department also held 3 Joint operations for the year with other law enforcement agencies, including SAPS. Monitoring of moving violations. Periodic roadblocks to maximise police visibility. Law enforcement activities, as well as drinking and driving operations.

Total infringements issued during 2024/2025 Financial Year:

Traffic Services Data	
Details	
Number of road traffic accidents during the year	140
Number of traffic officers on duty on an average day	4
Number of traffic officers on duty on an average day	4
T.3.20.2	

Activity	Value
Fines issued for Traffic Offenses	Sec 56 Notices: R868,650-00 Reg 341 Notices: R1,145,000-00
Rand Value of fines Collected	R1,8016,400-00

Table 46: Fines Issued, Rand Value Collected

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Traffic Services and Law Enforcement					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	95 402	98 658	98 771	96 569	-2,2%
Expenditure:					
Employees	20 463	17 353	20 495	20 730	-1,2%
Repairs and Maintenance	518	150	386	372	3,6%
Other	109 759	100 434	109 125	112 071	-2,7%
Total Operational Expenditure	130 740	117 937	130 006	133 173	-2,4%
Net Operational Surplus / (Deficit)	(35 338)	(19 278)	(31 235)	(36 604)	17,2%

Table 3.20.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Traffic Services and Law Enforcement				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	250 000	420 000	196 000	53,3%
CCTV Camera Project - Safety Initiative	250 000	420 000	196 000	53,3%

Table 3.20.6

In all informal areas, additional point duty officials were appointed to ensure scholar safety. The Knysna Law Enforcement Section reside in the Community Services Department and is tasked with enforcing municipal by-laws and regulations within the jurisdiction of the municipality. A 2024/2025 Law Enforcement strategy has been developed for Knysna Municipality. This Strategy forms an integral part of the broader Community Safety Plan. The underlying principle for this plan is to ensure safety. Security is everybody's business and subsequently defines clear roles and responsibilities for the respective authorities in respect of community safety. It focuses on the effective implementation of the following joint national and local crime prevention campaigns:

- Child protection week
- Special focus on crimes against women and children, domestic violence and sexual offences (during women's month every year)
- Safer schools campaign (deployment of neighbourhood watch volunteers at schools where a high rate of incidents occurs)
- Back to school campaign (assisting to get early school leavers back in the system)
- Victim support programme
- Substance abuse awareness programmes
-

Some of the safety and security challenges experienced by the society in the Greater Knysna Municipal Area include the following:

- Limited visible policing
- Inadequate resources for effective and efficient combating of crime
- Limited partnerships between SAPS and municipal stakeholders

- Poor lighting in certain areas
- Alcohol and drug abuse
- Gangsterism and increasing violence at schools
- Increase in acts of vandalism
- Increase in occupation of illegal structures

3.17 FIRE FIGHTING SERVICES

INTRODUCTION

Fire services are an important public service. It forms part of the social fabric of all our communities. The responsibilities for the Fire Section are divided into the following categories:

1. Fire Operations
2. Fire Safety
3. Fire Protection Association (FPA)
4. Public Information Education and Relations (PIER)
5. Training

The services it provides are critical to preventing fires and responding quickly and effectively to incidents. Fires attended consisted of formal and informal residential fires, commercial (restaurants, shops), storage (warehouses), industry (furniture, textile, metal), transport (vehicles, trucks, and aircraft), rubbish, grass, and miscellaneous fires of which there was an increase from the previous year. Other incidents attended to, rescues, spillages (oil, petrol, diesel), special services, motor vehicle accidents, pedestrian vehicle accidents and medical assistance.

In terms of the Fire Brigade Services Act, Act 9/1987, the service is responsible for; preventing the outbreak or spread of a fire; fighting or extinguishing a fire; the protection of life or property against a fire or other threatening danger; The rescue of life or property from a fire or other danger; Subject to the provisions of the Health Act, 1997, the rendering of an ambulance service as an integral part of the fire brigade service. The performance of any other function connected with any of the matters referred to in paragraphs (a) to (e).

	Details	2023/2024	Year 2024/2025	
		Actual No.	Estimate No.	Actual No.
1	Total fires attended in the year	618	622	670
2	Total of other incidents attended in the year	821	912	962
3	Average turnout time - urban areas	10min	10min	10 Min
4	Average turnout time - rural areas	10min	10min	10 Min
5	Fire fighters in post at year end	39	44	40
6	Total fire appliances at year end	9	11	10
7	Average number of appliance off the road during the year	2	1	2
T 3.21.2				

The following table depicts the staff complement of this division:

Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	24	24	0	0
7 - 9	15	15	0	0
10 - 12	0	0	0	0
13 - 15	1	1	0	0
16 - 18	0	0	0	0
19 - 20	0	0	0	0
Total	39	39	0	0

Table 47: Staff Complement – Firefighting Services

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Fire Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	116	96	209	217	3,8%
Expenditure:					
Employees	23 393	22 981	22 854	24 024	-5,1%
Repairs and Maintenance	390	346	551	527	4,4%
Other	5 916	2 922	2 689	3 437	-27,8%
Total Operational Expenditure	29 699	26 249	26 094	27 988	-7,3%
Net Operational Surplus / (Deficit)	(29 584)	(26 153)	(25 885)	(27 771)	7,3%

Table 3.21.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Fire Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	4 050 000	1 239 320	357 763	71,1%
Establishment of fire stations - Khayaletu	0	300 000	98 078	67,3%
Construction Phase - Rheenendal SFS	1 500 000	300 000	0	100,0%
Construction Phase - Khayaletu SFS	2 000 000	89 320	84 670	5,2%
Risk Assessment - PPE	300 000	300 000	0	100,0%
Fire Hoses and Nozzles	250 000	250 000	175 015	30,0%

Table 3.21.6

COMPONENT F: MUNICIPAL HEALTH SERVICES – NOT A KNYSNA MUNICIPAL COMPETENCY

COMPONENT G: SECURITY AND SAFETY

3.18 DISASTER MANAGEMENT

INTRODUCTION

Disaster Management is defined as “a continuous and integrated multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, - mitigation, - preparedness, -response, -recovery, and -rehabilitation” - as per Section 1 of the Disaster Management Act, 57 of 2002.

The Knysna Municipal Disaster Management Plan serves to confirm the organisational and institutional arrangements within the Greater Knysna to effectively prevent disasters from occurring and to lessen the impact of those hazards that cannot be avoided. The Disaster Management Act states that “Disaster Management is a continuous and integrated, multi-sectoral and multi-disciplinary process of planning and implementation of measures aimed at disaster prevention, mitigation, preparedness, response, recovery, and rehabilitation.”

The disaster management plan of the municipality is reviewed annually and:

- forms a core component of its Integrated Development Plan (IDP);
- anticipates the types of disasters that are likely to occur in the municipal area and their possible effect;
- places emphasis on measures that reduce the vulnerability of disaster-prone areas, communities and households;
- considers indigenous knowledge relating to disaster management;
- promotes disaster management research;
- identifies and addresses weaknesses in capacity to deal with disasters;
- provides for appropriate prevention and mitigation strategies;
- facilitates maximum emergency preparedness; and
- contains contingency plans and emergency procedures in the event of a disaster.

DISASTER MANAGEMENT JOINT OPERATIONS CENTRE

In May 2025, a JOC was activated due to the water crisis in Knysna. Sectors forming part of JOC are as follows: Knysna Municipality, Garden Route Disaster Management Centre, Traffic, Law Enforcement, Mayor's Office, Communication, NGO.S and CBO'S.

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Disaster Management, Animal Licensing and Control, Control of Public Nuisances and Etcetera					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	5 388	5 913	5 253	5 141	-2,1%
Expenditure:					
Employees	4 895	5 309	5 202	4 975	4,4%
Repairs and Maintenance					#DIV/0!
Other	6 240	6 312	2 956	2 723	7,9%
Total Operational Expenditure	11 135	11 621	8 157	7 698	5,6%
Net Operational Surplus / (Deficit)	(5 747)	(5 708)	(2 904)	(2 557)	-12,0%

Table 3.22.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Disaster Management, Animal Licensing and Control, Control of Public Nuisances and Etcetera				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	0	0	0,0%

Table 3.22.6

COMPONENT H: SPORT AND RECREATION

3.19 SPORT AND RECREATION

Sport and recreation continue to be important components of community well-being. This section resides in the Community Services Department. The people in the Greater Knysna Municipal Area are very passionate about sport in general, and the discussion of this topic was particularly prevalent during the public participation process of the IDP review, where communities in nearly all wards demonstrated clearly the high priority they put on sport facilities and sport development programmes.

There are several sports facilities in the GKMA which accommodate several sports codes, and some are better developed and equipped than others. The better developed sport facilities, such as Loerie Park, Hornlee, and the most recent, White Location Multi-Purpose Centre, are located near the town of Knysna, whilst smaller facilities are also located in Sedgefield, Rheenendal and Karatara. The upgrading of sports facilities remains a major challenge for Knysna Municipality, simply because it has to compete with other pressing priorities during the budgeting process.

In short, the goals of the section are:

- To facilitate participation in various sporting codes;
- To encourage total well-being by facilitating and coordinating equal access to sports and recreational facilities;
- To enhance the quality of life of residents with special focus on disadvantaged and rural communities;
- To develop certain sporting programmes to assist the youth to develop in specific sporting codes; and
- To provide and maintain sports and recreational facilities and infrastructure with special focus on the disadvantaged and rural communities

COMMENT ON SPORT AND RECREATION

Knysna municipality has identified with our community stakeholders that the areas of sports and recreational facilities need specific interventions to satisfy the needs experienced in this community.

Many of the areas with existing facilities have been neglected in the past and are being over-utilised due to Knysna's inherent shortage of land or are being vandalised due to a lack of secure perimeters around the facility.

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Executive and Council					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	5 738	5 835	17 435	11 701	-32,9%
Expenditure:					
Employees	25 063	24 145	24 722	27 884	-12,8%
Repairs and Maintenance					#DIV/0!
Other	14 303	13 367	11 948	14 027	-17,4%
Total Operational Expenditure	39 365	37 512	36 670	41 910	-14,3%
Net Operational Surplus / (Deficit)	(33 627)	(31 677)	(19 235)	(30 209)	57,1%

Table: 3.24.4

Capital Expenditure

Capital Expenditure Year 2024/2025: Executive and Council				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	0	0	0,0%
Program Office Equipment	10 000	10 000	0	100,0%

Table: 3.24.5

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

INTRODUCTION

This component includes: This component includes Executive Office (Executive Mayor, Speaker, Councillors and Director: Corporate Services), legal services, human resource services, ICT services, public participation and property services. Council does not have a corporate policy office. Policies are developed by the various departments, management and/or political wing as may be appropriate and required. These policies and by-laws are submitted for approval by the Section 80 Committees, Mayoral Committee and ultimately the Municipal Council.

3.20 EXECUTIVE AND COUNCIL (EXECUTIVE MAYOR, COUNCILLORS & MUNICIPAL MANAGER)

The Knysna Council is headed by the Speaker. It is the legislative and oversight authority in the municipality. The executive function and day-to-day running of the municipality is dealt with by the Executive Mayor and the Mayoral Committee in conjunction with the Office of the Municipal Manager and the Top Management Team (Six Directors). The clear role clarification streamlines service delivery and enhances the efficiency and effectiveness of performance. A clear distinction has been drawn between these functions, which are regulated by the Council's adopted System of Delegations. The Mayor also plays a significant role in the preparation and oversight of the municipal IDP, budget and SDBIP, ensuring that financial resources are allocated efficiently to meet community needs.

Office of the Municipal manager draws its mandate from section 55(1) of the Municipal Systems Act, Act, 2000 (Act 32 of 2000) amongst which paragraph (a) (d)(k) and (n) which dictates that, as head of administration the Municipal manager of the municipality is, subject to the policy direction of the Municipal Council, responsible and accountable for:

- the formation and development of an economical, effective, efficient and accountable administration;
- the management of the provision of services to the local community in a sustainable and equitable manner;
- carrying out the decisions of the Political structures and political office bearers of the municipality; and

- facilitate participation by the local community in the affairs of the municipality.

SERVICE STATISTICS OF COUNCIL

Council meetings held

Mayoral Committee Meetings Held

Section 80 Portfolio Committee Meetings Held

Number of Ward Committee Meetings Held

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

Council appointed a Municipal Manager, Director Integrated Human Settlements, Director: Corporate Services and Director: Community Services.

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Executive and Council					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	5 738	5 835	17 435	11 701	-32,9%
Expenditure:					
Employees	25 063	24 145	24 722	27 884	-12,8%
Repairs and Maintenance					#DIV/0!
Other	14 303	13 367	11 948	14 027	-17,4%
Total Operational Expenditure	39 365	37 512	36 670	41 910	-14,3%
Net Operational Surplus / (Deficit)	(33 627)	(31 677)	(19 235)	(30 209)	57,1%

Table 47: Operating Revenue and Expenditure - Executive and Council

Capital Expenditure

Capital Expenditure Year 2024/2025: Executive and Council				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	0	0	0,0%
Program Office Equipment	10 000	10 000	0	100,0%

Table 48: Capital Expenditure - Executive and Council

3.21 FINANCIAL SERVICES

The department is tasked with the provision of financial services in an accountable, effective and transparent manner. Strict measures are in place to protect the financial integrity of the municipality as well as to ensure compliance with the Municipal Finance Management Act, 2003 (Act 56 of 2003).

The following main services are rendered by the department:

- Revenue Management, including billing and collection of municipal rates and service charges
- Expenditure Management, including the rendering of a payroll function and Supply Chain Management
- Asset Management
- Financial Reporting
- Budgeting

An MSCOA roadmap /project plan has been compiled and closely adhered to. Remaining differences are addressed. The mSCOA steering committee has been established. The Municipality has, however, tabled a funded budget for the 2025/2026 financial year.

The Finance Department performed well in 2024/2025. Debt collection targets were met and will remain the focus area for the 2024/2025 financial year. Ongoing improvements in revenue management, including the ongoing completeness of revenue reconciliations. The collection rate of 93% was also achieved. Ongoing implementation of cost containment measures in line with the National Treasury MFMA Circular 82 (Cost

Containment Measures), as well as the new regulations on cost containment, has been implemented.

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Financial Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	328 439	352 579	362 777	368 136	1,5%
Expenditure:					
Employees	32 422	34 217	33 672	33 736	-0,2%
Repairs and Maintenance	177	90	157	126	19,6%
Other	24 403	56 851	60 243	23 043	61,7%
Total Operational Expenditure	57 003	91 158	94 073	56 906	39,5%
Net Operational Surplus / (Deficit)	271 437	261 421	268 704	311 231	15,8%

Table: 3.25.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Financial Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	11 130	14 130	8 392	0,0%
Program Office Equipment	11 130	14 130	8 392	40,6%

3.25.6

3.22 HUMAN RESOURCES

Human resources is a critical function within the municipality, focusing on the management of people, the most valuable asset of the municipality. The primary objective of Human Resources is to maximise employee performance in alignment with the strategic objectives.

Human Resources is one of the supporting functions within the Corporate Support Services Department. Its main functions are as follows:

- Leave Administration
- Recruitment
- Benefits
- Terminations, Labour Relations
- Skills Development,
- Occupational Health and Safety
- Employee Wellness
-

Knysna Municipality is a low to medium capacity municipality and rated as a Category 3 Municipality, but still competes with higher graded, higher income municipalities for the available skills in the region, the province and ultimately the country.

There is a bursary scheme in the form of "Study Assistance" which has helped employees to achieve their academic dreams, including the utilisation of training resources, which assisted immensely in developing employees.

The continued success of the Local Labour Forum also contributes tremendously to sound employer and employee relations.

Services Statistics for:

- Recruitment and selection
- Training and development
- Attendance and leave
- Labour Relations
- Occupational Health and Safety

Operating Revenue and Expenditure

Financial Performance Year 202/2025: Human Resource Services4					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)			11 363	1 646	-85,5%
Expenditure:					
Employees	5 195	6 588	6 204	5 543	10,7%
Repairs and Maintenance					#DIV/0!
Other	9 959	10 420	20 917	10 659	49,0%
Total Operational Expenditure	15 155	17 008	27 121	16 202	40,3%
Net Operational Surplus / (Deficit)	(15 155)	(17 008)	(15 757)	(14 556)	-7,6%

Table 3.26.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Human Resource Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	0	0	0,0%
				0,0%

Table 3.26.6

3.23 INFORMATION COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT services provide an advisory, strategic, developmental and management service to maintain and control the information systems, communication network and technology resources for the Municipality. Thus, to ensure compliance, availability, continuity, integrity and security of the Municipality's data and services. The Municipality has identified ICT as an enabler to the delivery of the IDP, delivering on its mandate. The ICT is furthermore responsible for ensuring that all technical systems within the Municipality function smoothly and efficiently. Daily backups are performed and

securely stored for safekeeping. Support for municipal and financial systems is outsourced, while the ICT department maintains the network and computer hardware. The highlights of the year for ICT services are detailed in the sections below:

3.23.1 IMPLEMENTATION OF NEW POLICY STRUCTURE AND FRAMEWORKS

The Department of Local Government: ICT Support assisted Knysna Municipality with the new Flexible Governance System of Policies and Frameworks. Council approved to adopt and implement the new Flexible Governance System (2025), Policy Framework and the structures/domains captured within the framework.

3.23.2 DEVELOPMENT OF STRATEGIC PLAN

The Department of Local Government: ICT Support collaborated and developed with Knysna Municipality the Business and Information and Communication Technology Integrated Plan. Council approved to adopt and implement the Business and Information and Communication Technology Integration Plan in the financial year 2024/2025.

3.23.3 REFRESH END-USER COMPUTING DEVICES

The funds designated for end-user devices were utilised appropriately to replace the outdated equipment.

3.23.4 MIGRATION TO O365

Knysna Municipality completed its migration to the Microsoft 365 email cloud environment. This enhances workforce flexibility.

The following table depicts the Staff complement of this division:

Job Level	2024/2025			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
0 - 3	0	0	0	0
4 - 6	0	0	0	0
7 - 9	1	1	0	0
10 - 12	5	5	0	0
13 - 15	0	0	0	0
16 - 18	1	1	0	0
19 - 20	0	0	0	0
Total	7	7	0	0

3.27.4

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: ICT Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)				48 955	#DIV/0!
Expenditure:					
Employees	5 272	5 763	5 148	5 215	1,3%
Repairs and Maintenance	6	5	–	–	#DIV/0!
Other	12 317	13 385	13 268	11 810	-11,0%
Total Operational Expenditure	17 596	19 152	18 416	17 025	-7,6%
Net Operational Surplus / (Deficit)	(17 596)	(19 152)	(18 416)	(16 976)	-7,8%

Table: 3.27.5

Capital Expenditure

Capital Expenditure Year 2024/2025: ICT Services				
Capital Projects	Year: 2024/2025			
	Original Budget		Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	1 800 000	1 835 000	268 141	85,4%
Replacement Laptops	100 000	135 000	64 491	52,2%
Replacement Desktops	50 000	50 000	70 450	-40,9%
UPS System	350 000	350 000	133 200	61,9%
New Server	1 300 000	1 300 000	0	100,0%

Table 3.27.6

3.24 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

The property portfolio of the municipality is being managed by the Corporate Services Directorate. The properties mainly relate to land and buildings that are either currently used or are earmarked for the rendering of municipal services.

Legal Services plays a crucial role in the Municipality by finalising agreements and providing legal input on various matters such as policies, contracts, legislation, and by-laws. The section also offers legal advice to different departments, ensuring compliance with the Constitution and relevant legislation. Furthermore, Legal Services is responsible

for distributing new legislation and case law to keep the Municipality informed and compliant.

Some of the highlights of the Legal Services Department include:

- 100 % of legal opinions finalised within seven working days
- 100 % input on all contracts drafted, perused and edited
- 100 % appeals and objections received against the tender awarding process administered
- 100 % of all signed sales agreements to conveyancers to effect transfers submitted

Risk management resides in the Office of the Municipal Manager and place as detailed in the relevant section. Procurement resides under the Finance Department and is discussed in detail under the section dealing with Financial Performance. (Chapter 5)

Operating Revenue and Expenditure

Financial Performance Year 2024/2025: Property, Legal, Risk Management and Procurement Services					
Description	2023/2024	2024/2025			
	Actual Results	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total Operational Revenue (Capital Grants Excluded)	6 078	6 251	5 825	6 538	12,2%
Expenditure:					
Employees	10 409	10 942	11 636	11 749	-1,0%
Repairs and Maintenance	512	500	502	447	10,9%
Other	23 278	22 838	18 995	18 003	5,2%
Total Operational Expenditure	34 199	34 280	31 134	30 200	3,0%
Net Operational Surplus / (Deficit)	(28 121)	(28 029)	(25 309)	(23 662)	-6,5%

Table: 3.28.5

Capital Expenditure

Capital Expenditure Year 2024/2025: Property, Legal, Risk Management and Procurement Services				
Capital Projects	Year: 2024/2025			
	Original Budget	Adjustments Budget (AB)	Actual Results (AR)	Positive / (Negative) Variance % (AB) to (AR)
Total: Capital Projects	0	0	0	0,0%
Establishment of the Municipal Court	1 000 000	0	0	0,0%

Table: 3.28.6

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PART II)

INTRODUCTION

Knysna municipality is aiming at maximising the potential of staff and their contribution to service delivery and organisational performance. Human resources are the primary investment for the municipality, and the municipality endeavours to maintain its investment in critical staff in line with the Section 154 implementation programme.

The Organisational Development Performance is reported on, based on the strategic objectives and support functions of the organisation. Organisational Development within the organisation is aligned to the IDP objectives and vision and mission statement of Knysna municipality.

Specific Organisational Development Performance that can be reported include Organisational Structure, Staff Establishment and Workforce Profile.

To ensure effectiveness and efficiency within the organisation, Knysna municipality annually, by the end of April, develops and submits a Workplace Skills Plan, after conducting a comprehensive training needs analysis. The necessary training is then provided, depending on the availability of funds.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

Municipal officials include the employees and officials who work within the municipality, responsible for various service delivery and administrative functions. They play a crucial role in managing and delivering quality services that affect the daily lives of communities.

The organisation has seven departments with a total staff complement of 636 employees at the end of the reporting period. The total number of employees is inclusive of permanent, temporary and fixed-term contract employees.

The existing structure was approved in the 2021/2022 financial year. The organisational structure for the organisation is currently under review. The structure will be approved in terms of the 2025/2026 budget allocated for the provision of positions as motivated by the Staff Establishment Report.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Knysna Municipality aims to ensure that all appointments are aligned with the employment equity provisions. Internal promotions of staff, where the appointment is within the same occupational level, are usually open for all candidates to apply, as it would not impact the representativeness within the occupational level. All other vacancies, whether internal or external, are adherent to equity requirements. In cases where there is not a specific equity target, other designated groups are given an opportunity.

Description	Employees				
	2023/2024	2024/2025			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	24	8	25	28	0 %
Waste Water (Sanitation)	3	4	1	0	100 %
Electricity	30	3	24	5	67 %
Waste Management	93	16	83	1	100 %
Housing	10	1	11	0	100 %
Waste Water (Stormwater Drainage)	92	1	76	0	100 %
Roads	64	3	64	0	100 %
Transport	0	0	0	0	100 %
Planning	22	0	25	0	0 %
Local Economic Development	5	0	4	0	0 %
Planning (Strategic & Regulatory)	0	0	0	0	100 %
Local Economic Development	0	0	0	0	0 %
Community & Social Services	113	5	102	1	100 %
Environmental Protection	4	0	4	0	0 %
Health	0	0	0	0	0 %
Security and Safety	81	8	80	0	100 %
Sport and Recreation	1	6	1	0	100 %
Corporate Policy Offices and Other	36	15	51	0	87 %
Totals	580	72	551	35	—
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.					T 4.1.1

Vacancy Rate: 2024/2025			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	100.00
CFO	1	0	100.00
Other S57 Managers (excluding Finance Posts)	5	0	100.00
Other S57 Managers (Finance posts)	13	4	31%
Police officers	0	0	00.0
Fire fighters	36	3	8.3%
Senior management: Levels 13-15 (excluding Finance Posts)	15	0	0%
Senior management: Levels 13-15 (Finance posts)	3	0	0%
Highly skilled supervision: levels 9-12 (excluding Finance posts)	102	23	22.2%
Highly skilled supervision: levels 9- 12 (Finance posts)	26	0	0%
Total	202	30	14.4%
<i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>			T 4.1.2

The positions of Municipal Manager, Director Integrated Human Settlements, Director Infrastructure Services, Director Corporate Support Services and Director Community Services and Social Services have been vacant for a relatively long period. The Municipal Council, in the 2024/2025 financial year, filled all these vacancies. Turnover comes mainly because of death, dismissals, resignations, retirements and the ending of employment contracts.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION

Workforce management is achieved through proper Human Resources processes and procedures, aligned to Section 67 of the Municipal Systems Act, 2000 (Act 32 of 2000). The objective is to ensure full compliance with the development and implementation of applicable systems and procedures to safeguard the fair, efficient, effective and transparent municipal administration.

This is achieved through the Human Resource Strategy and Integrated Development Plan (IDP). Adherence and compliance with applicable legislation and reviewing policies, procedures and processes aimed at regulating the workplace also contribute largely to municipal workforce management.

4.2 Policies

HR Policies and Plans				
No	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
1	Acting Allowance and Additional Responsibility Policy		05/2022	9/07/2005
2	Bursary Policy		Under Review	29/10/2015
3	Disciplinary Procedure Collective Agreement			06/02/2018 (SALGBC)
4	Employee Assistance Programme Policy		Under Review	25/01/2005
5	Education, Training & Development			5/07/2005
6	Employment Equity Policy			25/01/2005
7	First Aid Policy		Under Review	05/08/2013
8	Grievance Procedures			09/09/2015 (SALGBC)
9	HIV / AIDS Policy			25/01/2005
10	Housing Allowance Policy			29/03/2007
11	Injury on Duty Policy		Under Review	5-Jul-05
12	Internship Policy		Under Review	28/09/2006
13	Ill Health Policy		Under Review	26/06/2005
14	Job Evaluation Policy			30/05/2019
15	Leave Policy		Under Review	29/10/2015
16	Mobile Communication Services Policy		30/05/2019	05/05/2010
17	Nepotism Policy			01/02/2001
18	Occupational Health and Safety Policy		Under Review	5/07/2005
19	Information Technology (IT)		27/05/2021	30/05/2019
20	Overtime & Standby Policy		11/06/2020	28/09/2014

21	Placement Policy			30/05/2019
22	Private Work Policy		11/06/2020	4/07/2005
23	Recruitment and Selection Policy		05/2022	29/07/2004
24	Scarce Skills and Retention Policy			30/05/2019
25	Sexual Harassment Policy			25/01/2005
26	Smoke Policy			31/05/2001
27	Subsistence and Travel Policy		11/06/2020	28/09/2006
28	Substance Abuse Policy			25/01/2005
29	Vehicle Transport Allowance Policy			11/06/2020
30	Promotion, Demotion and Transfer Policy			11/06/2020
31	COVID-19 Policy			14/05/2020
32	Privacy Policy			30/09/2021
33	Traveling Allowance Scheme Policy			30/05/2019
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

4.3 Injuries, Sickness and Suspensions

Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee
	Days	No.	%	Days
Required basic medical attention only	205	16	8%	41
Temporary total disablement	132	2	2%	26
Permanent disablement	0	0	0%	0
Fatal	0	0	0%	0
Total	337	18	5%	67

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post [†]	[‡] Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)	24	90%	10	30	0.15	30
Skilled (Levels 3-5)	40			22	0.26	
Highly skilled production (levels 6-8)	136			58	0.88	
Highly skilled supervision (levels 9-12)	6	95%	2	26	0.04	31
Senior management (Levels 13-15)	230			11	1.48	
MM and S57	65			8	0.42	
Total	501	93%	12	155	3.23	61
* - Number of employees in post at the beginning of the year						T 4.3.2
* Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Technical Services Officer	Soliciting bribes in return for employment	05 June 2025	In progress	In progress
Cashier	Theft	07 February 2025	In progress	In progress
Clerk: Records	Under the influence of intoxicating liquor while on duty	26 January 2024	Finalized	28 March 2024
				T 4.3.5

4.4 PERFORMANCE REWARDS

In terms of Regulation 8 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006 R.805, a performance bonus based on the affordability may be paid to the employee, after:

1. The annual report for the financial year under review has been tabled and adopted by the municipal council.
2. An evaluation of performance in accordance with the provision of regulation 23; and
3. Approval of such evaluation by the municipal council as a reward for outstanding performance.

The performance evaluation outcome in this instance determines the level of reward as determined by the Performance Evaluation Outcome. The signed Performance Agreement, which includes specific key performance indicators (KPI's) and targets for set periods, determines levels of reported performance substantiated with specified Portfolios of Evidence (POE) provided at the time of reporting. The referred performance agreements are contracted between the municipality and appointed senior managers. In terms of the Performance Management Framework, individual performance management and performance reward and categories of performance rewards is at this stage only implemented and applied at an Executive Management level in Knysna Municipality, i.e. the Municipal Manager and all Senior Managers reporting to the Municipal Manager.

Apart from the CFO and Director: Planning and Economic Development, the position of Municipal Manager and the Director's positions have been vacant for the year under review under review and different officials were appointed to act. The Municipality's individual Performance Management System has not yet been fully cascaded down to the second reporting line of managers reporting to Directors.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68(1) of the Municipal Systems Act, 2000 (Act 32 of 2000) provides that a municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way. For this purpose, the human resource capacity of a Municipality must comply with the Skills Development Act (SDA), 1998 (81 of 1998), and the Skills Development Levies Act, 1999 (Act 28 of 1999).

Capacity Development is linked to the Annual Workplace Skills Plan (WSP). Training needs identified through the Personal Development Plans (PDPs) and found to be a priority for the year were addressed through formal, accredited training.

Knysna Municipality submitted its Workplace Skills Plan (WSP) and an Annual Training Report (ATR), as required by the Skills Development Act, to the Local Government Sector Education and Training Authority (LGSETA) by 30 April 2025. These two documents were certified by the LGSETA as having met the eligibility criteria.

MFMA COMPLIANCE WITH MINIMUM COMPETENCY REGULATIONS

Key municipal officials who are occupying critical positions are compliant with the Minimum Competency Regulations, as required by Section 83 of the Local Government: Municipal Finance Management Act, Act 53 of 2006. The program will continue to be rolled out to ensure that all relevant employees are compliant.

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2025	Number of skilled employees required and actual as at 30 June 2025											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and S57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0
	Male	4*	0	0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	21	0	0	0	0	2	0	0	0	0	0	2	0
	Male	30	0	0	0	0	11	0	0	0	0	0	11	0
Technicians and associate professionals*	Female	19	0	0	0	0	7	0	0	0	0	0	7	0
	Male	26	0	0	0	0	10	0	0	0	0	0	10	0
Professionals	Female	26	0	0	0	0	0	0	0	0	0	0	0	0
	Male	15	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	Female	68	0	0	0	0	0	0	0	0	0	0	0	0
	Male	74	0	0	0	0	0	0	0	0	0	0	0	0
Total		285	0	0	0	0	28	0	0	0	0	0	28	0
*Registered with a professional Associate Body e.g CA (SA)													T 4.5.1	

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	0	0	0	0	0	0
<i>Accounting officer</i>	1	0	1	1	0	1
<i>Chief financial officer</i>	1	0	1	0	0	0
<i>Senior managers</i>	5	0	5	0	4	4
<i>Any other financial officials</i>	0	0	0	0	0	0
Supply Chain Management Officials	0	0	0	0	0	0
<i>Heads of supply chain management units</i>	0	0	0	0	0	0
<i>Supply chain management senior managers</i>	1	0	1	0	0	1
TOTAL	8	0	8	1	4	6
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007) T 4.5.2						

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1	0	0	0	0	0	0	0	0
	Male	6	0	0	0	0	0	0	0	0
Legislators, senior officials and managers	Female	7	0	0	0	0	0	0	0	0
	Male	15	0	0	0	0	0	0	0	0
Professionals	Female	26	0	0	0	0	0	0	0	0
	Male	15	0	0	0	0	0	0	0	0
Technicians and associate professionals	Female	19	0	0	0	0	0	0	0	0
	Male	26	0	0	0	0	0	0	0	0
Clerks	Female	87	0	0	0	0	0	0	0	0
	Male	35	0	0	0	0	0	0	0	0
Service and sales workers	Female	21	0	0	0	0	0	0	0	0
	Male	63	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	9	0	0	0	0	0	0	0	0
	Male	42	0	0	0	0	0	0	0	0
Elementary occupations	Female	61	0	0	0	0	0	0	0	0
	Male	225	0	0	0	0	0	0	0	0
Sub total	Female	161	0	0	0	0	0	0	0	0
	Male	160	0	0	0	0	0	0	0	0
Total		321	0	0	0	0	0	0	1 964 040	1 287 427
% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										

COMPONENT D: WORKFORCE EXPENDITURE MANAGEMENT

INTRODUCTION

Section 66 of the Municipal Systems Act, 2000 (Act 32 of 2000) provides that the Municipal Manager of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits. This is in line with the requirements of the Public Service Regulations (2002), as well as National Treasury Budget and Reporting Regulations SA22 and SA23.

Workforce expenditure is managed and monitored by ensuring that all vacancies are budgeted for and the vacancy appears on the organisational structure, prior to filling the position. The confirmation of appointment is confirmed by the Department: Corporate Services, Financial Services and approved by the Municipal Manager, before an offer of employment is made to the recommended incumbent. All employee-related expenditure is aligned with the salary budget for the 2024/2025 financial year.

4.6 EMPLOYEE-RELATED EXPENDITURE

Workforce Expenditure Trends					
Financial Year	Total Operating Expenditure (OPEX)	Employee Related Costs (ERC)	ERC Value Increase	ERC Increase %	ERC as a % of OPEX
2019/2020	918 048 123	258 240 519	12 953 567	5,3%	28,1%
2020/2021	958 335 354	279 130 365	20 889 846	8,1%	29,1%
2021/2022	1 027 531 695	284 143 555	5 013 190	1,8%	27,7%
2022/2023	1 067 100 160	292 468 756	8 325 201	2,9%	27,4%
2023/2024	1 189 258 483	325 240 219	32 771 463	11,2%	27,3%
2024/2025	1 166 604 739	333 976 574	8 736 355	2,7%	28,6%

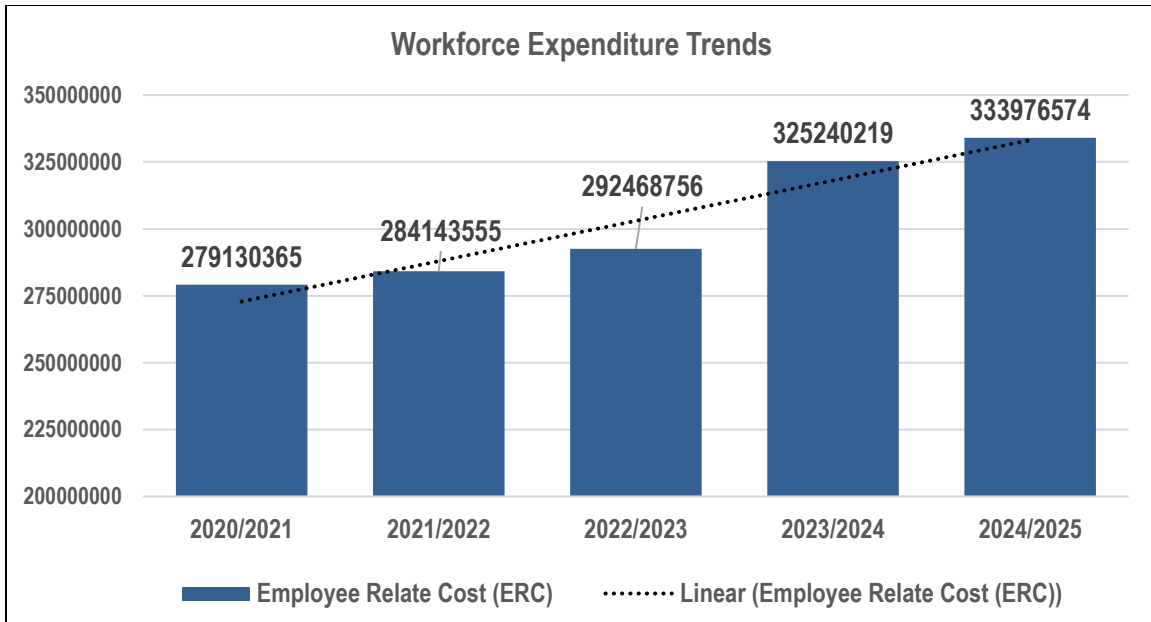


Table: 4.6.1 A

National Treasury norm is 33 %, based on the audited financial years. Knysna personnel cost is averaging between 28.1 % and 30 %. Employee cost increases are in line with inflation and implemented on 01 July annually, and the Knysna council only increase in line with the South African Local Government Bargaining Council.

CHAPTER 5: FINANCIAL PERFORMANCE

INTRODUCTION

This chapter comprises of three components and highlights specific accomplishments:

1. Component A: Statement of Financial Performance
2. Component B: Spending Against Capital Budget
3. Component C: Other Financial Matters

COMPONENT A:

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

The purpose of the Statement of Financial Performance is to give an account of the results of the municipality's operations. These transactions result from the operating budget. The result is expressed as being either a surplus or a deficit (being the difference between Revenue and Expenditure).

A surplus is indicative of Revenue being more than Expenditure, and a deficit of Expenditure being more than Revenue. The purpose of the Statement of Financial Position is to give an account of the assets and liabilities at the end of the financial year. Net assets are shown, which are the difference between the assets and the liabilities. The cash flow statement shows the net cash result. Technically, the statement starts with the accounting surplus as per the Statement of Financial Performance, which gets adjusted for all non-cash transactions. All other cash transactions not resulting from the Statement of Financial Performance are recorded. These items can be referenced back to both the capital budget as well as the items reported as part of the quarterly Section 71 reports, submitted to Council.

The three main categories:

Net cash from operating activities – this category shows the result of the operations of Knysna Municipality in cash terms. It includes the provisioning of municipal services, purchasing of inventory, debtors and creditors transactions and interest received and paid. Net cash resulting from investing activities – this category shows the result from funds invested (either assets through the capital budget or as cash investments) as well as investments withdrawn.

Net cash resulting from financing activities – this category shows the result from financing activities, being mainly external loans taken up or redeemed.

Statement of Financial Performance: Year 2024/2025						
Description	2023/2024	2024/2025				
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Actual Results as a % of Original Budget	Actual Results as a % of Adjustments Budget
Financial Performance	–					
Property rates	312 143 268	336 224 732	344 356 295	348 305 529	103,6%	101,1%
Service charges	511 467 291	576 484 657	546 020 154	553 583 832	96,0%	101,4%
Investment revenue	0	21 043 958	30 072 442	29 520 070	140,3%	98,2%
Transfers recognised - operational	144 426 343	164 365 348	169 107 727	151 866 194	92,4%	89,8%
Other own revenue	158 162 432	221 046 946	189 665 620	177 904 728	80,5%	93,8%
Total Revenue (Excluding Capital Grants)	1 126 199 334	1 319 165 641	1 279 222 238	1 261 180 353	95,6%	98,6%
Employee costs	319 034 507	325 141 735	329 006 304	333 976 574	102,7%	101,5%
Remuneration of councillors	9 821 279	11 003 414	9 767 729	9 684 105	88,0%	99,1%
Bad debts written off	0	1 298 772	0	3 652 043	281,2%	#DIV/0!
Debt impairment	11 906 520	165 600 503	130 589 460	126 780 470	76,6%	97,1%
Depreciation & asset impairment	41 593 959	58 383 147	58 383 147	54 160 816	92,8%	92,8%
Finance charges	32 590 165	34 930 633	38 529 291	35 701 142	102,2%	92,7%
Materials and bulk purchases	336 522 159	378 543 830	379 355 325	369 884 421	97,7%	97,5%
Transfers and grants	903 233	1 122 870	12 170 805	1 661 040	147,9%	13,6%
Contracted services	136 951 043	170 937 633	153 129 499	149 112 481	87,2%	97,4%
Other expenditure	85 940 868	81 766 271	80 536 207	81 666 492	99,9%	101,4%
Gains or Loss				325 157		
Total Expenditure	975 263 733	1 228 728 808	1 191 467 767	1 166 604 740	94,9%	97,9%
Surplus/(Deficit)	150 935 601	90 436 833	87 754 471	94 575 613	104,6%	107,8%
Transfers recognised - capital	30 076 576	65 521 652	71 003 043	46 705 808	71,3%	65,8%
Contributions recognised - capital & contributed assets					#DIV/0!	#DIV/0!
Surplus/(Deficit) after capital transfers & contributions	181 012 177	155 958 485	158 757 514	141 281 421	90,6%	89,0%
Share of surplus/ (deficit) of associate	0	0	0	0	#DIV/0!	#DIV/0!
Surplus/(Deficit) for the year	181 012 177	155 958 485	158 757 514	141 281 421	90,6%	89,0%

Table 5.1.1

5.2 FINANCIAL PERFORMANCE OF OPERATING EXPENDITURE BY GFS CLASSIFICATION

In the table below, the operating expenditure performance by GFS classification is depicted. Knysna Municipality has spent R 1.06 billion of the final operating adjustments budget of R 1.22 billion on operating activities.

Financial Performance of Operational Expenditure By GFS Classification						
Description	2023/2024	2024/2025			2024/2025 Variance	
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget (%)	Adjustments Budget (%)
Operating Cost						
Water	116 126	130 416	114 990	118 046	-10,5%	2,6%
Waste Water (Sanitation)	91 638	42 400	37 890	38 841	-9,2%	2,4%
Electricity	377 027	431 211	433 221	415 768	-3,7%	-4,2%
Waste Management	68 904	65 341	67 368	74 263	12,0%	9,3%
Housing	42 712	40 442	42 881	40 687	0,6%	-5,4%
Component A: Sub-total	696 407	709 809	696 351	687 605	-3,2%	-1,3%
Roads	48 652	43 293	40 825	38 306	-13,0%	-6,6%
Component B: Sub-total	48 652	43 293	40 825	38 306	-13,0%	-6,6%
Planning and Development	35 779	58 415	54 320	53 832	-8,5%	-0,9%
Environmental Protection	4 580	7 910	8 750	8 703	9,1%	-0,5%
Component C: Sub-total	40 359	66 325	63 070	62 535	-6,1%	-0,9%
Community & Social Services	25 312	24 191	23 617	24 808	2,5%	4,8%
Public Safety	158 803	144 186	156 100	161 161	10,5%	3,1%
Sport and Recreation	21 613	23 203	23 464	23 016	-0,8%	-1,9%
Executive, Council and Other	191 121	217 722	188 040	169 173	-28,7%	-11,2%
Component D: sub-total	396 850	409 302	391 221	378 158	-8,2%	-3,5%
Total Expenditure	1 182 268	1 228 729	1 191 468	1 166 605	-5,3%	-2,1%

Table: 5.1.2

5.3 GRANTS

Grant Performance: Year 2024/2025						
Description	2023/2024	2024/2025			2024/2025 Variance	
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget (%)	Adjustments Budget (%)
Operating and Capital Grants						
National Government:	201 320	198 473	80 993	180 962	8,8%	-123,4%
Equitable Share	122 358	130 575	0	130 575	0,0%	#DIV/0!
Municipal Infrastructure Grant (MIG)	24 199	28 582	28 487	19 643	31,3%	31,0%
Neighbourhood Development Partnership Grant (NDPG)	8 397	10 477	20 477	14 737	-40,7%	28,0%
Integrated National Electrification Programme (INEP)	40 000	15 760	9 900	1 077	93,2%	89,1%
Finance Management Grant (FMG)	1 771	1 800	0	1 800	0,0%	#DIV/0!
Expanded Public Works Programme (EPWP)	1 264	1 279	0	1 279	0,0%	#DIV/0!
Water Services Infrastructure Grant	3 331	10 000	9 006	8 896	11,0%	1,2%
Municipal Disaster Recovery Grant (new)	0	0	2 600	2 382	#DIV/0!	8,4%
Chemical Industry CHIETA	0	0	840	403	#DIV/0!	52,1%
Construction, Education and Training SETA	0	0	9 683	171	#DIV/0!	98,2%
Provincial Government:	35 193	53 384	34 604	40 603	23,9%	-17,3%
Human Settlement Development Grant	24 126	32 280	25 524	26 045	19,3%	-2,0%
Library Grant	10 978	11 113	0	9 663	13,0%	#DIV/0!
Title Deed Restoration	0	828	-828	2	99,8%	100,2%
Community Development Worker Grant	57	57	57	57	0,0%	0,0%
Financial Management Capability Grant	32	150	725	375	-150,2%	48,2%
Transport Grant	0	130	80	0	100,0%	100,0%
Municipal Energy Resilience Grant	0	600	0	25	95,8%	#DIV/0!
Municipal Water Resilience Grant	0	8 136	9 136	4 363	46,4%	52,2%
SANBI Groen Sebenza	0	90	-90	72	20,2%	179,8%
Total Operating and Capital Grants	236 513	251 857	115 597	221 565	12,0%	-91,7%

Table: 5.2.1

COMMENT ON GRANTS

The gazetted grants were not spent in full during the year under review. An application was made for the roll-over of grants.

5.4 ASSET MANAGEMENT

The management of municipal assets is crucial for the sustainability of the municipality as it is not possible to render any services without properly maintained assets. Increased municipal investment in infrastructure, in particular roads, water and sanitation infrastructure, will be required in the next few years.

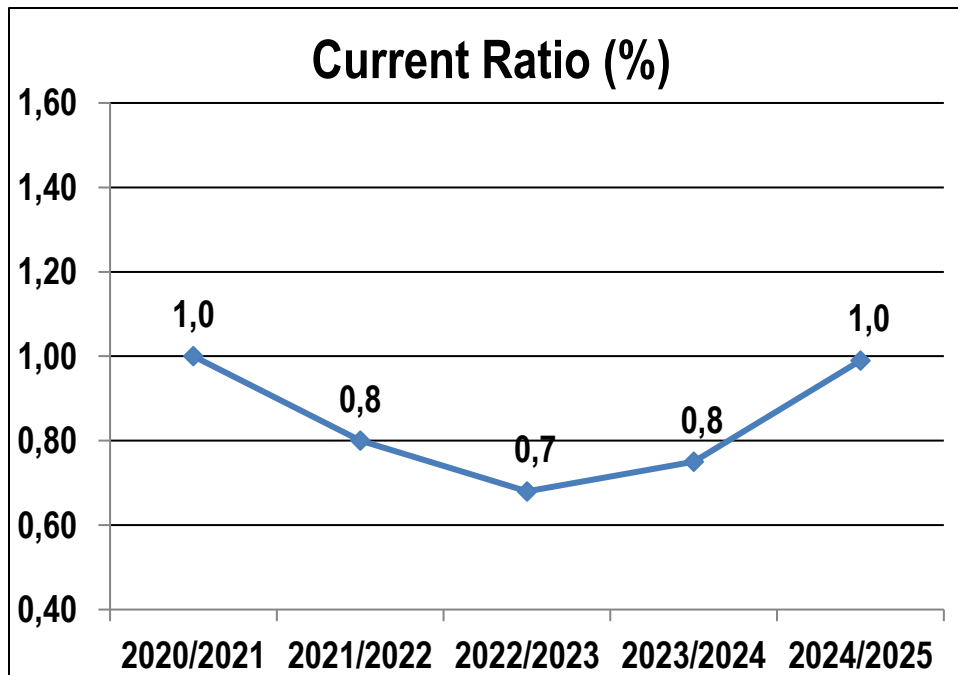
Repairs and Maintenance Expenditure: Year 2024/2025				
Description	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Positive / (Negative) Variance (%)
Repairs and Maintenance Expenditure	41 236	41 236	39 608	3,9%
Total Operating Expenditure	1 228 729	1 225 979	1 166 605	4,8%
Repairs and Maintenance as a % of Total Operating Expenditure	3,4%	3,4%	3,4%	

Table 5.3.4

5.5 FINANCIAL RATIOS

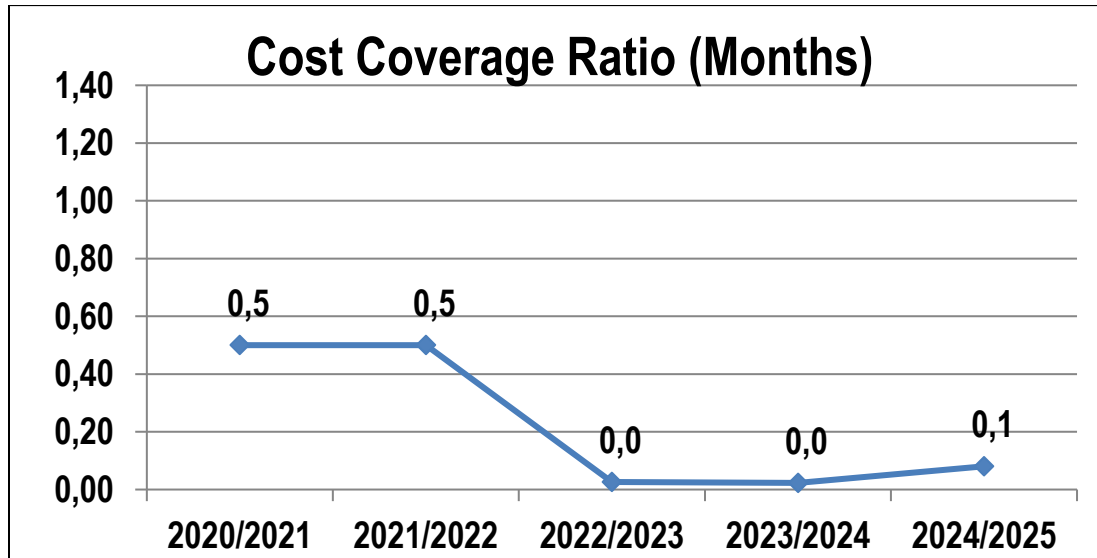
5.5.1 Current Ratio

The current ratio represents the ability of the Municipality's current assets to service its current liabilities. The result is just below the acceptable norm of 1:1 for Local Government.



5.5.2 Cost Coverage Ratio

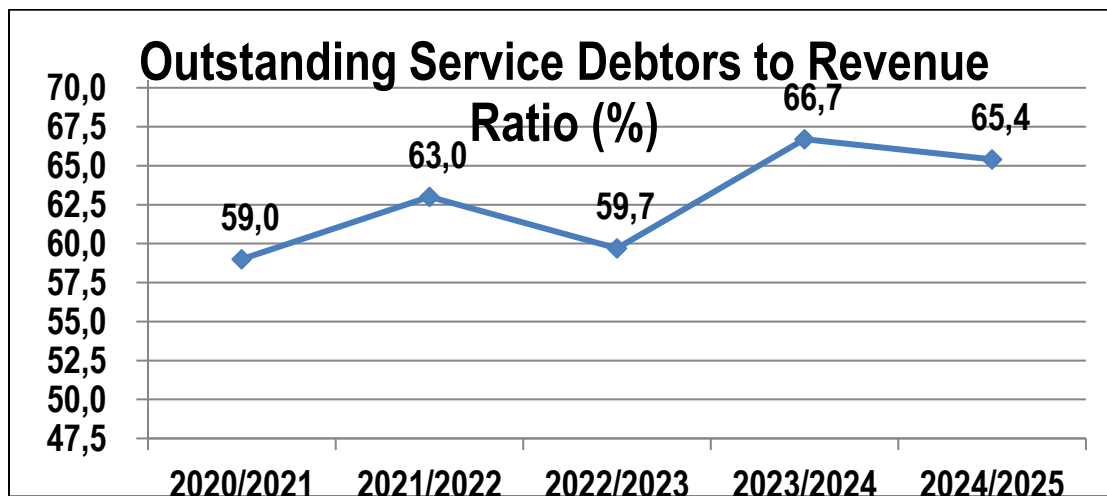
The cost coverage ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available for the Municipality.



5.5.3 Outstanding Service Debtors to Revenue Ratio

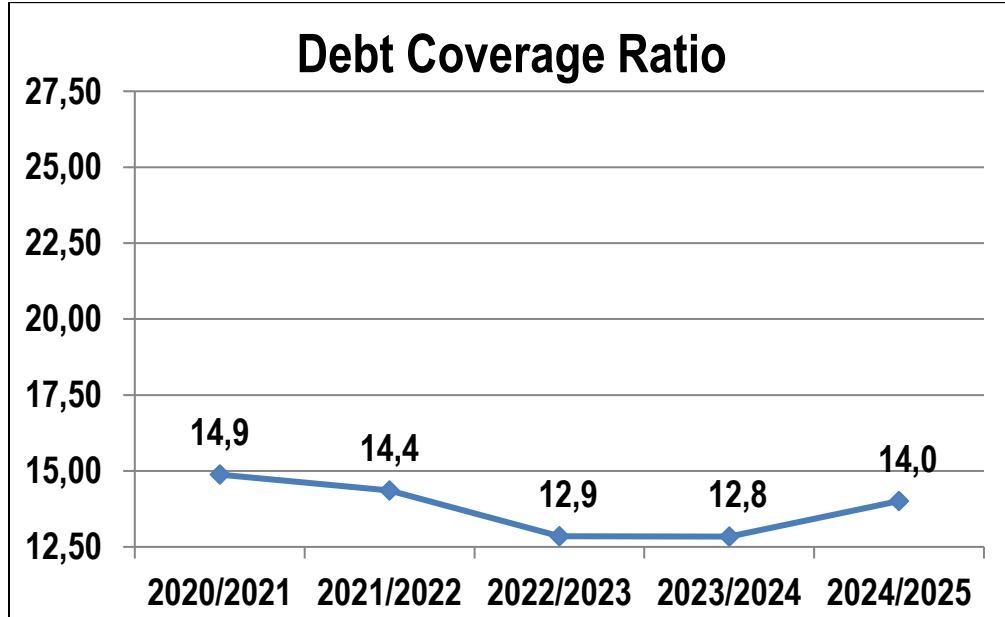
The outstanding service debtors to revenue ratio indicates how much money is owed by debtors when compared to the generated revenue. This is a measure of what fraction of outstanding debt is from the total generated revenue.

Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue.



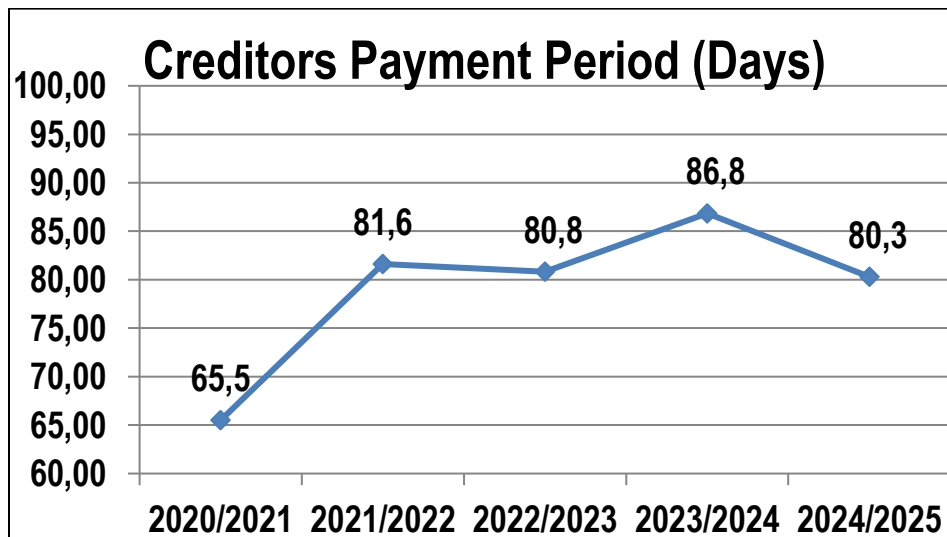
5.5.4 Debt Coverage Ratio

The debt coverage ratio determines the number of times debt payments (interest and redemption on external loans) can be accommodated within operating revenue excluding conditional grants.



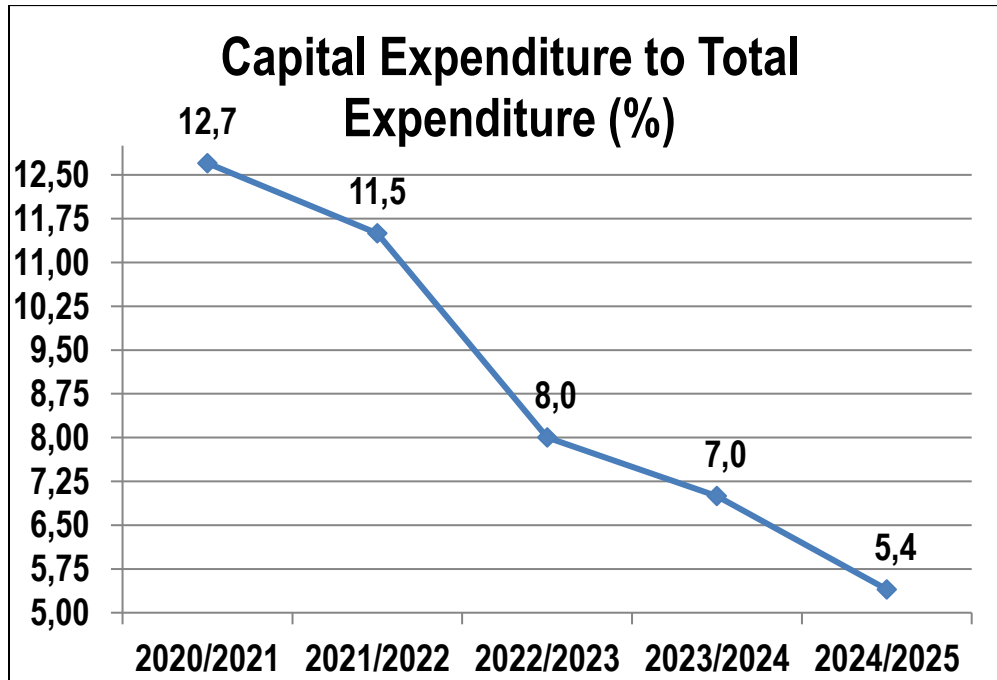
5.5.5 Creditors Payment Period Ratio

This ratio measures the number of days it takes to pay creditors who delivered services to the Municipality on credit. The GRAP Accounting Standards require a municipality to recognise invoices in June, still payable in July, on the accrual basis. This distorts the results as all creditors are paid within 30 days of receipt of an invoice.



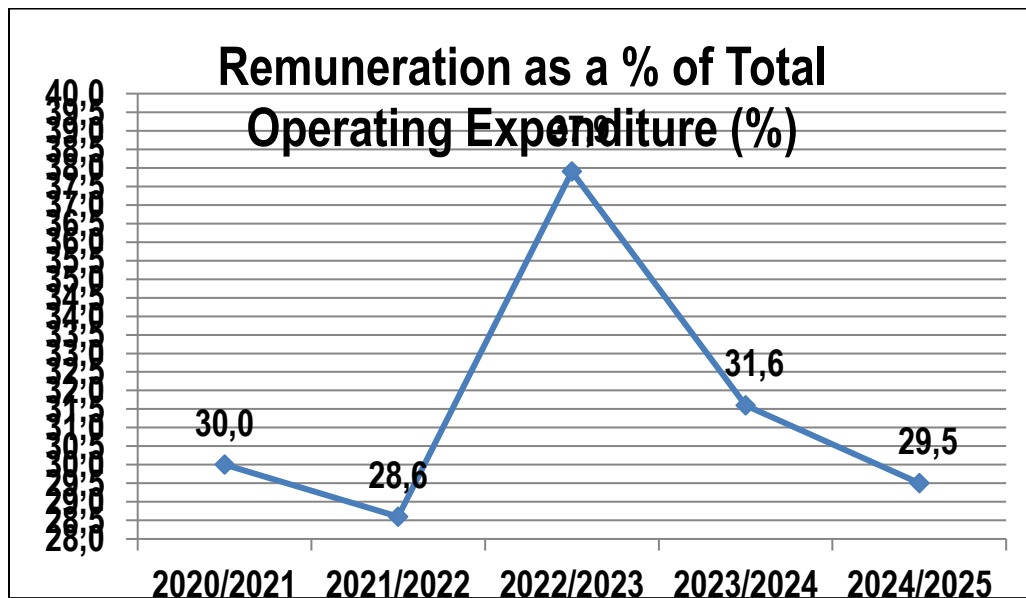
5.5.6 Capital Expenditure to Total Expenditure Ratio

This ratio indicates the capital expenditure as a percentage of total expenditure (capital and operating expenditure).



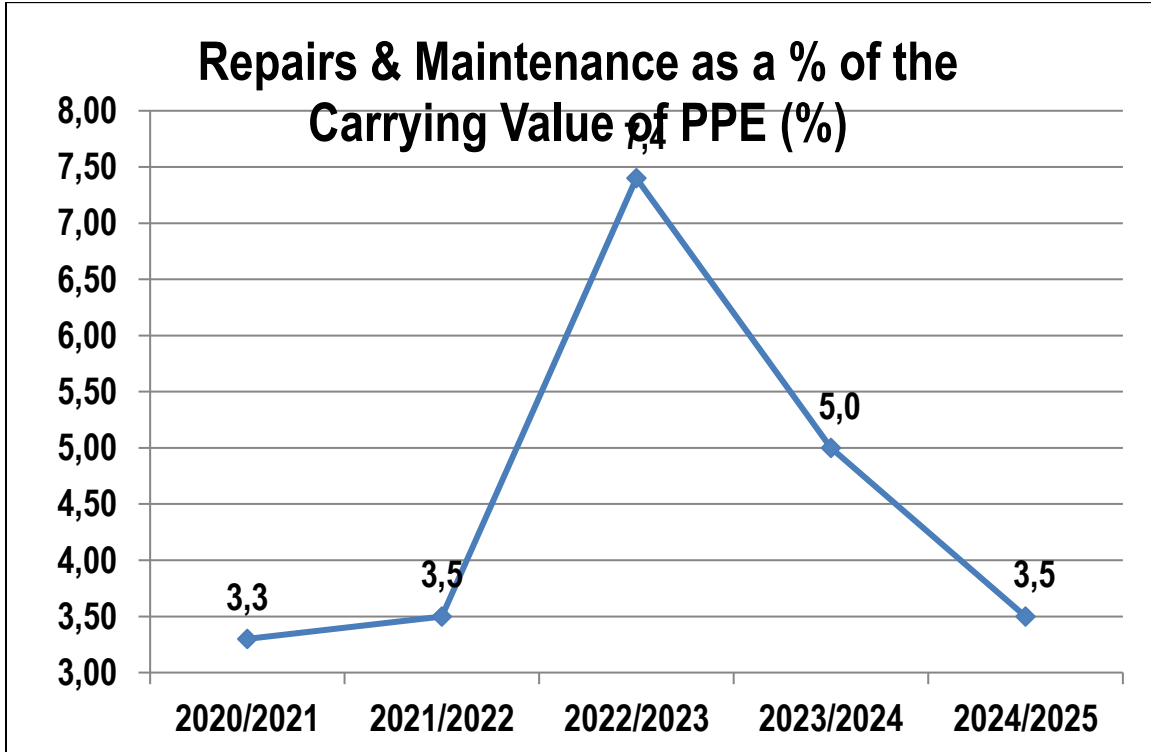
5.5.7 Employee Cost Ratio

Employee-related costs as a percentage of operating expenditure is depicted in the graph below. The acceptable National Treasury norm ranges between 25% and 40% of the operating budget expenses.



5.5.8 Repairs and Maintenance as a percentage of the Carrying Value of Property, Plant and Equipment

This graph illustrates repairs and maintenance as a percentage of the carrying value of property, plant and equipment. The National Treasury norm equates to 8%.



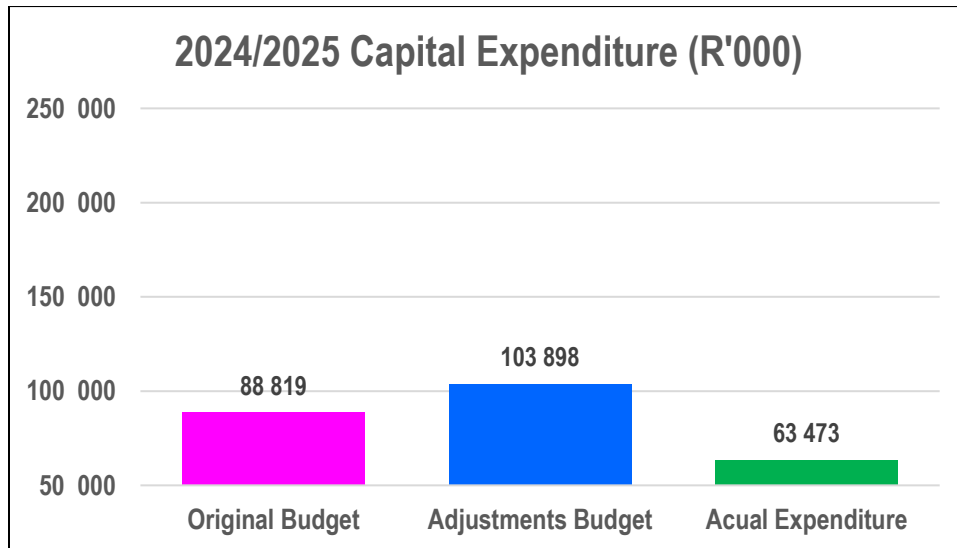
5.6 Cost Containment

Cost Containment: Year 2024/2025								
Expenditure Measures	Approved Budget (R'000)	Quarter 1 Expenditure (R'000)	Quarter 2 Expenditure (R'000)	Quarter 3 Expenditure (R'000)	Quarter 4 Expenditure (R'000)	Total Expenditure (R'000)	% of Approved Budget (R'000)	Available Budgeted Expenditure (R'000)
Use of Consultants	10 981	792	6 312	2 229	1 134	10 467	95,3%	513
Vehicles used for political office-bearers	0	0	0	0	0	0	0,0%	–
Travel and Subsistence	1 299	130	204	278	275	887	68,3%	412
Domestic Accommodation	358	22	71	55	101	249	69,5%	109
Sponsorships, Events and Catering	1 077	106	47	417	388	958	88,9%	120
Communication	114	27	28	29	32	116	102,2%	(2)
Other related expenditure items	0	0	0	0	0	–	0,0%	–
Totals	13 829 273	1 078 237	6 661 367	3 008 124	1 929 756	12 677 484	91,7%	1 151 789

Table 49: Cost Containment

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.6 CAPITAL EXPENDITURE



5.7 CAPITAL EXPENDITURE FUNDING SOURCES

Capital Expenditure Funding Sources: 2023/2024 to 2024/2025						
Description		2023/2024	2024/2025			2024/2025 Variance
		Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget (%) Adjustments Budget (%)
Source of Finance						
External loans		14 495	–	3 653	2 974	0,0% 18,6%
Public contributions and donations		–	–	–	–	0,0% 0,0%
Grants and subsidies		67 675	65 522	70 649	48 521	25,9% 31,3%
Other		7 771	23 297	29 596	11 978	48,6% 59,5%
Total		89 941	88 819	103 898	63 473	28,5% 38,9%
Percentage of finance						
External loans		16,1%	0,0%	3,5%	4,7%	0,0% -33,3%
Public contributions and donations		0,0%	0,0%	0,0%	0,0%	0,0% 0,0%
Grants and subsidies		75,2%	73,8%	68,0%	76,4%	-3,6% -12,4%
Other		8,6%	26,2%	28,5%	18,9%	28,1% 33,8%

T5.6.1.1

5.8 CAPITAL EXPENDITURE FUNCTIONAL CLASSIFICATION

Capital Expenditure Functional Classification: 2023/2024 to 2024/2025							
Description		2023/2024	2024/2025			2024/2025 Variance	
		Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget (%)	Adjustments Budget (%)
Capital Expenditure							
Water and sanitation		13 534	19 344	29 545	18 956	2,0%	35,8%
Electricity		44 525	17 704	14 991	2 627	85,2%	82,5%
Housing		437	10 900	2 900	3 015	72,3%	-4,0%
Roads and stormwater		25 692	24 917	37 539	28 135	-12,9%	25,1%
Other		5 754	15 953	18 923	10 741	32,7%	43,2%
Total		89 941	88 819	103 898	63 473	28,5%	38,9%
<i>Percentage of capital expenditure</i>							
Water and sanitation		15,0%	21,8%	28,4%	29,9%	7,0%	92,1%
Electricity		49,5%	19,9%	14,4%	4,1%	298,4%	212,0%
Housing		0,5%	12,3%	2,8%	4,7%	0,0%	-10,2%
Roads and stormwater		28,6%	28,1%	36,1%	44,3%	-45,2%	64,4%
Other		6,4%	18,0%	18,2%	16,9%	114,5%	111,1%

Table 5.6.1.2

5.9 CAPITAL EXPENDITURE - 5 LARGEST PROJECTS

Capital Expenditure of 5 Largest Projects					
Name of Project	2024/2025			2024/2025 Variance	
	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Expenditure R'000)	Original Budget (%)	Adjustments Budget (%)
Public Transport Facilities - NDPG	9 110	17 806	12 815	-40,7%	28,0%
MIG: Rehabilitation of Streets	7 978	8 817	7 579	5,0%	14,0%
Municipal Water Resilience Grant - W C P A	–	7 944	3 794	0,0%	52,2%
Water Services Infrastructure Grant	8 696	7 831	7 735	11,0%	1,2%
MIG: 285770 Upgrade Sportsfield PH2 (Bongani)	6 576	7 477	6 594	-0,3%	11,8%

T5.7.1

The above projects were prioritised in terms of the challenges experienced in the delivery of services to the community. The projects were identified as being the largest, based on the size of the actual expenditure on the projects.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

INTRODUCTION

No submission

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 INTRODUCTION

The introduction of the strict cash management regime in the previous financial year was maintained, even after the cash balances improved, to ensure a culture of cost curtailment.

Cash Flow Statement: Year 2024/2025				
Description	2023/2024	2024/2025		
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)
Cash flows from operating activities				
Receipts	992 154	1 301 524	1 343 237	1 217 564
Ratepayers and other	749 702	1 064 703	1 096 339	950 661
Government grants, conditional receipts and construction contracts	234 277	234 905	243 821	244 485
Interest	8 175	1 916	3 077	22 418
Payments	-882 414	(1 088 821)	(1 125 871)	(1 014 222)
Suppliers and employees	-844 764	(1 052 767)	(1 075 117)	(978 357)
Finance charges	-37 650	(34 931)	(38 529)	(34 204)
Transfers and grants	0	(1 123)	(12 224)	(1 661)
Net cash flows from operating activities (Sub-total A)	109 740	212 703	217 366	203 342
Cash flows from investing activities				
Receipts	-188	1 000	15 600	(218)
Proceeds on disposal of assets	58	1 000	15 600	30
Decrease / (Increase) in non-current investments	-246	-	-	(248)
Payments	-88 814	(88 819)	(119 483)	(63 523)
Capital assets	-88 814	(88 819)	(119 483)	(63 523)
Net cash flows from investing activities (Sub-total B)	-89 002	(87 819)	(103 883)	(63 740)
Cash flows from financing activities				
Receipts	25 005	0	0	334 572
Borrowing long term / refinancing	25 005	0	0	0
Increase / (Decrease) in consumer deposits	0	0	0	334 572
Payments	-42 492	(50 503)	(52 410)	(57 544)
Repayment of borrowing	-42 492	(50 503)	(52 410)	(57 544)
Net cash flows from financing activities (Sub-Total C)	-17 487	(50 503)	(52 410)	(57 210)
Net increase / (decrease) in cash held (Sub-totals A, B & C)	3 251	74 381	61 074	82 392
Cash and cash equivalents at the beginning of the year	20 358	20 358	23 609	23 609
Cash and cash equivalents at the end of the year	23 609	94 739	84 683	106 001

Table 5.9.1

5.10.1 BORROWING AND INVESTMENTS

Borrowings showed a decrease in the 2024/2025 financial year.

Actual Borrowings: 2022/2023 to 2024/2025			
	2022/2023	2023/2024	2024/2025
	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)
Annuity Loans			
Opening balance of annuity loans	339 096	368 297	351 704
Add: New external loans taken up during the year	66 256	25 005	0
Less: External loans redeemed during the year	-37 055	-41 599	-56 721
Closing Balance of Annuity Loans	368 297	351 704	294 983

T 5.10.2

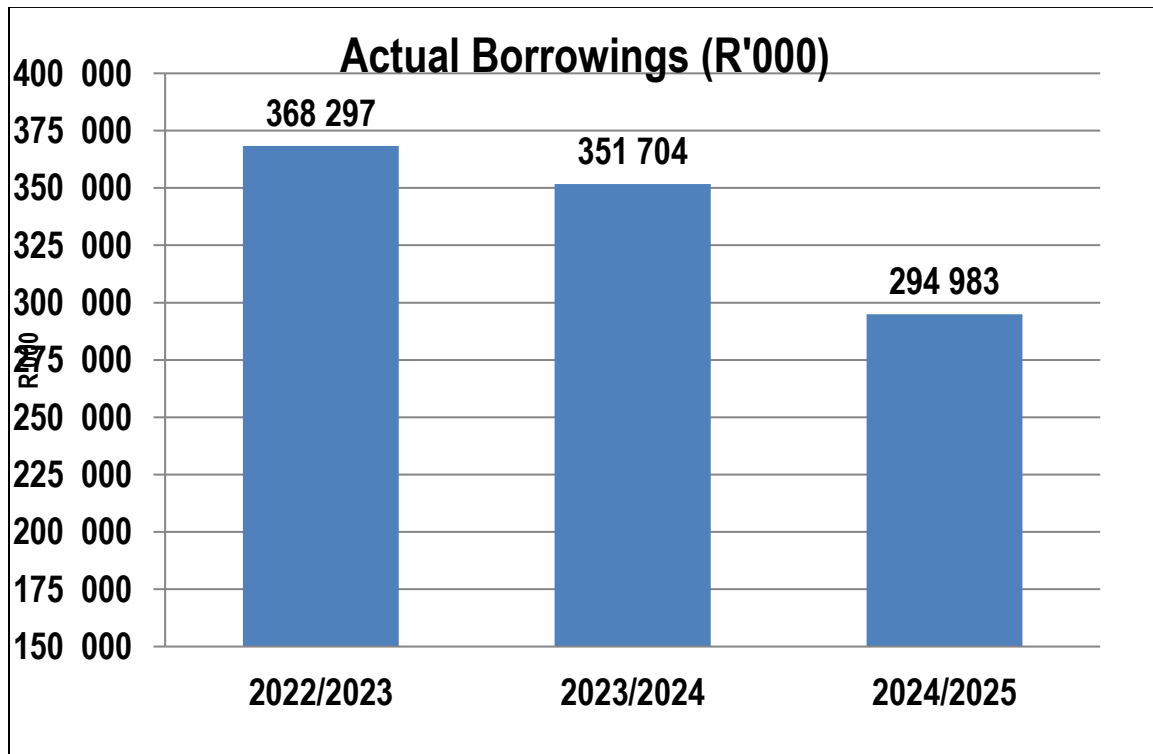


Table 5.10.2.1

5.10.2 INVESTMENTS

Municipal Investments: 2022/2023 to 2024/2025			
Investment Type	2022/2023	2023/2024	2024/2025
	Actual Results (R'000)	Actual Results (R'000)	Actual Results (R'000)
Deposits - Bank	20 328	23 578	65 553
Deposits - Call Deposits	19	21	40 437
Other	10	10	10
Total Cash and Cash Equivalents	20 357	23 609	106 001

Table 5.10.4.1

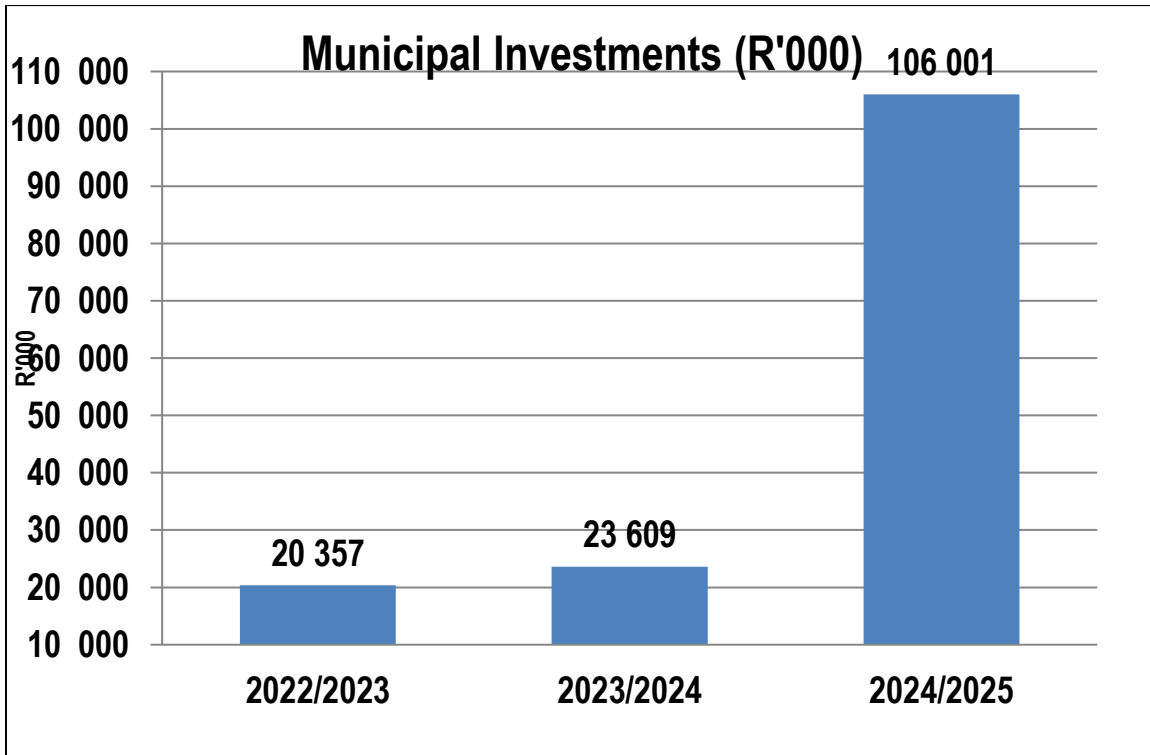


Table 5.10.4.2

5.11 PUBLIC-PRIVATE PARTNERSHIPS

The Municipality had no public-private partnerships as per the Municipal Public-Private Partnership Regulations for the year under review.

CHAPTER 6: AUDITOR-GENERAL FINDINGS

Auditor-General Report on 2023/2024 Financial Performance	
Audit Report Status	Unqualified Audit Opinion with findings
Material Non-Compliance Issues	Remedial Action Taken
The AG identified non-compliance to below listed: Section 122 (1) of the MFMA Section 62(1)(d) of the MFMA Section 65(2)(e) of the MFMA Section 64(2)(e) of the MFMA Section 63(2)(c) of the MFMA SCM regulation 17(1)(a) and (c) SCM regulation 19(a) SCM regulation 36(1) SCM regulation 43	Refer to Audit Action Plan (OPCAR)

Auditor-General Report on 2024/2025 Financial Performance	
Audit Report Status	Unqualified Audit Opinion with findings
Material Non-Compliance Matters Raised	Remedial Action
i. SCM Regulation 17(1)(a) and (c) ii. Section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A). iii. Section 116(2)(b) of the MFMA. iv. Regulation 36(1)(a) v. Section 66(1)(a) of the MSA. vi. Section 57(2)(a) of the MSA vii. Regulation 35(1) of the Municipal Staff Regulations. viii. Regulation 43 of the Municipal Systems Regulations. ix. Section 32(2)(a) of the MFMA	Refer to Audit Action Plan (OPCAR)

x.	Section 64(2)(b) of the MFMA	
xi.	Section 65(2)(e) of the MFMA	
xii.	Section 62(1)(d) of the MFMA	
xiii.	Section 87(8) of the MFMA	

Auditor-General Report on 2024/2025 - Other Matters	
Description	Conclusion
Annual Performance Report	Qualified
Compliance with Legislation	None

Report of the auditor-general to the Western Cape Provincial Parliament and the council on the Knysna Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Knysna Municipality set out on pages 5 to 120, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Knysna Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Context for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Contingencies

7. With reference to note 44 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Material impairments

8. As disclosed in notes 5 and 6 to the financial statements, the municipality has provided for impairment of receivables from exchange and non-exchange transactions to the value of R298,5 million (2023-24: R263,3 million) and R256,2 million (2023-24: R230,0 million) respectively.

Material losses - water

9. As disclosed in note 51 to the financial statements, water losses of R19,6 million (2023-24: R13,8 million) was incurred which represents 47,98% (2023-24: 33,68%) of the purified water.

Unauthorised and irregular expenditure

10. As disclosed in note 48 to the financial statements, the municipality incurred unauthorised operating expenditure of R25,6 million (2023-24: R58,2 million) as a result of over expenditure on approved budgets per vote.
11. As disclosed in note 50 to the financial statements, the municipality incurred irregular expenditure of R92,2 million (2023-24: R142,2 million) as a result on non-compliance to laws and regulations.

Other matters

12. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited disclosure notes

13. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Unaudited supplementary schedules

14. The supplementary information set out on pages 121 to 125, does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and DORA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
16. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate

governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

17. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 13, forms part of my auditor's report.

Report on the audit of the annual performance report

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
20. I selected the following objectives presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected objectives that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
To improve and maintain current basic service delivery through specific infrastructural development projects	44-61	Basic service delivery
To promote a safe and healthy environment through the protection of our natural resources	62	Basic service delivery

21. I evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

22. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

23. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

24. I did not identify any material findings on the reported performance information for Strategic Objective 2: To promote a safe and healthy environment through the protection of our natural resources.

25. The material findings on the reported performance information for the selected objectives are as follows:

SO1: To improve and maintain current basic service delivery through specific infrastructural development projects

Various Indicators

26. Measures taken to improve performance against underachieved targets were not reported in the annual performance report. Information was thus not provided to help with understanding the actions taken by the municipality to address performance gaps and for assessing the effectiveness of strategies to improve future performance against targets.

Indicator	Target
TL56: Limit unaccounted water losses to less than (<) 35% by the end of June 2025.	<35%
TL58: 100% compliance to general standards regarding wastewater outflow by 30 June of the financial year	100%

TL63: Service Sites for future housing development through the Upgrading of Informal Settlements Plan (UISP) and Enhanced People's Housing Process (EPHP)

27. An achievement of 44 was reported against a target of 30. However, the target had not been clearly defined during the planning process. The performance indicator was not time bound as timeframes were not specified. Consequently, the target is not useful for measuring and reporting on progress against the municipality's planned objectives.

TL 65: Provision of Housing opportunities in accordance with the Provincial Business Plan and budget allocation

28. An achievement of 42 was reported against a target of 99. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially more than reported. Consequently, it is likely that the achievement against the target was better than reported.

TL 35: Provide free electricity to indigent account holders connected to the municipal electrical infrastructure network

29. An achievement of 3168 was reported against a target of 1874. However, some supporting evidence was not provided for auditing; or, where it was, I identified material differences between the actual and reported achievements. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

TL 36: Provide free basic sanitation to indigent account holders connected to the municipal sanitation infrastructure network

30. The target in the annual performance report differed from what was committed to in the approved revised planning documents. The reported target was 3165, while the planned target was 3152. This change was made without obtaining the required approval, which undermines transparency and accountability.

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
33. The table that follows provides information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 44 to 61.

SO1: To improve and maintain current basic service delivery through specific infrastructural development projects

<i>Targets achieved: 66,6%</i> <i>Budget spent: 61%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
TL 36: Provide free basic sanitation to indigent account holders connected to the municipal sanitation infrastructure network	3165	3150
TL56 - Limit unaccounted water losses to less than (<) 35% by the end of June 2025	<35%	47.98%
TL 58 - 100% compliance to general standards regarding wastewater outflow by 30 June of the financial year	100%	67.12%
TL 65 - Provision of Housing opportunities in accordance with the Provincial Business Plan and budget allocation	99	42

Material misstatements

34. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Strategic Objective 1: To improve and maintain current basic service delivery through specific infrastructural development projects. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

35. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial

management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

36. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
37. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
38. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

39. Reasonable steps were not taken to ensure that money owed by the Knysna municipality was always paid within 30 days as required by section 65(2)(e) of the MFMA.
40. Reasonable steps were not taken to prevent irregular expenditure amounting to R92,2 million as disclosed in note 50 to the annual financial statements, as required by section 62(1)(d) of the MFMA.
41. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R25,6 million, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the approved budget.

Revenue management

42. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Consequence management

43. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
44. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
45. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resources management

- 46. Financial interests were not disclosed by the municipal manager within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.
- 47. Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by regulation 36(1)(a) on appointment and conditions of employment of senior managers.
- 48. The municipal manager did not develop the staff establishment and did not submit it to the municipal council for approval as required by section 66(1)(a) of the MSA.
- 49. I was unable to obtain sufficient appropriate audit evidence that senior managers signed performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Procurement and contract management

- 50. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c).
- 51. Construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
- 52. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

Strategic planning and performance management

- 53. KPIs were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and municipal planning and performance management regulation 9(1)(a)

Conditional grants

- 54. Performance in respect of programmes funded by the Integrated National Electrification Programme grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the Dora.

Other information in the annual report

55. The accounting officer is responsible for the other information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
56. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
57. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
58. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

59. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
60. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
61. Leadership did not exercise oversight responsibility regarding performance reporting and compliance as well as related internal controls.
62. Leadership did not implement effective human resource management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.
63. Leadership did not establish and communicate policies and procedures to enable and support the understanding and execution of internal control objectives, processes and responsibilities.
64. Leadership did not develop and monitor the implementation of action plans to address internal control deficiencies.
65. Management did not review and monitor compliance with applicable legislation.

Material irregularities

66. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

67. The material irregularities identified are as follows:

The Waste Water Treatment Works (WWTWs) and mainline infrastructure operations and poor effluent quality disposal

68. Wastewater that is untreated or inadequately treated is discharged into the environment, water streams, the sensitive Knysna estuary, lake and its surrounding ecosystems which poses significant threats to the health of the estuary and its biodiversity. The estuary's ecological status is deteriorating due to the poor or unacceptable wastewater effluent disposed from the Knysna WWTW and/or wastewater mainline infrastructure pollution. The pollution and deteriorating water quality further affects the aquatic habitat, subsistence and recreational activities of the estuary and lake, as well as having a negative impact on the business sector and tourist attractions surrounding the lake and affected areas.
69. This resulted in non-compliance with section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 19(1) of the National Water Act 36 of 1998 (NWA).
70. The non-compliance resulted in the raw wastewater (overflows) downflow and poor effluent quality disposals into the very sensitive Knysna estuary lake and ecosystem, causing harm to the receiving environment, public, business and popular leisure and tourism activities. The value of property and promotion of Knysna as a tourism hub may also be affected.
71. The non-compliance is likely to result in substantial harm to the general public if appropriate actions are not taken to address the cause of the raw wastewater overflows and poor effluent quality disposal. The action/s taken should prevent the continued pollution of the water resources and/or minimise or rectify the impact of such pollution to the wider community and the environment impacted.
72. I notified the accounting officer of the material irregularity on 19 March 2025 and invited him to make a written submission on the actions that have been and/or that will be taken to address the matter.
73. The accounting officer, in his letter dated 14 April 2025, detailed actions that have already been taken as well as actions still to be taken to prevent further harm, as part of the municipality's detailed action plan. Although the municipality addressed many of the risks identified with improvements noted relating to plant operations, mechanical and operational equipment, the concerns that remain relate to sludge mass overloads, vegetation overgrowth in maturation

ponds, disinfection challenges where chlorine residuals and solids in the effluent which impede the disinfection and final effluent disposal quality. Furthermore, the old and inadequate wastewater mainline infrastructure, including non-functional wastewater pumpstations, is still a concern, as it results in wastewater not reaching the WWTW for treatment. It is imperative to address the upgrade needs within the entire wastewater mainline infrastructure (as well as plants, pumpstations - reticulation).

74. I will follow up on the implementation and completion of the planned actions during my next audit.

Environmental impact of the solid waste transfer station (WTS) and waste disposal operations

75. Operations at the Knysna solid waste transfer station poses various pollution threats and nuisances to the immediate environment, which includes the Knysna lake, waterfront, business, tourism and communal activities. The improper disposal and storage of solid waste is causing pollution of the surface area and potential contamination of the groundwater and stormwater run-off into the Knysna lake and estuary. This has a detrimental effect on the water sources of the municipality. The infrastructural decay of the transfer station and equipment hampers solid waste interim disposal and storage. Delays in the establishment of the Garden Route Regional Waste Landfill site, as an alternative, and excessive distances to travel for waste landfilling, often result in the current waste transfer facility being over-capacitated and or waste disposed outside the transfer building. The situation is further exacerbated by resource constraints that includes human resources, vehicles and operational equipment needed for the collection, interim disposal, storage and final transportation to the PetroSA landfill site outside Mossel Bay.
76. This resulted in non-compliance with section 4(2)(i) of the MSA, section 28(1) of the NEMA, various sections of the National Environmental Management: Waste Act 59 of 2008 (NEMWA), sections 20(1) and 29(4) of the Environmental Conservation Act 73 of 1989 (ECA) and section 19(1) of the NWA.
77. The non-compliances are likely to result in undesirable nuisances and harm to the health and well-being of the residents and communities living in close proximity of the Knysna solid waste transfer station or using the estuary. It also has a detrimental impact on the Knysna lake (water quality) and well-being and livelihoods of businesses and tourism activities surrounding the Knysna solid waste transfer station. The value of property and promotion of Knysna as a tourism hub may also be affected.
78. I notified the accounting officer of the material irregularity on 06 June 2025 and invited him to make a written submission on the actions that have been and/or that will be taken to address the matter.

79. The accounting officer, in his letter dated 23 June 2025, detailed actions that have already been taken as well as actions still to be taken to prevent further harm, as part of the municipality's detailed action plan. Not all actions have been completed at the date of this auditor's report. Some of the challenges and risks identified were addressed by the municipality. The poor condition of the infrastructure and equipment of the Knysna solid waste transfer station as well as the undesirable location of the site, must still be addressed.

80. I will follow up on the implementation and completion of the planned actions during my next audit.

Auditor General

Cape Town

30 November 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii) Sections 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Division of Revenue Act 24 of 2024	Sections 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a),

Legislation	Sections or regulations
	54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Municipal Staff Regulations, 2021	Regulations 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

Appendix A: COUNCILLORS



SPEAKER OF COUNCIL	EXECUTIVE MAYOR	DUPUTY EXECUTIVE MAYOR
		
Cllr Mark Willemsse	Cllr Thando Matika	Cllr Morton Gericke

MAYORAL COMMITTEE

PLANNING AND ECONOMIC DEVELOPMENT	INFRASTRUCTURE SERVICES	COMMUNITY SERVICES	FINANCE AND GOVERNANCE	INTEGRATED HUMAN SETTLEMENTS
				
Cllr Morton Gericke	Cllr Beauty Charlie	Cllr Russel Arends	Cllr Kay Andrews	Cllr Neil Louw

WARD COUNCILLORS

		VACANT
		
		
		

PROPORTIONAL REPRESENTATIVES

Illustration 1: Knysna Council

Council Members	F u l l t i m e (F T) P a r t T i m e (P T)	Co m m i t t e e s A l l o c a t e d	*W a r d a n d/ o r P a r t y R e p r e s e n t e d	Council Meetings July 2024 - June 2025												Council Meetings July 2024 - June 2025												Number of Council Meetings Attended	Per cent age Cou ncil Mee ting s Atte nda nce	Nu mbe r of Apo logi es for non - atte nda nce (AW L)	Per cent age Apo logi es for non - att en da nce
				AWL – Absent with Leave												AWL – Absent with Leave															
				AWOL – Absent without Leave												AWOL – Absent without Leave															
				P – Present												P – Present															
				NC – Not a Councillor												NC – Not a Councillor															
				2024												2025															
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN				
ANDREWS , Kay Celeste	F T	Inte grat ed Hum an Settl eme nts	W ar d 6	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						25	

Council Members	Full Time (FT) Part Time (PT)	Committees Allocated	*Ward and/or Party Represented	Council Meetings July 2024 - June 2025														Council Meetings July 2024 - June 2025														Number of Council Meetings Attended	Percentage Council Meetings Attendance	Number of Apologies for non-attendance (AWL)	Percentage Apologies for non-attendance
				AWL – Absent with Leave														AWL – Absent with Leave																	
				AWOL – Absent without Leave														AWOL – Absent without Leave																	
				P – Present														P – Present																	
				NC – Not a Councillor														NC – Not a Councillor																	
				2024														2025																	
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN							
ARENDs, Russel Warren	PT	Ward	Ward 11	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							25				
BESTER, Peter Johan	PT	Ward	Ward 10	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							25				
CAMPBEL L,	PT	PR	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							25				

Council Members	F u l l T i m e (F T) P a r t T i m e (P T)	C o m m i t t e e s A l l o c a t e d	*W a r d a n d / o r P a r t y R e p r e s e n t e d	Council Meetings July 2024 - June 2025												Council Meetings July 2024 - June 2025												Number of Council Meetings Attended	Per cent age Cou ncil Mee ting s Atte nda nce	Nu mbe r of Apo logi es for non - atte nda nce (AW L)	Per cen tag e Ap olo gie s for no n-att en da nce		
				AWL – Absent with Leave												AWL – Absent with Leave																	
				AWOL – Absent without Leave												AWOL – Absent without Leave																	
				P – Present												P – Present																	
				NC – Not a Councillor												NC – Not a Councillor																	
				2024												2025																	
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN					
Margareth a Susan																																	
CHARLIE, Lungelwa Beauty	FT	Infra struc ture Serv ices	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	AWOL	P	P	P						24		1

Council Members	Full Time (FT) Part Time (PT)	Committees Allocated	*Ward and/or Party Represented	Council Meetings July 2024 - June 2025														Council Meetings July 2024 - June 2025														Number of Council Meetings Attended	Percentage Council Meetings Attendance	Number of Apologies for non-attendance (AWL)	Percentage Apologies for non-attendance
				AWL – Absent with Leave														AWL – Absent with Leave																	
				AWOL – Absent without Leave														AWOL – Absent without Leave																	
				P – Present														P – Present																	
				NC – Not a Councillor														NC – Not a Councillor																	
				2024														2025																	
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN							
DAVIS, Levael	PT	Ward	Ward 1	AWL	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							24		1		
GERICKE, Morton	FT	PR	PR	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	P	P	P	AWL	P	P	P							6		1	
GROOTBOOM, Waleed	FT	Community Services	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	AWOL	P	P	AWL							23		2	

Council Members	Full Time (FT) Part Time (PT)	Committees Allocated	Ward and/or Party Represented	Council Meetings July 2024 - June 2025														Council Meetings July 2024 - June 2025														Number of Council Meetings Attended	Percentage Council Meetings Attendance	Number of Apologies for non-attendance (AWL)	Percentage Apologies for non-attendance
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				AWOL – Absent without Leave														AWOL – Absent without Leave																	
				P – Present														P – Present																	
				NC – Not a Councillor														NC – Not a Councillor																	
				2024														2025																	
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN							
KHUMELWANA, Mboneli	PT	Ward	Ward 7	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						25					
LOUW, Neil Glen	PT	MPAC	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						25				
MARBI, Alberto Riccardo	FT	Deputy Executive Mayor	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	NC	NC	NC	NC	NC	NC	NC						18				

Council Members	F u l l t i m e (F T) P a r t t i m e (P T)	Co m m i t t e e s A l l o c a t e d	*W a r d a n d/ o r P a r t y R e p r e s e n t e d	Council Meetings July 2024 - June 2025														Council Meetings July 2024 - June 2025														Number of Council Meetings Attended	Per cent age Cou ncil Mee ting s Atte nda nce	Nu mbe r of Apo logi es for non - atte nda nce (AW L)	Per cen tag e Apo logi es for non - att en da nce
				AWL – Absent with Leave														AWL – Absent with Leave																	
				AWOL – Absent without Leave														AWOL – Absent without Leave																	
				P – Present														P – Present																	
				NC – Not a Councillor														NC – Not a Councillor																	
				2024														2025																	
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN							
MATIKA, Thando Charles	F T	Fin ance & Gov erna nce	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							25				
MAXIM, Elmarie	P T	PR	PR	A W L	P	P	P	P	A W L	P	P	P	P	P	P	A W L	P	A W L	N C	N C	N C	N C	N C	N C							14		4		
PETROS, Pindile Ernest	P T	Ward	W a r d 4	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							25				

Council Members	F u l l T i m e (F T) P a r t T i m e (P T)	C o m m i t t e e s A l l o c a t e d	*W a r d a n d / o r P a r t y R e p r e s e n t e d	Council Meetings July 2024 - June 2025												Council Meetings July 2024 - June 2025												Number of Council Meetings Attended	Per cent age Cou ncil Mee ting s Atte nda nce	Nu mbe r of Apo logi es for non - atte nda nce (AW L)	Per cen tag e Ap olo gie s for no n-att en da nce			
				AWL – Absent with Leave												AWL – Absent with Leave																		
				AWOL – Absent without Leave												AWOL – Absent without Leave																		
				P – Present												P – Present																		
				NC – Not a Councillor												NC – Not a Councillor																		
				2024												2025																		
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN						
SABBAGH, Sharon Theresa	P T	Ward	Ward 9	P	A W L	A W L	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						23		2		
SKOSANA, Mncedisi David	F T	Speaker	Ward 3	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N C	N C	N C						22			
STROEBE L, Hilton	P T	Ward	Ward 5	P	P	P	P	P	A W L	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						24		1	

Council Members	F u l l T i m e (F T) P a r t T i m e (P T)	C o m m i t t e e s A l l o c a t e d	*W a r d a n d / o r P a r t y R e p r e s e n t e d	Council Meetings July 2024 - June 2025														Council Meetings July 2024 - June 2025														Number of Council Meetings Attended	Per cent age Cou ncil Mee ting s Atte nda nce	Nu mbe r of Apo logi es for non - atte nda nce (AW L)	Per cen tag e Ap olo gie s for no n-att en da nce
				AWL – Absent with Leave														AWL – Absent with Leave																	
				AWOL – Absent without Leave														AWOL – Absent without Leave																	
				P – Present														P – Present																	
				NC – Not a Councillor														NC – Not a Councillor																	
				2024														2025																	
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN							
TSENGWA , Ndoda Aubrey	FT	Exe cutiv e Mayor	W a r d 8	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	N C	N C	N C	N C	N C	N C							19			
TYOKOLO, Luzuko	PT	PR	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P							24			
VAN SCHALKW YK, André	PT	PR	PR	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	N C	P	P	P	P	P							5			

Council Members	F u l l T i m e (F T) P a r t T i m e (P T)	C o m m i t t e e s A l l o c a t e d	*W a r d a n d / o r P a r t y R e p r e s e n t e d	Council Meetings July 2024 - June 2025														Council Meetings July 2024 - June 2025														Number of Council Meetings Attended	P e r c e n t a g e C o u n c i l M e e t i n g s A t t e n d a n c e	N u m b e r o f A p o l o g i e s f o r n o n - a t t e n d a n c e (A W L)	P e r c e n t a g e A p o l o g i e s f o r n o n - a t t e n d a n c e				
				AWL – Absent with Leave														AWL – Absent with Leave																					
				AWOL – Absent without Leave														AWOL – Absent without Leave																					
				P – Present														P – Present																					
				NC – Not a Councillor														NC – Not a Councillor																					
				2024														2025																					
				19 JUL	5 AUG	22AUG	9 SEPT	19 SEPT	30 SEPT	25 OCT	31 OCT	8 NOV	13 NOV	22 NOV	27 NOV	10 DEC	29 JAN	14 FEB	26 FEB	28 FEB	12 MAR	31 MAR	8 APR	30 APR	15 MAY	30 MAY	5 JUN	26 JUN											
VANSTON, Cleone	P T	Ward	Ward 2	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						25									
WHITE, Jason Garth	P T	PR	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						25									
WILLEMSE, Mark Sydney	P T	PR	PR	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P						25									

APPENDIX B: COMMITTEES



APPENDIX B

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Financial	To take political responsibility for the performance of the following functions of the portfolio: Budget and Treasury matters, SCM and Stores, Information Technology, Asset Management, Expenditure\Income and Insurance.
Corporate Services	To take political responsibility for the performance of the following functions of the portfolio: Customer Care Management, Corporate Administration, Human Resources, Legal Services, Records Management, Local Labour Forum, Occupational Health & Safety, Committee and Councillor Support, Capacity Building and Public Participation.
Community Services	To take political responsibility for the performance of the following functions of the portfolio: Disaster Management, Parks & Recreation (Public Amenities), Fire Services, Social Development (Early Childhood Development and HIV/AIDS), Libraries & Heritage, Sport, Arts & Culture, Waste Management, Law Enforcement, Traffic, Cemeteries, Community Safety, Neighbourhood Revitalisation, Horticulture, Youth, Gender, Disabled and Environmental / Public Health.
Technical Services Committee	To take political responsibility for the performance of the following functions of the portfolio: Development Projects, Water and Sanitation (Water Services), Public Works (Roads, Storm water etc.) and Electricity.
Planning, Development Services	To take political responsibility for the performance of the following functions for the portfolio: Municipal wide planning and urban design, Town planning, Land Use Management, Building development Management, Development Projects, Land Information, Planning Legislation and enforcement and Environmental Planning.
Integrated Human Settlements Services	To take political responsibility for the performance of the following functions of the portfolio: Development Projects, Land Information and Integrated Human Settlements.

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

APPENDIX C

THIRD TIER ADMINISTRATIVE STRUCTURE

OFFICE OF THE MUNICIPAL MANAGER	
Surname & Initial	Job Designation
Bezuidenhout, CF	Manager: Communications
Chordnum, CJ	Snr. Manager: IDP/PMS/IGR
Louw, A	Chief Audit Executive
Gutas, ZB	Chief Risk Officer
DIRECTORATE CORPORATE SERVICES	
Surname & Initial	Job Designation
Plaatjies, L	Senior Manager: ICT
Phillips, L	Manager: Human Resources
Kalani, MJ	Manager: Public Participation
Botha, M	Acting Manager: Legal Services
Botha, C	Manager: Administration
DIRECTORATE FINANCIAL SERVICES	
Surname & Initial	Job Designation
Jagaysor, AK	Snr. Manager: Financial Management Services
Kova, BM	Snr. Manager: Revenue Services
Michaels, M	Manager: Expenditure
Mampana, T	Manager: Supply Chain Management
DIRECTORATE INFRASTRUCTURE SERVICES	
Surname & Initial	Job Designation
Parry, RF	Manager: Water & Waste Water Services
Maree, S	Manager: Roads - Public Works
Nzuzo, MB	Senior Manager: Project Management Office
Vacant	Manager: Electrical & Mechanical Services
DIRECTORATE COMMUNITY SERVICES	
Surname & Initial	Job Designation
Frans, VX	Manager: Library Services
Meyer, R	Manager: Protection Safety
Van Wyk, I	Manager: Parks & Recreation
McKenzie, E	Acting Manager: Waste Management
Bezuidenhout, IF	Chief Fire Officer
DIRECTORATE PLANNING & ECONOMIC DEVELOPMENT	
Surname & Initial	Post Designation
Smit, JH	Manager: Land Use Management
Booth, P	Manager: Environmental Management
Daames, R	Building Control Officer
Goya, L	Manager: Local Economic Development
DIRECTORATE INTEGRATED HUMAN SETTLEMENTS	
Surname & Initial	Job Designation
Petuna, L	Manager: Human Settlements

APPENDIX D: FUNCTIONS OF THE MUNICIPALITY



APPENDIX D

DIRECTORATE	SERVICES
Office of the Municipal Manager	The Office of the Municipal Manager over and above the directorates as reflected below include the Communications, Internal Audit, Risk Management and IDP/OPMS/IGR sections. Throughout the year the Communications section communicated specific and service delivery related information with the public, i.e., water outages, electricity outages, Council meeting sessions, etc. Council information is also timeously communicated as per municipality Newsletter, including the facilitation of Interviews with Councillors and Administration where so required. The Internal Audit Unit, audited financial and non-financial related reports to ensure completeness and correctness of all reported performance on a scheduled basis. The Internal Audit Unit also plays an internal performance auditing role, which includes monitoring the functioning of the PMS and compliance to legislative requirements. Its role is also to assist the municipality in validating the evidence provided by the Directors. All auditing activities assist with readiness and preparation of the institution annual external audit as conducted by the Office of the Auditor-General. The 2024/2025 IDP was developed and approved by Council as the most strategic principal document and plan of the municipality for execution by all departments. The IDP was informed by public and public representative engagement processes, which guided the application of municipal resources. The Organisational Performance Management (OPMS) section drafted/developed the 2024/2025 Service Delivery and Budget Implementation Plan (SDBIP) as was approved by the Executive Mayor. The Risk Management section identified all potential threats which may hamper implementation of the Business Plan and guided the management of Institutional Risks. On an annual basis, a comprehensive report on the performance of the Knysna municipality also needs to be compiled and approved. The requirements for the compilation, consideration, and review of such an annual report are set out in Chapter 12 of the MFMA. The Office of the Municipal Manager is also responsible for the co-ordination of the Section 154 intervention programme and provides quarterly feedback to Council and the Section 154 Steering Committee on the implementation of identified interventions.



DIRECTORATE	SERVICES
Corporate Services	The Corporate Services Directorate managed all administrative processes of Council, of which included the convening and reporting outcomes of Council and Council Committee meetings. The managing of the general ICT operations includes the procurement of hardware/software, systems and applications management, internal LAN/WAN monitoring and management and access control of users and systems administration and operations on servers. The Directorate also hosts the Human Resources department which primarily handled all recruitment and selection of employees during the financial year. The training and development of Councillors and municipal staff was coordinated in accordance with the municipality's Work Skills Plan (WSP). All council/municipality owned properties and legal services was also undertaken and managed by the directorate.
Financial Services	Our municipal finances were done in accordance with the Council approved Budget and Financial Management Strategies were approved by Council in June 2024. The General Recognised Accounting Practices directed the standard recording of municipality transactions as was executed. As per MFMA Budget Circular 123, Version 6.8 of the mSCOA chart was uploaded onto the financial system and the 2024/2025 budget will be transacted on this new version released. Despite the significant changes by NT from version 6.6.1 to 6.7 Knysna Municipality is ready to continue to run the budget directly from the system with no manual intervention on running of data strings to the NT portal.
Planning and Economic Development	The Spatial development within the municipality boundaries, directed all spatial planning and developments for the year under review in accordance with the Council approved Spatial Development Framework. Spatial development was also to direct integration of communities both in terms of residential and business development programmes. The Town Planning department managed all building related activities and applications in accordance with set Building Relations. The Local Economic Development (LED) section initiated all local economic development programs and activities within the municipality. Support for existing and new local businesses were also provided to stimulate the development and expansion of local economy.



DIRECTORATE	SERVICES
Community Services	The Community services directorate focused on the promotion of a clean, healthy and safe living and work environment. The cleanliness of the respective towns within our municipality boundaries by way weekly refuse removal for both residential and business communities. Some past challenges were experienced with availability of refuse trucks to effect scheduled refuse removal. The municipality Disaster Management plan facilitated the provision of major Fire and Rescue services to prevent any potential form of natural disaster. The Traffic and Law Enforcement services provided included regular traffic control and implementation of traffic rules and By-laws. Regular regulation of traffic, especially in the CBD of Knysna and at times in Sedgefield ensured smoother traffic flow and the prevention and reduce of traffic related accidents. The maintenance of our municipal Parks, Public open spaces were also managed, including the management of noise natural resource pollution of which include the protection of our Lagoons, Ocean and Forestry areas. Most of these programs were undertaken in collaboration with National/Provincial governments and institutions like the National Parks Board. Our local, Libraries, Halls, Cemeteries, Museums, Arts and Culture, Youth and Sport Development programs also received and provided significant support in benefit of our local communities.
Infrastructure Services	The Infrastructure Services Directorate was responsible for the roll-out and provision of Basic Services; including to ensure access to basic services to most households in formalised areas, the electrification of informal settlements, providing of quality drinking water to all households, to provide adequate basic sanitation to all households and repair, reseal and upgrading of all municipal roads. The provision of these different services was conducted in accordance with the different approved infrastructure Master Plans. The exponential growth of our town placed tremendous strain on the sustainable provision of services, though most services provided were in accordance with national se standards. Knysna Municipality also approved an Action Plan that deals with services interruptions, issued directives is focused on addressing such intermittent and sporadic happenings. The maintenance and improvement of the roads infrastructure networks received significant attention though much more focus and activity are currently in progress in this area. It is rather unfortunate that the expansion of our towns is not equal the amount of revenue generated for the provision of services. Our dependence on national and provincial grants hampers our intended levels of development amidst the municipality competing with other municipalities across the country.



DIRECTORATE	SERVICES
Human Settlements Administration	The Directorate of Integrated Human Settlements acts as an agent for Provincial Government and is working with them to achieve their vision, to develop sustainable integrated human settlements. The Human Settlement Plan continues to guide housing developments and the priority area through the implementation of the reviewed and updated 2024/2025 Human Settlements Plan. One of the key goals of the department is to provide housing opportunities and secure land tenure. Compile a GAP Housing Strategy that is in line with a long term Human Settlement Plan to meet the growing demand for social housing opportunities to decrease the housing backlog and reduce the housing waiting list per ward and pro-actively re-align the planning processes for housing development with national and provincial funding cycles.

Key functions of Directorates: Table 19

APPENDIX E: WARD REPORTING

APPENDIX F: WARD INFORMATION

WARD 1



WARD 1	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: • Smutsville/Sizamile • Sedgefield Island Village • The Island • Zeegezicht • Extension 4 • Lake Pleasant • Myoli Beach • Cola Beach • Ten Doel	1. Martie Rooi – Health Sector
	2. Eunice Vena – Human Settlement Sector Angeline Brinkhuis (secondi)
	3. Morné Galant – Religious Sector
	4. Vuyisile Pauli – Sport Sector Geneva Erasmus (secondi)
	5. Bramwill Baadjies – Business Sector Agnes Voorslag (secondi)
	6. Andrew Brough – Sedgefield Ratepayers & Environment
	7. Luvo Dayimani – Youth Sector Chanel Jacobs (secondi)
	8. Nadia Hardnick – Community Safety Thersius Jones (secondi)
	9. Cecililia Mckay – Welfare Sector Elspeth Hartzenberg (secondi)
	10. David Tromans – The Island Rodney Nay (secondi)

WARD 2

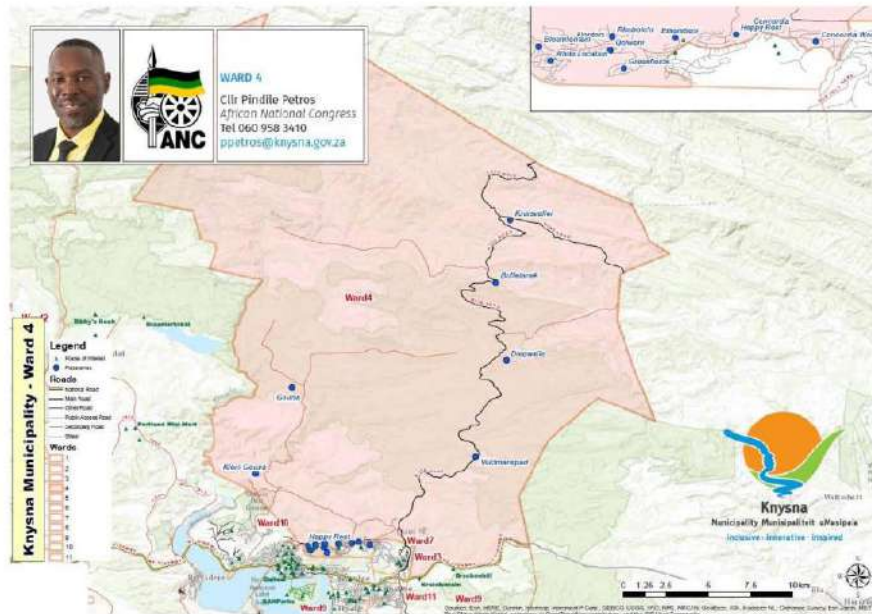


WARD 2	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - Geelhoutboom - Karatara - Kraaibos - Seabreeze - Lancewood - Hoogekraal - Winterskop - The Lakes - Montmere - Montage - Sedgfield - Groenvallei - Meerdingside - Fairview - Keurlei - Ruigtevlei - Kingston - Elandskraal - Arbeidsloot - Bergsig - Middlerug - Kraaibos	- Rodney Nay – Infrastructure Keith Killops (secondi) - Vacant – Safety & Security - Cliff Elion – Sedgfield Ratepayers - Ari Seirlis – Business & Tourism - Vacant – Human Settlements & Urban Development - Vacant – Environment - Hendrias Morris – Welsyndorp & Bergvallei Priscilla Lukas (secondi) - Johnny Botha – Bosdorp Doris Tamboer (secondi) - Nataniel Oelf – Farleigh Karen James (secondi) - Vacant - Agriculture

WARD 3

VACANT

WARD 4



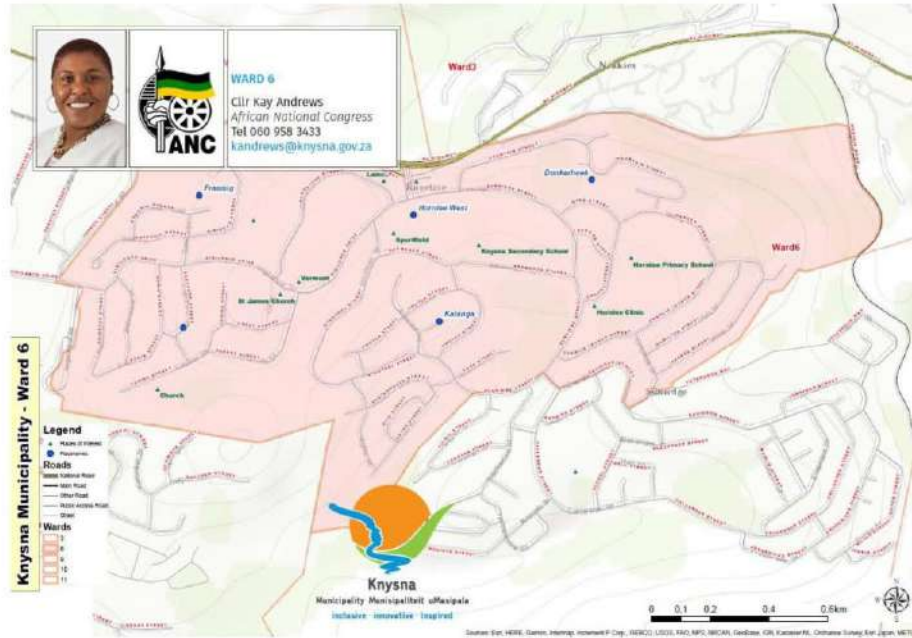
WARD 4	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - White Location - Greenfields - Qolweni - Bloemfontein - Flenters - Rhobololo - Ethembeni - Happy Rest	1. Zuzile Ntsinyabo – Sports, Arts & Culture
	2. Luvuya Fata – Education
	3. Lukangela Halu – Safety & Security Moses Solani (secondi)
	4. Siphokazi Somlota – Business/Farming Zukiswa Makisi (secondi)
	5. Bulelwa Msebi – Churches/Religious Andile Qele (secondi)
	6. Nkosinathi Okwana – Human Settlements Nomazizi Ngwala-Ngwala (secondi)
	7. Bethwel Mene – Youth Bavumile Jada (secondi)
	8. Mzawandile Mambalu – Elderly
	9. Shiela Nolongqu – Health
	10. Nomonde Mali – Social Development Zikhona Cingimbo (secondi)

WARD 5



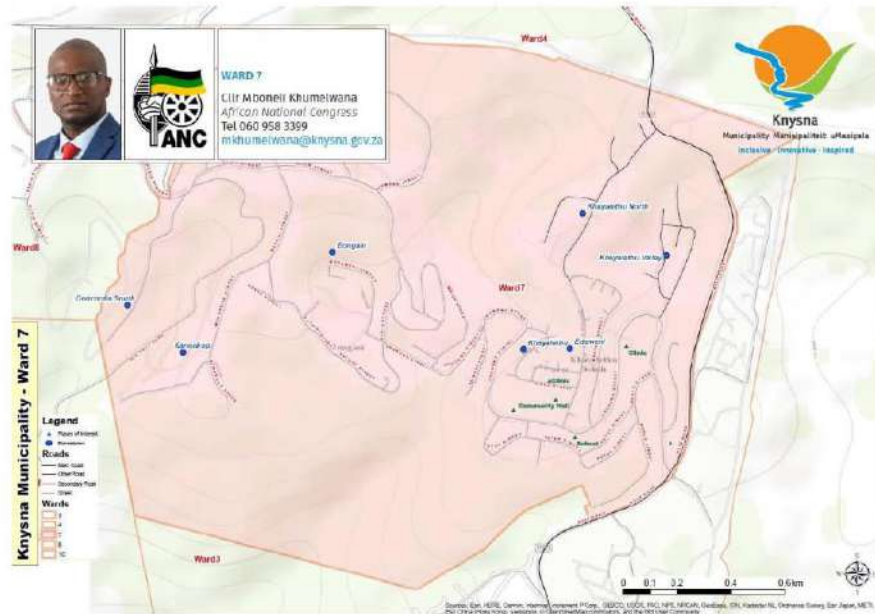
WARD 5	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - Rheenendal - Keurhoek - Belvidere - Lake Brenton - Brenton on Sea - Buffalo Bay - Bibby's Hoek - Avontuur - Die Hoek - Gansvlei	1. Hester Prinsloo – Block 1: Bloekom, Watson Main, Church Str Mirna Arries (secondi)
	2. Vacant – Block 2: Murray, Pine Str
	3. Vacant – Block 3: Sonop, Barnard Str
	4. Cedric Mqeke – Block 4: Geelhout, Fern, Bluebell, Acacia, Gousblom, Kalender Str Luzelle Mlandu (secondi)
	5. Winnifred Matthys – Block 5: Fern, Keurboom, Aandblom, Num-Num, Swarthout, Kershout Str Thembeke Thomas (secondi)
	6. Julanda Sass – Block 6: Lenteguur, Protea, Le Roux, Azale Str Annie Adams (secondi)
	7. Vacant – Goudveld & Surrounding Areas
	8. Paul Theron – Buffalo Bay
	9. Anthony Rischbieter – Brenton & Belvidere Mike Mills (Secondi)
	10. Elmay Bouwer – Business

WARD 6



WARD 6	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - Hornlee West - Fraaisig - Rykmanshoogte - Donkerhoek - Katanga	1. Engela Gesels – Block 1: Harker, Hamilton, Charlie Le Vack, Kardini, Happy Valley
	2. Jane Fourie - Block 1: Harker, Hamilton, Charlie Le Vack, Kardini, Happy Valley
	3. Maureen Brits – Block 2: Shamrock, Sunridge, St Teresa, Park, Swembad area
	4. Jenny Solomons - Block 2: Shamrock, Sunridge, St Teresa, Park, Swembad area
	5. Rolanda George – Block 3: Donkerhoek: Wing, Fountain Str, Fountain Valley
	6. Cameron Jantjies - Block 3: Donkerhoek: Wing, Fountain Str, Fountain Valley
	7. Elshone Krige – Block 4: Kantanga-Protea, Heatherdale, Park, Cawood, Stanford, Stroebe, Bitou, Reenboog, Allemeine Str
	8. Elma Sieglar - Block 4: Kantanga-Protea, Heatherdale, Park, Cawood, Stanford, Stroebe, Bitou, Reenboog, Allemeine Str
	9. Kirchen Stuurman – Block 5: Fraaisig & Rykmanshoogte
	10. Allan Kock - Block 5: Fraaisig & Rykmanshoogte

WARD 7



WARD 7	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: • Khayaletu • Khayaletu North • Khayaletu Valley • Bongani • Edameni • Concorida South	1. Romeo Daniels – Dinangwe Thembakazi Goba (secondi)
	2. Nobulani Mazwi – Khayaletu Valley Xolisile Siswana (secondi)
	3. Nwabisa Hamza – Khayaletu Nkosinathi Gwala (secondi)
	4. Simphiwe Falinthenjwa (Bongani) Thabisa Quba (secondi)
	5. Nosisa Mateyisi – Edameni
	6. Mbulelo Sokanyile – Kanonkop
	7. Babalwa Mbombo – Youth & Education Luzuko Majola (secondi)
	8. Solonzi Tyatyeka – Sport & Arts Odia Sayimani (secondi)
	9. Yoliswa Nkotana – Business, Employment & Crime Prevention Nosiho Mpikwa (secondi)
	10. Lucinda Bondt – Elderly/Disabled, GBV, Health Nosisa Mateyisi (secondi)

WARD 9



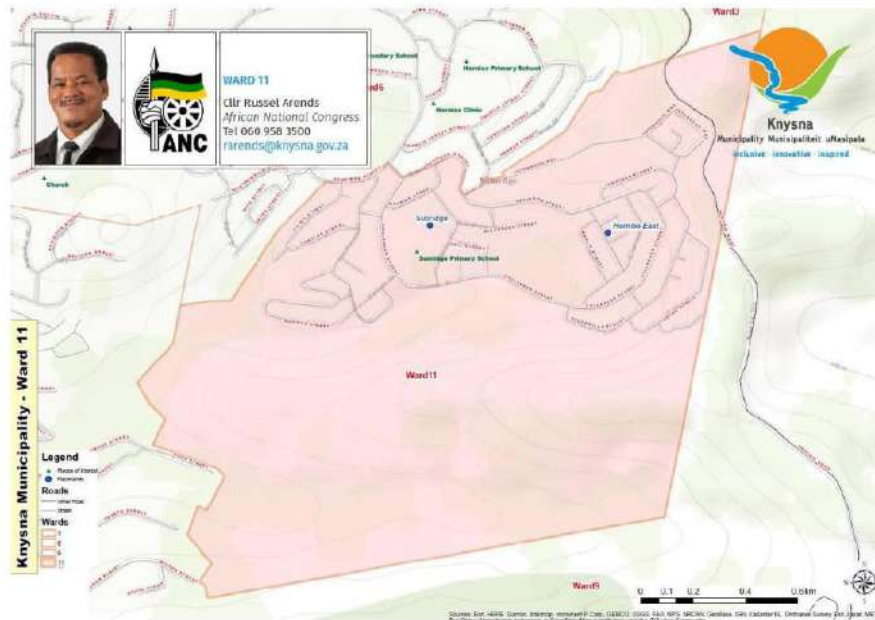
WARD 9	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - Leisure Island - The Heads - Pezula - Knoetzie - Brackenhill - Hunters Home - Rexford - Fisherhaven - Costa Sarda - Lower Old Place - Thesen Island - Industrial Area - Springveld - Brackenhill	1. Siena van Schoor – Thesen Island Bill Cooper (secondi)
	2. Mark Sasman – Hunters Home/Hunters Estate/Rexford Richard Thorpe (secondi)
	3. Christopher Gould – The Heads
	4. Jolinda Luiters – Brackenhill
	5. Wendy Dewberry – Knoetzie
	6. Mary-Ann Beviss-Challinor – Leisure Island
	7. Paola De Grandis – Costa Sarda/Lower Old Place/Fisher Haven
	8. Brian Bruce – Industrial Area
	9. Cobus Albrecht – Pezula/Ferwood
	10. Mark Sofianos – Business

WARD 10



WARD 10	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - Knysna CBD - Welbedaght - Paradise - Knysna Heights - Green Pastures - Heuvelkruin	1. Pierre Gouws – Business
	2. Carol Van Tonder – Safety & Security
	3. Yipie Kingma – Tourism
	4. Jacque Jacobs – Infrastructure
	5. Lidy van Leent – Upper Town
	6. Vacant – Paradise/Knysna Heights
	7. Richard Sohn – CBD/Lower Town
	8. Greg Barnes – Simola/Eastford/Green Pastures
	9. John Huxter – Welbedaght
	10. Vacant – Upper Old Place

WARD 11



WARD 11	
Ward Composition	Ward Committee Members
The ward comprises of the following areas as highlighted by the map above: - Hornlee East - Sunridge	1. Marvine Plaatjies – Block 1: Davidson, Jonathan, Kaptein Str
	2. Katriena Van Rooyen - Block 1: Davidson, Jonathan, Kaptein Str
	3. Michelle Stander – Block 2: Botha, Frederick, Calender str Maria Wabani (secondi)
	4. Janine Prins – Block 2: Botha, Frederick, Calender str
	5. Lorraine Opperman - Block 3: Smartie Town, Parkie Daw-Ann Van Rooyen (secondi)
	6. Shirley Koen - Block 3: Smartie Town, Parkie Jean Christians (secondi)
	7. Aschin Klein – Block 4: Davidson, Alexander, Hall, School Athur Alie (secondi)
	8. Luchelle Briesies - Block 4: Davidson, Alexander, Hall, School Leonie Pasja (secondi)
	9. Kaylem Botha – Block 5: Hornlee West, Katrina, Swarthout
	10. Tina Nell - Block 5: Hornlee West, Katrina, Swarthout

APPENDIX G: RECOMMENDATIONS FROM THE MUNICIPAL AUDIT COMMITTEE

Knysna Municipality
Ordinary Audit Committee 2024/2025
Minutes of Meeting held on 26 November 2025 at 14:00



#

**MINUTES OF THE KNYSNA MUNICIPALITY AUDIT COMMITTEE MEETING AT 14:00
ON WEDNESDAY, 26 NOVEMBER 2025**

Present :

Members :

Mr J Jacobs	Chairperson
Ms.G.Bolton	
Ms A Labuschagne	
Mrs R Shaw	
Adv D Block	

Officials:

Martin, R	Director : Integrated Human Settlements (Acting MM)
Frans,X	Director : Community Services (Acting)
Julies, C	Director : Financial Services
Jagaysor, A	Senior Manager: Financial Services
Mampana, T	Manager: SCM
Louw, A	Chief Audit Executive
Michaels, M	Manager : Expenditure
Van Huyssteen, L	Manager : Asset Management
Van Wyk, M	Manager : Annual Financial Statements
Fundi, N	Manager : Budget and Reporting
Phillips, L	Manager : Human Resources
Mampana, T	Manager : SCM
Smit, H	Manager : Town Planning and Building Control
Southey, K	Acting Manager: Environment Management
Botha, C	Manager: Administration (Acting Senior Manager IDP/IPM/IGR)
Pieterse, A	Senior Clerk: Internal Audit
Gutas, Z	Chief Risk Officer
Mkatshwa, S	Senior Clerk : Internal Audit
Kilimani, S	Senior Clerk: Records (Assisting Committee Officer)

Others:

Fakier, H
Masooa, S
Mulei, S
Ndzamela, N
Gabier, Z
Matubatuba, S
Moleko, M

Apologies:

None

Knysna Municipality
Ordinary Audit Committee 2024/2025
Minutes of Meeting held on 26 November 2025 at 14:00



#	<u>AGENDA ITEM AND DISCUSSIONS</u>	<u>ACTION ITEMS AND RESPONSIBLE PERSON</u>
1.	<u>OPENING AND WELCOME</u> At 14:00 the Chairperson opened the meeting and welcomed all the officials, acting MM and everyone present. The Chairperson therefore asked Mrs Mugelane to opened the meeting with a prayer.	CHAIRPERSON
2.	<u>ATTENDANCE</u> See above	CHAIRPERSON
2.1	<u>PRESENT</u> As above	CHAIRPERSON
2.2	<u>MEMBERS ABSENT WITH LEAVE</u> None	CHAIRPERSON
2.3	<u>MEMBERS ABSENT WITHOUT LEAVE</u> None	CHAIRPERSON
2.4	<u>COUNCILLORS PRESENT</u> None	CHAIRPERSON
2.5	<u>OFFICIALS PRESENT</u> See above <u>OFFICIALS ABSENT WITH LEAVE</u> None	CHAIRPERSON
2.6	<u>MEMBERS OF THE PUBLIC PRESENT</u> None	CHAIRPERSON
3.	<u>DECLARATION OF MEMBERS' INTEREST</u>	ALL

Knysna Municipality
Ordinary Audit Committee 2024/2025
Minutes of Meeting held on 26 November 2025 at 14:00



#	<u>AGENDA ITEM AND DISCUSSIONS</u>	<u>ACTION ITEMS AND RESPONSIBLE PERSON</u>
	None	
	<u>PRESENTATION</u> The Presentation with regard to the Draft Management Report was presented by Hishaam Fakier.	
5.	<u>NEW MATTERS</u>	
5.1	<u>Draft Management Report Discussion- AGSA</u> <u>Recommendations based on 2024/25 audit</u> <u>Internal Control Restoration Programme (ICRP)</u> The municipal manager should develop, implement and monitor a credible action plan (aligned to the back-to-basics approach of COGTA) to evaluate the entire internal control environment, identify deficiencies and improve control where deficiencies are identified by the end of the next financial year, 30 June 2026. The municipal manager should implement controls, including the use of internal audit, to monitor the implementation thereof on an ongoing basis, and where necessary, implement consequence management where officials do not comply. The accounting officer should report to council and the audit committee on a continuous basis on the progress made with the implementation of this recommendation for their oversight thereof. In doing so, the Municipal Manager must implement a strengthened Internal Control Restoration Programme (ICRP) aimed at stabilising governance, financial controls, performance reporting and compliance disciplines. The MM should: • conduct a comprehensive internal control diagnostic across all key business processes by 31 January 2026; • develop and approve a detailed Internal Control Restoration Plan (ICRP) with monthly milestones, owners and control indicators by 31 March 2026; • ensure all critical leadership and technical vacancies are permanently filled or seconded by 30 June 2026 with particular focus on the water and sanitation unit; • implement monthly internal control progress reporting from April 2026, supported by quarterly combined-assurance reviews;	

Knysna Municipality
Ordinary Audit Committee 2024/2025
Minutes of Meeting held on 26 November 2025 at 14:00



#	<u>AGENDA ITEM AND DISCUSSIONS</u>	<u>ACTION ITEMS AND RESPONSIBLE PERSON</u>
	- table quarterly progress reports to the Audit Committee and Council from Q1 of 2026–27; - enforce consequence management where assigned officials fail to implement required control improvements. Measurable outputs include: ≥80% milestone implementation by June 2026, ≥50% reduction in repeat findings, and fully operational controls by year-end. # <u>Strengthening of Financial and Performance Planning, Monitoring, Review and Reporting</u> The municipal manager should focus on the skills and competences of the key officials and to address skills gaps through training and performance monitoring. Key service delivery departments should be fully capacitated with officials who meet all the legislated qualification requirements. This should be actioned prior to the next financial year end, 30 June 2026. Where key functions are performed by consultants, processes should be implemented where skills and institutional knowledge is transferred. In doing so, the Municipal Manager must ensure incumbents and existing staff are trained on the implementation of an integrated Financial and Performance Information Management, Review and Reporting Framework to improve reliability and accuracy of both financial statements and performance information. Financial Statement preparation and review: - establish a centralised financial reporting evidence repository by 1 April 2026; - implement monthly financial reporting and reconciliations from January 2026; - require Directors and CFO to sign off monthly financial packs; - implement an enhanced financial statement preparation plan with draft AFS ready by 31 July 2026; - require Internal Audit to perform a pre-audit review of draft AFS by 31 August 2026; - ensure corrections are implemented by 15 September 2026. Performance information: - establish a central performance evidence repository by 1 April 2026; - rewrite 100% of KPIs and TIDs to meet SMART criteria for the 2026–27 SDBIP by 31 March 2026;	

Knysna Municipality
Ordinary Audit Committee 2024/2025
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#

	<u>AGENDA ITEM AND DISCUSSIONS</u>	<u>ACTION ITEMS AND RESPONSIBLE PERSON</u>
	- implement quarterly performance verification reviews starting Q1 2026–27; - align performance agreements to KPI reliability and evidence submission by 30 June 2026. Measurable outputs: fully supported audit file, zero material misstatements, ≥95% APR reliability and ≥50% reduction in repeat findings <u>Strengthened Compliance, SCM and Consequence Management Framework</u> The municipal manager and senior management should implement processes to prevent irregular, fruitless and wasteful and unauthorised expenditure and ensure that council and its committees (e.g. MPAC) are provided with complete information in a timely manner to enable them to perform their oversight function with regards to section 32 of the MFMA. This should include tracking the investigations and enabling the speedy completion thereof into irregular, fruitless and wasteful and unauthorised expenditure. The Municipal Manager must strengthen the compliance environment, SCM discipline and consequence management processes: - operationalise a Compliance & Legislative Monitoring Unit by 30 November 2026; - finalise all irregular, fruitless and wasteful expenditure investigations up to 30 June 2025 by 30 June 2026, with Council resolutions implemented by 30 September 2026; - implement mandatory pre-award and post-award reviews for bids above R200 000 from 1 February 2026; - update SCM deviation management with monthly reporting from February 2026; - align officials' performance agreements to compliance outcomes by June 2026; - strengthen water-loss and revenue-leakage controls through monthly assessments from March 2026. Measurable outputs: 95% on-time payments by Dec 2026, ≥20% reduction in SCM repeat findings, and ≥15% reduction in water losses by June 2027. <u>RESOLVED</u> a) That the Draft Management Report presented by Auditor- General South Africa be noted,	

Knysna Municipality
Ordinary Audit Committee 2024/2025
Minutes of Meeting held on 26 November 2025 at 14:00



	<u>AGENDA ITEM AND DISCUSSIONS</u>	<u>ACTION ITEMS AND RESPONSIBLE PERSON</u>
	b) Audit Committee noted one of the recommendation in the draft Management Report, that the Audit Committee should assist with the monitoring of the Audit Action Plan.	
6.	<u>DATE OF NEXT MEETING</u> [a] That it be noted that the meeting concluded at 15:09. [b] That the date of the next meeting is scheduled for 05 February 2025	Chairperson

Chairperson : Mr J Jacobs

Date

APPENDIX G-1

KNYSNA MUNICIPALITY

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2025

1. Legislative requirements

The purpose of this report is to communicate to council the audit committee's report in carrying out its oversight responsibilities in terms of section 166 of the Municipal Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 issued by National Treasury for the year ended 30 June 2025.

The Audit Committee also fulfils the functions of a Performance Management Audit Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA obliges every municipality to establish an independent audit committee, which must advise the municipal council, political office-bearers as well as the accounting officer and the management staff of the municipality, on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issue referred to it by the municipality.

The audit committee is governed by the Audit Committee Charter, which is regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ending 30 June 2025.

2. Audit Committee members and attendance

The audit committee was established in accordance with Section 166 of the MFMA read with Circular 65 issued by the National Treasury. The audit committee charter requires that the audit committee comprises a minimum of three members with appropriate experience and skills, who are not Councillors or in employment of the Municipality, to enable the committee to discharge the roles and responsibilities set out in the Charter.

The audit committee comprises five members, including the chairperson, Mr J.Jacobs. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four times a year. During the financial year ending 30 June 2025,

the audit committee met on thirteen occasions to execute its mandate in accordance with the agenda of the day.

The table below shows the attendance at these meetings:

Meeting	Audit committee members					
	Mr J Jacobs Chairperson	Mr A Karriem	Ms R Shaw	Ms G Bolton	Adv D Block	Ms.A.Labuschagne
04 July 2024	1	0	1	1	0	-
1 August 2024	1	0	1	1	1	-
27 August 2024	1	0	1	0	1	-
30 September 2024	1	0	0	1	1	-
08 October 2024	1	0	0	1	1	-
30 October 2024	1	0	1	1	0	-
26 November 2024	1	0	1	1	0	-
24 January 2025	0	0	1	1	1	-
03 February 2025	1	0	1	1	0	-
13 February 2025	1	0	1	1	0	-
20 March 2025	1	-	1	0	1	-
06 May 2025	1	-	1	1	0	1
24 June 2025	1	-	1	1	1	0

0 = meeting not attended

- = was not a member at the time of the meeting

The Audit Committee subsequently met on the following dates to fulfil its obligation to review the 2024/25 Draft Annual Financial Statements, Draft Annual Performance Report and discuss the Auditor General's Audit and Management Report:

- 21 August 2025
- 26 November 2025

Throughout the reporting period, the members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit, and the external auditors, collectively and individually, on matters related to governance, internal control, risk management, performance and financial information and other relevant matters concerning the municipality.

3. Audit committee's responsibility

The committee is pleased to report that it has complied with its responsibilities arising from Section 166 of the MFMA, Section 41 of the Municipal Systems Act, Local Government Municipal Planning, Performance Management Regulation, Relevant Treasury Regulations, Treasury Circulars, and other relevant legislations.

The committee formally adopted its terms of reference as its Audit, Risk and Performance Committee Charter and has regulated its affairs in compliance with this charter and discharged its duties as contained therein.

The committee performed the following key responsibilities during the financial year:

- Reviewed and adopted the Audit Committee Charter as approved by Council.
- Reviewed and adopted the Internal Audit Charter.
- Reviewed and approved the three-year strategic Internal Audit Plan and Annual Operational Plan and monitored their implementations.
- Reviewed Risk Management Policy and quarterly risk management reports as noted and approved by the council.
- Evaluated the findings raised by internal and external auditors and made recommendations on addressing the root cause of findings.
- Reviewed monthly and quarterly financial information reports presented by management and made recommendations on financial management improvements and reporting.
- Reviewed quarterly and annual performance information reports presented by management and made recommendations on performance management improvements and reporting.
- Reviewed the annual financial statements and gave council its view of the financial position, financial performance, and cash flow information of the municipality.
- Reviewed the information communications technology and human resources management reports presented by management and recommended appropriate actions for management to implement.
- Reviewed audit action plans emanating from internal and external audit findings and recommended appropriate actions for management to implement.

4. Effectiveness of internal control

The audit committee acknowledges management's efforts to strengthen internal controls in the municipality. The audit committee is concerned that in certain instances the matters reported by the external auditors and the internal audit function in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the audit committee will monitor these going forward.

The committee is of the view that the internal control system is not entirely effective based on the independent evaluations conducted by internal audit during the financial year, reports submitted to the committee and the report of the Auditor-General South Africa.

5. The quality of monthly and quarterly reports submitted in terms of the MFMA and DORA

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The audit committee has engaged with management to remedy shortcomings, especially relating to processes implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The committee acknowledges the efforts made towards strengthening the financial and cash flow position of the municipality, through gradual investment, increased debt collection and the approval of a budget funding plan by Council. We, however, express our concerns in relation to contract management that hamper other revenue streams from being realised.

The audit committee has reviewed the reports issued to National Treasury and the Transferring Officer in terms of the Division of Revenue Act and is satisfied that the Municipality is meeting its obligation in terms of DORA and has recognised revenue to the extent that the conditions has been met.

6. Internal audit function

The accounting officer is obliged, in terms of section 165 of the MFMA, to ensure that the municipality has an internal audit function under the control and direction of the audit committee. The audit committee is satisfied that the co-sourced internal audit function has properly discharged its functions and responsibilities during the year under review.

The capacity of the internal audit function remains a topic of discussion, as the current structure does not meet the needs of the organisation. The function previously operated through a co-sourcing model; due to Auditor-General findings, the services of the co-sourcing service provider were suspended. The committee has recommended to Council that the capacity of the function must be increased to meet its demand and responsibilities.

In terms of the risk-based audit plan approved by the audit committee, internal audit functions performed 24 of the 25 planned engagements, with one [1] project transferred to the 2025/2026 financial year. This was as a result of an ad-hoc audit that had to be performed as requested by the Municipal Manager. The internal audit function found that the control environment as a whole is partially

effective due to some specific control weaknesses that were identified in risk management, governance, property management, grant management, leave and overtime, performance management, stock control, asset management, supply chain management and ICT (Cybersecurity), for which recommendations were made for improvement.

7. Risk Management Function

The audit committee is responsible for the oversight of the risk management function. The risk management committee reports to the audit committee on the municipality's management of risk. To ensure that the risk management committee understands the requirements of the audit committee, a member of the audit committee currently serves as the chairperson of the risk management committee.

The committee has reviewed the risk register and the reports from the risk committee, and is generally satisfied with the maturity of the risk management process.

8. Evaluation of the finance function

In line with the best practice guidelines as issued by the Public Sector Audit Committee Forum, the audit committee should perform an assessment of the Finance function.

This assessment was done through the various engagements, both formally and informally, through interaction with the CFO and his team.

On the whole, the audit committee is satisfied with the municipality's finance function during the year under review.

The committee further reviewed the in-year financial reports and advised management to ensure corrective measures and action plans are realistic and achievable.

9. Performance management

Part of the responsibilities of the audit committee includes the review of performance management. The audit committee, in terms of the performance of the municipality, has performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements.
- Review of compliance with in-year reporting requirements.
- Review of the quarterly performance reports submitted.
- Review and comment on the municipality's performance management system and make recommendations for its improvement.

The audit committee is satisfied that the annual performance report has been prepared in terms of the MFMA, MSA and the related regulations.

Management should, however, improve the quality of submissions made to Council and assurance providers, to ensure that adjustments are not necessary during the auditing process. This can be achieved through an effective review and monitoring process throughout the financial year by;

- Monthly and quarterly performance reporting
- Ensure alignment of the planned targets with the performance agreements of Directors.
- Implementing performance management throughout the organisation
- Implementing the recommendations made by the various assurance providers.
- Submission of the draft annual performance report to the audit committee for review.

10. Evaluation of the Annual Financial Statements

The audit committee reviewed the unaudited Annual Financial Statements before their submission to the external auditors. Recommendations made during this review are evident in the unqualified financial statements, that confirms that the annual financial statements have been prepared in terms of GRAP and the MFMA.

11. Auditor-General Reports

The audit committee concurs with and accepts the conclusion and audit outcome of the external auditors on the annual financial statements. The committee is of the view that the audited financial statements be accepted, read together with the report of the external auditors. The audit committee confirms that they were kept abreast throughout the audit process and have been thoroughly appraised of the issues giving rise to the audit opinion.

The audit committee also concurs with the material findings on the reported performance information and compliance with legislation.

The committee is comfortable that, given the implementation of effective and efficient controls, these matters should be adequately dealt with in future periods.

The external audit function, performed by the Auditor-General of South Africa, is independent of the entity. The audit committee has met with the external auditors to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

12. Audit Committee's Review of the Municipal Annual Report

The committee reviewed the municipality's annual report on 21 August 2025, with the following concerns:

The committee raised its concerns with regard to all areas not achieved during the financial year. The committee acknowledges the undertaking by the Municipal Manager to ensure that this is implemented and corrected.

13. Conclusion and recommendations

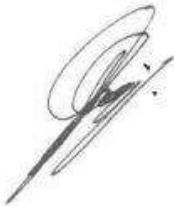
In conclusion, we express our thanks to the office of the Municipal Manager, the Chief Financial Officer, the Chief Audit Executive, other members of Management and staff for their co-operation during the year. Our thanks are also due to Council for their support and co-operation during the past year.

FOR RECOMMENDATION TO COUNCIL:

- a) That the "REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2025" be adopted;
- b) That vacant staff critical posts be identified in a revised Organogram as soon as possible for key functions and be filled timeously;
- c) That Management develop a credible action plan in response to control weaknesses identified over financial, supply chain and performance management and compliance with laws and regulations;
- d) That Management give specific attention to the curbing of overtime expenditure through the implementation of a shift system and incorporating the management of overtime into the performance

management system, through developing key performance indicators.

- e) That Management develops and approves its procurement plans, prior to the commencement of each financial year, to ensure that the CAPEX spending can materialise at the beginning of a year.
- f) That Management draw-up, for adoption by Council, an effective policy incorporating proper Consequence Management, in order to instill a culture of accountability throughout the Municipality;
- g) That Management be directed to draw up an effective audit action plan to ensure that matters raised by the AG in her Audit Report and Management Reports for 2024-2025, as well as matters still outstanding pertaining to the previous year, are fully dealt with and submit regular reports to the Municipal Manager, Audit Committee and the Directors;
- h) That, Management gives regular and timeous feedback to Council and the Audit Committee on action taken in respect of Audit Committee's recommendations in its various reports to Council on its meetings during the current and future years;
- i) That an Annual Report Preparation Plan be drafted and approved for each financial year, to ensure roles and responsibilities for compilation of the report is properly assigned.
- j) That consequence management follows in instances where responsible officials are not performing their duties.



Mr. Johan Jacobs

**Chairperson of the Audit and Performance Audit Committee
21 January 2026**

APPENDIX H

Long Term Contracts (Largest Contracts Entered into during 2024/2025)							
Number	Name of Service Provider	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry Date of Contract	Project Manager	Contract Value	Comments
1	Provision of Security Services for a period of three years	Dephethogo Trading CC	30-Aug-24	30-Aug-27	Jakobus Oktober	68 007 837,27	Tendered amount is indicative; cost will be incurred in accordance with the tendered rates on an as-and-when-required basis, subject to the availability of budget. Contract was terminated during financial year.
2	The supply, Installation & Monitoring of Vehicle Tracking Systems for a period of three (3) years.	CTrack Fleet Management Solutions Pty Ltd	21-Nov-24	21-Nov-27	Denver Lavack	Rates-based tender	
3	The Repairs, Service and Maintenance of Machinery and Equipment for a period of 3 years	Panel of Service Providers	21-Nov-24	21-Nov-27	Denver Lavack	Rates-based tender	
4	Expression Of Interest for various municipal projects for a period of 3 years.	Panel of Service Providers	21-Sep-24	21-Sep-27	Mpumelelo Nzuzo	Establishment of a Panel of Service Providers	

5	The Electrical and Associated Works for a period of three (3) years.	Panel of Service Providers	21-Nov-24	21-Nov-27	Mpumelelo Nzuzo	Establishment of a Panel of Service Providers	
6	Biological Monitoring and Medical Surveillance Services for the employees of Knysna Municipality for a period of three years	Unlimitz Occupational Health Services	16-Jul-24	16-Jul-27	Luline Phillips	Rates-based tender	
7	Travel Agency for a period of three years	Travel Click Agency	16-Aug-24	16-Aug-27	Luline Phillips	Rates-based tender	
8	Repairs, Service and Maintenance of Municipal Vehicles for a period of 3 years	Various Service Providers	16-Aug-24	16-Aug-27	Denver Lavack	Establishment of a Panel of Service Providers	
9	Analytical Services for various Water and Sewer sources for the Greater Knysna Municipal Area for a period of three (3) years.	A.L Abbott & Associates	16-Jul-24	16-Jul-27	Rhoydon Parry	6 508 885,00	

10	Supply and Delivery of Chemicals, Bacteria and Ancillary Services relating to Water and Sewer in the Greater Knysna Municipal Area for a period of 3 years	Various Service Providers	19-Aug-24	19-Aug-27	Rhoydon Parry	Rates based tender	
11	Repair and Servicing of the HV, MV and LV Electrical Switchgear for a period of three (3) years.	Various Service Providers	2-Jun-25	2-Jun-28	Mpumelelo Nzuzo	Various Service Providers	
12	Supply, Installation and Service of Multifunction Devices (Photo Copier Machine/ Printers) for a Period of Three (3) Years	Konica Minolta South Africa	16-Jul-24	16-Jul-27	Lezelle Plaatjies	Rates based tender	
13	The Supply and Delivery of Mini-Substations & Distribution Transformers for a period of three (03) years below mentioned items:	Various Service Providers	21-Nov-24	21-Nov-27	Mpumelelo Nzuzo	Various Service Providers	
14	Panel of Legal Services for a period of three years.	Various Service Providers	2-Aug-24	2-Aug-27	Marilyn Botha	Various Service Providers	

15	Supply and Delivery of Vehicle Spare Parts for a period of 3 years	Panel of Service Providers	23-Jul-24	23-Jul-27	Denver Lavack	Panel of Service Providers	
16	Expression of Interest for appointment of emerging contractors for the construction (labour and materials) of Low Income Houses (24m ² - Double Storey, 40 m ² - Single Storey and 48 m ² - Semi-Detached Double Storey, 45 m ² - Single Storey), Retaining Walls, Platforming, Carpentry, Plumbing, Minor Concrete Works and Minor Civil Works within Knysna Municipal Area for a period of three (3) years.	Panel of Service Providers	23-Jul-24	23-Jul-27	Lindile Petuna	Establishment of a Panel of Service Providers	

17	Appointment of Panel of Suppliers for Supply and Delivery of Stationary & Office Supplies for a period of 36 Months.	Panel of Service Providers	16-Aug-24	16-Aug-27	Tshegane Mampana	Establishment of a Panel of Service Providers	
18	Collection of Recyclable Waste from Households/Businesses within the Knysna Municipal Area for a period of three years.	Various Service Providers	16-Aug-24	16-Aug-27	Natalie Salmons	Various rates	
19	Supply and Delivery of 22/11 KV Outdoor Ring Main Units (Non-extensible) for a period of three (3) years	Various Service Providers	2-Jun-25	2-Jun-25	Mpumelelo Nzuzo	Various Service Providers	

20	Appointment of a suitable qualified and experienced panel of service providers as Auctioneers to conduct the auctions of municipal owned fixed assets, moveable property and impounded vehicles on behalf of the Knysna Municipality for a period of three years	Various Service Providers	21-Nov-24	21-Nov-27	Landia Van Huyssteen	5% commission	
21	Transversal Contract RT15-2021 for the Supply and Delivery of Mobile Communication Services to the State for the period 1 April 2021 to 31 March 2026	Various Service Providers	9-Oct-24	31-Mar-26	Lezelle Plaatjies	Rates based tender	
22	Appointment of a suitable qualified and experienced panel of service providers: Communication & Marketing Professional Services for 3-year period	Various Service Providers	25-Jun-25	25-Jun-28	Christopher Bezuidenhout	Establishment of a Panel of Service Providers	

23	Supply and Delivery of Water and Sewer Pumps for a period of Three years	Northfiled/Ikamva Labantu Engineering JV	24-Jun-25	24-Jun-28	Rhoydon Parry	4 090 363,00	
24	Transversal Contract TR27-2024: Provision of Debt Services for the period 1 April 2024 to 31 March 2029	Panel of Service Providers	7-Aug-24	7-Aug-27	Busiswa Kova	7.5% Commission	
25	Transversal Contract rt 29 of 2024: Supply, Delivery, Installation and Management of Smart Metering Solutions	Conlog (Pty) Ltd & Isandiso Pipelines and Engineering	6-Nov-24	31-May-27	Rhoydon Parry	Various rates	

Public Private Partnerships Entered into during 2024/2025							
Number	Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry Date	Project Manager	Value	Value
	None						

APPENDIX I: SERVICE PROVIDER PERFORMANCE SCHEDULE

No submission

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

45. Related parties

Relationships	Refer to the General information
Councillors	Refer to the General information
Municipal Manager	Director Community Services
Members of key management	Director Corporate Services
	Director Financial Services
	Director Planning and Development
	Director Technical Services
	Members of SCM who can influence awards

Related party transactions

Year ended 30 June 2025	Rates levied	Service charges levied	Other charges levied	Outstanding balance at year end
Councillors	136,774	305,506	-	19,998
Municipal Manager and Section 56 Personnel	49,402	73,548	58,921	-
	186,176	379,054	58,921	19,998

Year ended 30 June 2024	Rates levied	Service charges levied	Other charges levied	Outstanding balance at year end
Councillors	104,649	273,319	37,588	24,943
Municipal Manager and Section 56 Personnel	-	-	55,031	-
	104,649	273,319	92,619	24,943

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents. All transactions are at arm's length. The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 10 to the Annual Financial Statements.

Compensation of councillors and key management personnel

The compensation of key management personnel and councillors are set out in note 29 and 30 respectively

Other Supply Chain Transactions

The following purchases were made during the year where Councillors or Staff have an interest:

Councillor/Staff member	Relationship	Entity	2025	2024
Mr Tsengwa (Deputy Executive Mayor)	Brother	Tsengwa TW T/A Tsengwa Civil	58,500	13,685
Mr T Matika (Executive Mayor)	Mother-in-law	Inyameko Trading 618	5,507,806	-
			5,566,306	13,685

APPENDIX K1: REVENUE PERFORMANCE BY VOTE AS PER STATEMENT OF FINANCIAL PERFORMANCE

Revenue Performance by Vote as per Statement of Financial Performance: Year 2024/2025						
Vote Description	2023/2024	2024/2025			2024/2025 Variance	
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget %	Adjustments Budget %
Executive and Council	5 738	5 835	17 435	4 835	-17,1%	-72,3%
Corporate Services	6 297	7 557	17 807	6 768	-10,4%	-62,0%
Financial Services	329 454	352 579	363 693	368 969	4,6%	1,5%
Planning and Development	7 916	6 314	9 994	10 886	72,4%	8,9%
Integrated Human Settlements	24 541	32 312	25 570	26 091	-19,3%	2,0%
Community Services	181 369	191 554	201 877	165 585	-13,6%	-18,0%
Electrical Services	432 806	469 748	459 454	450 406	-4,1%	-2,0%
Technical Services	233 121	253 266	255 762	252 944	-0,1%	-1,1%
Total Revenue by Vote	1 221 243	1 319 166	1 351 591	1 286 484	-2,5%	-4,8%

APPENDIX K2: REVENUE BY SOURCE AS PER STATEMENT OF FINANCIAL PERFORMANCE

Revenue Performance by Source as per Statement of Financial Performance: Year 2024/2025						
Revenue Source	2023/2024	2024/2025			2024/2025 Variance	
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget %	Adjustments Budget %
Property rates	312 143	336 225	344 356	348 306	4%	1%
Service charges	511 467	576 485	559 847	573 964	0%	3%
Rental of facilities and equipment	7 390	7 746	8 119	7 561	-2%	-7%
Interest earned - external investments	–	21 044	30 072	29 520	40%	-2%
Interest earned - outstanding debtors	2 131	1 916	3 077	4 639	142%	51%
Fines	96 379	98 644	98 669	69 748	-29%	-29%
Licences and permits	1 400	1 526	1 393	1 478	-3%	6%
Agency services	3 988	4 387	3 860	3 663	-7%	-9%
Transfers recognised - operational	144 426	164 365	168 270	153 084	11%	-25%
Other revenue	46 874	41 306	61 170	45 971	11%	-25%
Gains on disposal of PPE	–	–	916	1 501	#DIV/0!	64%
Transfers recognised - capital	30 077	65 522	71 841	47 050	-28%	-35%
Total Revenue (Including capital grants)	1 156 276	1 319 166	1 351 591	1 286 484	-2%	-5%

APPENDIX L: CONDITIONAL GRANT PERFORMANCE

Conditional Grant Performance: Year 2024/2025

Description	2023/2024	2024/2025			2024/2025 Variance	
	Actual Results (R'000)	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget (%)	Adjustments Budget (%)
Operating and Capital Grants						
National Government:	201 320	198 473	80 993	180 962	8,8%	-123,4%
Equitable Share	122 358	130 575	0	130 575	0,0%	0,0%
Municipal Infrastructure Grant (MIG)	24 199	28 582	28 487	19 643	31,3%	31,0%
Neighbourhood Development Partnership Grant (NDPG)	8 397	10 477	20 477	14 737	-40,7%	28,0%
Integrated National Electrification Programme (INEP)	40 000	15 760	9 900	1 077	93,2%	89,1%
Finance Management Grant (FMG)	1 771	1 800	0	1 800	0,0%	0,0%
Expanded Public Works Programme (EPWP)	1 264	1 279	0	1 279	0,0%	0,0%
Water Services Infrastructure Grant	3 331	10 000	9 006	8 896	11,0%	1,2%
Municipal Disaster Recovery Grant (new)	0	0	2 600	2 382	0,0%	8,4%
Chemical Industry CHIETA	0	0	840	403	0,0%	52,1%
Construction, Education and Training SETA	0	0	9 683	171	0,0%	98,2%
Provincial Government:	35 193	53 384	34 604	40 603	23,9%	-17,3%
Human Settlement Development Grant	24 126	32 280	25 524	26 045	19,3%	-2,0%
Library Grant	10 978	11 113	0	9 663	13,0%	0,0%
Title Deed Restoration	0	828	-828	2	99,8%	100,2%
Community Development Worker Grant	57	57	57	57	0,0%	0,0%
Financial Management Capability Grant	32	150	725	375	-150,2%	48,2%
Transport Grant	0	130	80	0	100,0%	100,0%
Municipal Energy Resilience Grant	0	600	0	25	95,8%	0,0%
Municipal Water Resilience Grant	0	8 136	9 136	4 363	46,4%	52,2%
SANBI Groen Sebenza	0	90	-90	72	20,2%	179,8%
Total Operating and Capital Grants	236 513	251 857	115 597	221 565	12,0%	-91,7%

APPENDIX M: CAPITAL EXPENDITURE – NEW ASSETS AND UPGRADE / RENEWAL OF ASSETS

Capital Expenditure - New Assets and Upgrade / Renewal Assets: Year 2024/2025					
Description	2024/2025			2024/2025 Variance	
	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget %	Adjustments Budget %
Infrastructure Assets	19 014	22 370	12 086	36,4%	46,0%
Community Assets	5 900	3 089	1 972	66,6%	36,2%
Other Assets	4 676	7 746	1 394	70,2%	82,0%
Total Capital Expenditure: New Assets	29 591	33 205	15 452	47,8%	53,5%
Infrastructure Assets	51 652	62 665	40 930	20,8%	34,7%
Community Assets	6 576	8 027	7 089	-7,8%	11,7%
Other Assets	1 000	–	–	100,0%	0,0%
Total Capital Expenditure: Upgrade / Renewal of Existing Assets	59 228	70 693	48 020	18,9%	32,1%
Total Capex: New Assets & Upgrade / Renewal of Assets	88 819	103 898	63 472	28,5%	38,9%

Capital Expenditure - New Assets Programme: Year 2024/2025					
Description	2024/2025			2024/2025 Variance	
	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget %	Adjustments Budget %
Capital Expenditure by Asset Class					
Infrastructure - Total	19 014	22 370	12 086	36,4%	46,0%
Infrastructure: Road Transport - Total	8 000	1 270	715	91,1%	43,7%
<i>Roads, Pavements & Bridges</i>	8 000	1 270	715	91,1%	43,7%
Infrastructure: Electricity - Total	3 557	4 528	2 335	34,3%	48,4%
<i>Transmission & Reticulation</i>	3 557	4 528	2 335	34,3%	48,4%
Infrastructure: Water - Total	6 228	15 042	7 836	-25,8%	47,9%
<i>Dams & Reservoirs</i>	–	–	–	0,0%	0,0%
<i>Water Purification</i>	6 228	12 433	7 710	-23,8%	38,0%
<i>Reticulation</i>		2 609	126	0,0%	95,2%
Infrastructure: Sanitation - Total	730	1 030	788	-8,0%	23,5%

<i>Reticulation</i>	730	1 030	788	-8,0%	23,5%
Infrastructure: Other - Total	500	500	413	17,5%	17,5%
<i>Waste Management</i>	500	500	413	17,5%	17,5%
Community - Total	5 900	3 089	1 972	66,6%	36,2%
Sportsfields & Stadia	–	–	–	0,0%	0,0%
Community Halls	–	–	–	0,0%	0,0%
Fire, Safety & Emergency	3 500	689	85	97,6%	87,7%
Cemeteries	–	–	–	0,0%	0,0%
Social Rental Housing	2 400	2 400	1 887	21,4%	21,4%
Other	–	–	–	0,0%	0,0%
Other Assets - Total	4 676	7 746	1 394	70,2%	82,0%
General Vehicles	1 060	1 060	–	100,0%	100,0%
Specialised Vehicles	–	–	–	0,0%	0,0%
Plant & Equipment	1 495	4 617	813	45,6%	82,4%
Computers - Hardware / Equipment	1 800	1 835	299	83,4%	83,7%
Furniture and Other Office Equipment	321	234	282	12,3%	-20,3%
Other Land	–	–	–	0,0%	0,0%
Other	–	–	–	0,0%	0,0%
Total Capital Expenditure: New Assets	29 591	33 205	15 452	47,8%	53,5%

Capital Expenditure - Upgrade / Renewal Assets Programme: Year 2024/2025					
Description	2024/2025			2024/2025 Variance	
	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget %	Adjustments Budget %
Capital Expenditure by Asset Class					
Infrastructure - Total	51 652	62 665	40 930	20,8%	34,7%
Infrastructure: Road transport -Total	24 917	37 539	28 544	-14,6%	24,0%
<i>Roads, Pavements & Bridges</i>	23 917	37 039	28 135	-17,6%	24,0%
<i>Storm water</i>	1 000	500	410	59,0%	18,1%
Infrastructure: Electricity - Total	12 348	7 252	392	96,8%	94,6%

Transmission & Reticulation	12 348	7 252	392	96,8%	94,6%
Street Lighting	–	–	–	0,0%	0,0%
Infrastructure: Water - Total	9 196	9 415	7 013	23,7%	25,5%
Dams & Reservoirs	–	–	–	0,0%	0,0%
Water Purification	500	–	–	100,0%	0,0%
Reticulation	8 696	9 415	7 013	19,4%	25,5%
Infrastructure: Sanitation - Total	3 191	4 058	2 910	8,8%	28,3%
Reticulation	500	2 217	2 632	-426,4%	-18,7%
Sewerage Purification	2 691	1 841	278	89,7%	84,9%
Infrastructure: Other - Total	2 000	4 401	2 072	-3,6%	52,9%
Waste Management	2 000	2 041	–	100,0%	100,0%
Other	–	2 360	2 072	0,0%	12,2%
Community - Total	6 576	8 027	7 089	-7,8%	11,7%
Parks & Gardens	–	–	–	0,0%	0,0%
Sportsfields & Stadia	6 576	7 477	6 594	-0,3%	11,8%
Community Halls	–	–	–	0,0%	0,0%
Libraries	–	–	–	0,0%	0,0%
Fire, Safety & Emergency	–	–	–	0,0%	0,0%
Cemeteries	–	551	496	0,0%	10,0%
Other	–	–	–	0,0%	0,0%
Other Assets - Total	1 000	–	–	100,0%	0,0%
General Vehicles	–	–	–	0,0%	0,0%
Plant & Equipment	–	–	–	0,0%	0,0%
Computers - Hardware / Equipment	–	–	–	0,0%	0,0%
Furniture and Other Office Equipment	–	–	–	0,0%	0,0%
Civic Land and Buildings	1 000	–	–	100,0%	0,0%
Other	–	–	–	0,0%	0,0%
Total Capital Expenditure: Upgrade / Renewal of Existing Assets	59 228	70 693	48 020	18,9%	32,1%

APPENDIX N: CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: Year 2024/2025					
	2024/2025			2024/2025 Variance	
Capital Project	Original Budget (R'000)	Adjustments Budget (R'000)	Actual Results (R'000)	Original Budget %	Adjustments Budget %
Water	15 424	22 580	13 458	12,7%	40,4%
Fencing at Water Waste Water infrastructure facilities	500	–	–	100,0%	0,0%
Municipal Water Resilience Grant - W C P A	–	7 944	3 794	0,0%	52,2%
Water services infrastructure Grant	8 696	7 831	7 735	11,0%	1,2%
Bulk Water Supply - Karatara	–	435	126	0,0%	71,0%
MIG: 196403 - New Lower River Dam	6 228	2 612	1 512	75,7%	42,1%
Upgrade Bulk Water Supply Rheenedal	–	1 584	290	0,0%	81,7%
Smart Meters Installation	–	2 174	–	0,0%	100,0%
Sanitation / Sewerage	3 921	6 966	5 089	-29,8%	26,9%
Refurbishment of biodisk in Karatara	400	400	–	100,0%	100,0%
Refurbishment of biodisk in Belvedere	791	791	–	100,0%	100,0%
Replacement of Pump, Valves and rails	–	1 877	1 892	0,0%	-0,8%
Brenton on Lake to Belvedere Sewer Link	–	217	214	0,0%	1,7%
Bulk Sewer Services Damsebos next to Uniondale Road	730	1 030	730	0,0%	29,1%

Upgrade main Sewer Pump Station and sewers in the CBD	500	2 000	1 975	-295,0%	1,2%
Knysna Windheuwel WWTW	250	250	217	13,0%	13,0%
Rehabilitation of the khayaletu sewer project	1 250	400	61	95,2%	84,9%
Electricity	17 704	14 991	2 627	85,2%	82,5%
Electrification of informal areas	1 000	1 000	141	85,9%	85,9%
Electrification of informal areas	1 000	1 000	818	18,2%	18,2%
Electrification of informal areas	–	500	–	0,0%	100,0%
Electrification of Formal Housing	–	72	–	0,0%	100,0%
Electrification of formal Houses (INEP) - Hlalani Damsebos	1 357	1 357	545	59,8%	59,8%
Bulk upgrade main intake substation	12 348	7 252	392	96,8%	94,6%
Rheenendal Spotlights	–	400	–	0,0%	100,0%
Electrification of informal areas - Hornlee	–	500	–	0,0%	100,0%
Refurbishment of Ring Main Units	–	391	–	0,0%	100,0%
Relay replacement to reduce overloading	1 000	1 000	731	26,9%	26,9%
Smart Meters Installation	–	870	–	0,0%	100,0%
Replacement of 2 RMU s Eastford and White location	1 000	650	–	100,0%	100,0%
Housing	10 900	2 900	3 015	72,3%	-4,0%
Knysna Vision(1393) UISP	2 400	2 400	2 300	4,2%	4,2%
Sedgefield Infill - Informal Settlements Upgrading Partnership Grant	8 000	–	715	91,1%	0,0%

Subsoil drains - Bongani Khayaletu Valley	500	500	–	100,0%	100,0%
Refuse Removal	–	3 000	–	0,0%	100,0%
New Compactor Trucks	–	3 000	–	0	100,0%
Stormwater	1 000	500	410	59,0%	18,1%
Upgrade Stormwater Infrastructure	1 000	500	410	59,0%	18,1%
Sports, Arts & Culture	6 776	7 577	6 694	1,2%	11,7%
Rugby and Soccer posts	200	100	6 594	-3196,8%	-6493,7%
MIG: 285770 Upgrade Sportsfield PH2 (Bongani)	6 576	7 477	100	98,5%	98,7%
Safety and Security	4 300	1 659	554	87,1%	66,6%
Establishment of fire stations - Khayaletu	–	300	98	0,0%	67,3%
Construction Phase - Rheenendal SFS	1 500	300	–	100,0%	100,0%
Construction Phase - Khayaletu SFS	2 000	89	85	95,8%	5,2%
Risk Assessment	300	300	–	100,0%	100,0%
Fire Hoses and Nozzles	250	250	175	30,0%	30,0%
CCTV camera Project	250	250	196	21,6%	21,6%
CCTV camera Project - Safety Initiative	–	170	–	0,0%	100,0%
ICT and Other	28 793	43 726	31 628	-9,8%	27,7%
Public Transport Facilities	300	252	12 815	-4171,6%	-4985,2%
MIG: Rehabilitation of Streets	215	215	7 579	-3425,2%	-3425,2%

Resealing of streets	11	14	2 989	-26754,3%	-21052,8%
Resurface Gravel Roads	–	10	1 514	0,0%	-15037,8%
Flood intervention (MDRG)	1 000	–	2 072	-107,2%	0,0%
New Server	300	200	–	100,0%	100,0%
MIG : Upgrade of Gravel Roads - Ph2 (Northern Areas)	100	135	1 090	-989,8%	-707,3%
Sinkholes	50	50	888	-1675,6%	-1675,6%
Surface Gravel Roads- Ward 5	350	350	292	16,7%	16,7%
New Tipper Truck	1 300	1 300	–	100,0%	100,0%
Cemetery Fencing	10	10	398	-3876,4%	-3876,4%
Resealing of streets	–	45	352	0,0%	-685,9%
New LDV Sports Facilities	–	126	–	0,0%	100,0%
UPS System	–	464	133	0,0%	71,3%
Surface Gravel Roads- Ward 1	9 110	17 806	14	99,8%	99,9%
Surface Gravel Roads- Ward 3	2 829	1 090	240	91,5%	78,0%
Surface Gravel Roads- Ward 4	7 978	8 817	296	96,3%	96,6%
Surface Gravel Roads- Ward 7	1 000	–	46	95,4%	0,0%
Program Tools Equipment	–	2 740	198	0,0%	92,8%
Program Tools Equipment	–	300	123	0,0%	59,0%
Furniture Equipment	–	300	273	0,0%	8,9%

Small Plant Equipment	–	300	122	0,0%	59,3%
Program Computer Equipment	–	750	64	0,0%	91,4%
Upgrade Gravel Roads Ward 7	–	300	16	0,0%	94,8%
Flood intervention (MDRG)	–	1 000	–	0,0%	100,0%
Program Computer Equipment	3 000	3 000	70	97,7%	97,7%
Upgrade Gravel Roads Ward 4	600	600	5	99,2%	99,2%
Program Office Equipment	180	180	8	95,3%	95,3%
Program Office Furniture	460	460	–	100,0%	100,0%
Program Office Equipment	–	551	–	0,0%	100,0%
Program Computer Equipment (MIG)	–	99	31	0,0%	68,4%
Establishment of the Municipal Court	–	–	–	–	–
Upgrade Howard Street Ward 9	–	2 261	–	0,0%	100,0%
Total Capital Projects	88 819	103 898	63 473	28,5%	38,9%



Annual Performance Report 2024/2025

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VISION

inclusive... innovative... inspired...

MISSION

Encouraging all members of society to participate in and support our governance structures.
Maintaining cooperative and open partnerships with businesses, civil society, CBO's and other community structures to creating opportunities for dialogue.

Conserving and managing our natural resources through updating our IDP, SDF, zoning schemes, service master plans and other relevant activities.

Planning for the growth and development of quality municipal services to support our community.

Creating an enabling environment to foster development of our people and enabling them to contribute.

Supporting and encouraging the development of investment, business, and tourism and emerging industries.

VALUES

Ethical conduct and leadership

Honesty and integrity

Customer centric responsiveness

Transparent communications

Managing resources responsibly

Mutual respect

Good governance



APPROVAL

ANNUAL PERFORMANCE REPORT: 2024/2025

I, Dr Lulamile Mapholoba, the Municipal Manager of Knysna Local Municipality, hereby certify that the Performance Report is a true reflection of all reported performance for the 2024/2025 financial year.

Name and Surname: Dr Lulamile Mapholoba
Municipal Manager, Knysna Local Municipality (WC048)

Signature: Date: 21 November 2025

1. INTRODUCTION

Performance Management is the process which measures the implementation of the Council's strategy as set out and approved in the Integrated Development Plan, hereafter referred to as the IDP. It also serves as a management tool to plan, monitor, measure and review the impact of service delivery by the Municipality. As with most local government processes, performance management is institutionalised by means of legislative and policy requirements. Management plays a pivotal role in improving the system by adhering to the set deadlines and timeframes and ensuring all portfolios of evidence and backup documents are uploaded and provided when actual progress is reported.

The following table provides the alignment of Knysna's strategic objectives against the national strategic focus areas and provincial strategic goals:

Strategic Focus Area / National Key Performance Area (NKPA and MKPA)	Strategic Objective (SO)	Priority (PR)
Basic Service Delivery	To improve and maintain the current basic service delivery through specific infrastructural development projects	Sanitation
		Electricity
		Streets and Storm Water Management
		Water Supply
		Integrated Human Settlements
	To promote a safe and healthy environment through the protection of our natural resources	Environmental Conservation
Local Economic Development	To create an enabling environment for social development and economic growth	Disaster management
		Decent employment opportunities and job creation
		Rural development
		Youth development
		Care for the elderly
		Opportunities for women and people living with disability
Municipal Financial Viability and Transformation	To grow the revenue base of the municipality	HIV/Aids awareness
Municipal Transformation and Institutional Development	To structure and manage the municipal administration to ensure efficient service delivery	Sound Financial Planning
Good Governance and Public Participation	To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	Institutions/ capacity building
		Ward committees System
		Communication
		Responsive and accountable system of Local Government

Table 1: Alignment of Strategic Objectives with Municipal and National KPA's

2. PURPOSE

The Municipal Systems Act, 2000 (Act 32 of 2000), Section 46 (2), compels Knysna Municipality to compile an Annual Performance Report that forms part of the Annual Report prepared in terms of the Municipal Finance Management Act, 2003 (Act 56 of 2003). This Draft Report focuses on the Top Layer which is the Organisational Objectives, and the achievements thereof made by Knysna Municipality in the 2024/2025 financial year. It furthermore provides feedback on the targets as set out in the approved Top Layer as well as the Service Delivery and Budget Implementation Plan (SDBIP) used to monitor performance at an operational level.

3. LEGISLATIVE REQUIREMENTS

Section 38(a) of the Municipal Systems Act, 2000 (Act 32 of 2000) mandates municipalities to establish Performance Management Systems, and the Planning and Performance Management Regulations of 2001, describes the municipality's Performance Management System (PMS) as consisting of a framework that illustrates how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed as well as to determine the roles of different stakeholders.

The Knysna Municipal Council is compelled in terms of Section 46 of the Municipal Systems Act, 2000 (Act 32 of 2000), to comply with the provisions of the said legislation, to prepare an Annual Performance Report and submit to the Auditor-General for external auditing.

The Act prescribes the format and structure of the report, namely:

"Section 46 – Annual performance reports

(1) A municipality must prepare for each financial year a performance report reflecting –

- (a) the performance of the municipality and of each external service provider during that financial year;*
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and (c) measures taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act."

4. MUNICIPAL OVERVIEW



Map 1 - Location of the Knysna Local Municipality

Variable	2022	2011
Total population	96 055	68 859
% Of the population 0-14 years (young people)	20,9%	24,8%
% Working age population (15-64 years)	66,9%	66,9%
% Of the population classified as elderly (65+ years)	12,3%	8,3%
Number of households	32 398	21 893
Average household size	3,0	3,1
% Of households with formal dwellings	83,7%	73,8%
% Of households with informal formal dwellings	14,2%	24%
% Of households with traditional dwellings	1,8%	0,6 %
% Of households with flush toilets connected to sewerage	90,8%	76,1%
% Of households receiving weekly refuse disposal service	89,3%	93,0%
% Of households with access to piped water in the dwelling	82,8%	87,3%
% Of households using energy for lighting	93,9%	88,8%
% Of households using energy for cooking	59,5%	78,4%
% Of households using gas for cooking	36,8%	10,1%
% of the population with no schooling (older than 20 years)	2,2%	2,8%
% Of the population with higher education (older than 20 years)	14,5%	12,3%

Table 2: Knysna Socio – Economic overview

The Knysna Local Municipality is a B-municipality and forms part of the Garden Route District Municipality (GRDM) in the Western Cape (which also includes other Category B municipalities of: Bitou, George, Mossel Bay, Hessequa, Kannaland and Oudtshoorn). The area comprises of eleven municipal wards with a population of 96 055 and a total of 1,059km² that stretches from Swartvlei in Sedgefield in the West to Brackenhill in the East.

Fed by the Knysna River, the 18km² Knysna Estuary is home to at least 200 species of fish and opens into the Indian Ocean between two towering sandstone cliffs known as The Heads – proclaimed by the British Royal Navy to be the most dangerous harbour entrance in the world.

It is one of the smallest municipalities of the seven that make up the Garden Route District, accounting for only 5% of its geographical area. It has however, the fourth largest economy in the Garden Route District and boasts good infrastructure and basic services. Adjacent municipalities include George Local Municipality to the North-West and Bitou Local Municipality to the East.

The Gross Domestic Regional Product (GDRP) of the Knysna municipal area was expected to remain relatively stagnant, contracting by a further 1.0 per cent in 2023.

With 18,4 per cent of workers engaged in informal employment, the informal sector has become a crucial source of employment in the KMA. The job growth observed in 2022 led to a 1,0 percentage point reduction in the unemployment rate, bringing it down to 24,3 per cent, which is slightly below the Western Cape unemployment rate of 24,5 per cent.

5. PERFORMANCE MANAGEMENT

Integrated Development Planning, Public Participation and Performance Management were introduced as some of government's tools to realise the developmental role of local government. Whilst the Integrated Development Plan (IDP) provides a framework for strategic decision-making, performance management must ensure that the desired results are achieved during implementation to ensure the correctness of the strategic direction of the objectives, strategies and projects put forward by the IDP.

Performance Management is defined as a process that measures the implementation of a municipality's strategy. It avails the mechanisms to measure whether the pre-set targets to meet its strategic objectives set by municipal departments/units/sections and its employees are met. The PMS implementation and management process is carried out at Knysna Municipality in different phases including:

- Phase 1: Planning
- Phase 2: Monitoring and managing performance information
- Phase 3: Performance measurement and analysis
- Phase 4: Performance review and improvement
- Phase 5: Performance report

Co-ordination involves the overall responsibility of being the custodian of the performance management system and managing the system on behalf of the Municipal Manager. This is a strategic function which resides in the Office of the Municipal Manager.

The co-ordination of the implementation phase of performance management is the function of the Manager: IDP/PMS/IGR who is responsible for the following core activities:

- Co-ordination of the development and implementation activities of the organisational PMS, through interaction with all relevant stakeholders;
- Ensuring and overseeing the implementation of the Performance Management Framework and compliance to all performance legislative requirements in respect of the implementation of the PMS;
- Continuously providing technical support to the Municipal Manager and Directors with implementation, assessment, review, monitoring and information management;
- Providing capacity for analysing organisational performance information submitted by Senior Managers on a quarterly, mid-term and annual basis in preparation for reporting;
- Responsible for co-ordination and compiling the MSA, Section 46 Annual Performance Report;
- Ensuring that all quarterly, mid-term and annual organizational performance reports are submitted to relevant stakeholders timeously.

The Knysna Municipality regard to Performance Management is a strategic approach to management, which provides the municipality's leaders, managers at all levels, municipal employees and municipal stakeholders at different levels with a set of tools and techniques to:

- Plan regularly;
- Monitor continuously;
- Measure periodically; and
- Review performance of the organisation in terms of indicators and targets for efficiency, effectiveness and impact.

The monitoring system places responsibility on each department and individual employees to collect relevant data and information to support the monitoring process. Evidence of performance is gathered and presented to substantiate claims of meeting (or not meeting) performance standards. All Portfolios of Evidence (POEs) are verified against the reported actual, as it confirms the status of targets extremely well met, well met, met, almost met and not met.

The municipality's performance reporting timetable is summarised as follows:

Reporting	Period Report	Due Target Date
Quarter 1	Q1 Performance Assessment (MFMA - Section 52(d)-performance report	3 rd week of October 2025
Quarter 2	Q2 Performance Assessment (MFMA - Section 52(d)-performance report	3 rd week of January 2026
Mid-year Performance Assessment		31 January 2026
Quarter 3	Q3 Performance Assessment (MFMA - Section 52(d)-performance report	3 rd week of April 2026
Quarter 4	Q4 Performance Assessment (MFMA - Section 52(d)-performance report	3 rd week of July 2026
Annual Report to AG	MSA - Draft Annual Report MSA – Section 46 – Annual Performance Report	31 August 2025
Quarter 1	Q1 Performance Assessment (MFMA – Section 52(d)-performance report	3 rd week of October 2025
Annual Report	Final Annual Report adopted by Council, including the MPAC Oversight Report	31 January 2026
Annual Report	Public Participation	1 February 2026

Table 3: Knysna Performance Management Timetable

To improve performance planning, implementation, measurement and reporting, the Municipality implemented the following actions:

- An electronic performance management system which serves as a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality.

6. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

The Performance Management System (PMS) provides a guideline that defines how the municipality's process of performance planning, monitoring, measurement review, reporting and improvement will be conducted, organized and managed, including determining the different role players. It also forms the basis for aligning the IDP with the operational Service Delivery and Budget Implementation Plans (SDBIPs), performance areas and performance indicators of the various departments

MFMA Circular No. 13 of the Local Government: Municipal Finance Management Act, No. 53 of 2003 describes the SDBIP as follow –

"The SDBIP provides the vital link between the mayor, council (executive) and the administration, and facilitates the process for holding management accountable for its performance. The SDBIP is a management, implementation and monitoring tool that will assist the mayor, councillors, municipal manager, senior managers and community. A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. It enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager, and for the community to monitor the performance of the municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the mayor and the municipal manager and the municipal manager and senior managers determined at the start of every financial year and approved by the mayor. It must also be consistent with outsourced service delivery agreements such as municipal entities, public-private partnerships, service contracts and the like."

The SDBIP is a layered plan, with the top layer of the plan dealing with consolidated service delivery targets and in-year deadlines and linking such targets to top management. Once the top-layer targets are set, the top management is then expected to develop the next (lower) layer of detail of the SDBIP, by providing more detail on each output for which they are responsible for and breaking up such outputs into smaller outputs and linking these to each middle-level and junior manager.

The 2024/2025 SDBIP stems from the municipal IDP, which contains Council's adopted Vision, Mission and Strategic Objectives. The said, in turn, aligns to the five National KPA's. The following table demonstrates this alignment between Knysna Municipality's vision, mission and strategic objectives and the National KPA's:

Vision		
Inclusive - Innovative - Inspired		
Mission		
To provide affordable quality services, alleviate poverty and facilitate social and economic development in the Greater Knysna municipal area through integrated development planning, skills development and the sustainable use of resources.		
National KPA	Municipal KPA	Strategic Objective
KPA1: Good Governance and Public Participation	MKPA1: Good Governance and Public Participation	SO8: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication
KPA2: Municipal Institutional Development and Transformation	MKPA2: Municipal Transformation and Institutional Development	SO5: To structure and manage the municipal administration to ensure efficient service delivery
KPA3: Local Economic Development	MKPA3: Local Economic Development	SO3: To create an enabling environment for social development and economic growth
KPA4: Municipal Financial Viability and Management	MKPA4: Municipal Financial Viability and Management	SO4: To grow the revenue base of the municipality
KPA5: Basic Service Delivery	MKPA5: Basic Service Delivery	SO1: To improve and maintain current basic service delivery through specific infrastructural development projects SO2: To promote a safe and healthy environment through the protection of our natural resources

Table 4: Alignment of Municipality's KPAs

The organisational performance will be evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service SDBIP at directorate and departmental levels.

The overall assessment of actual performance against targets set for Key Performance Indicators as documented in the 2024/2025 SDBIP is illustrated in terms of the following assessment methodology (as per the performance management system):

KPI Result	Category	Calculation Explanation
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period
R	KPI Not Met	0% <= Actual/Target <= 66.999%
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%
G	KPI Met	Actual meets Target (Actual/Target = 100%)
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%
E	KPI Extremely Well Met	133.000% <= Actual/Target

Table 5: Knysna Assessment Methodology

7. 2024/2025 ORGANISATIONAL PERFORMANCE SCORECARD

Section 38 (a) of the Local Government: Systems Act, No. 32 of 2000 requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, regarding the community development priorities and objectives set out in its Integrated Development Plan. Section 9 (1) of the Regulations to this Act maintains in this regard, that a Municipality must set performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

Each year, as required by Section 12 (1) of the Regulations to the Municipal Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated.

The municipal scorecard (Top Layer SDBIP), consolidates service delivery targets set by Council / Senior Management and provides an overall picture of performance for the municipality as a whole, reflecting performance on its strategic objectives.

8. IMPROVING PERFORMANCE

To improve performance, Knysna Municipality, throughout the performance management phases, will analyse the causal and contributory reasons for non-performance, through coaching sessions from top to lower levels of the administration, and appropriate response strategies will be developed. Some of the identified actions include, inter alia:

- Restructuring as a possible solution for a stable organisational structure;
- Process and systems improvement strategies to remedy poor systems and processes;
- Training and sourcing additional capacity where skills and capacity shortages are identified;
- Training programmes to address organisational culture, mainly to encourage a performance culture;
- Amending the 2024/2025 Performance Management Framework and IDP, where Councillors and Directorates will address shortcomings in the strategy;
- Appointment of performance champions (per directorate) and the development of appropriate departmental business plans and operational plans to guide performance in each department; and
- Where results show no chance of improvement through internal measures, alternative service delivery mechanisms will be considered.

The overall assessment of actual performance against targets set for Key Performance in the SDBIP, is in terms of the following assessment:

Focus Area	Pre-determined Objective
FA01	Sanitation
FA02	Electricity
FA03	Streets and Storm Water Management
FA04	Water Supply
FA05	Integrated Human Settlements
FA06	Environmental Conservation
FA07	Disaster management
FA08	Decent employment opportunities and job creation
FA09	Rural development
FA10	Youth development
FA11	Care for the elderly
FA12	Opportunities for women and people living with disability
FA13	HIV/Aids awareness
FA14	Sound Financial Planning
FA15	Institutional capacity building
FA16	Ward committees System
FA17	Communication
FA18	Responsive and accountable system of Local Government

Table 8: Assessment of Actual Performance Against Target

9. KNYSNA MUNICIPALITY TOP LAYER SDBIP

The Top Layer is a layered plan, with the Top Layer dealing with consolidated service delivery targets and linking these targets to departmental Service Delivery and Budget Implementation Plans. The Key Performance Areas (KPA's), are supported by the following Strategic Focus Areas (SFAs) aligned to the municipality's strategic objectives and service delivery priorities:

the municipality's strategic objective and service delivery priorities:							
SFA#	Strategic Focus Area / National Key Performance Area	Count	SO#	Strategic Objective	Count	PR#	Priority
SFA1	Basic Service Delivery	18	SO1	To improve and maintain current basic service delivery through specific infrastructural development projects	15	PR01	Sanitation
						PR02	Electricity
						PR03	Streets and Storm Water Management
						PR04	Water Supply
						PR05	Integrated Human Settlements
		3	SO2	To promote a safe and healthy environment through the protection of our natural resources	PR06	Environmental Conservation	
					PR07	Disaster management	
SFA2	Local Economic Development	2	SO3	To create an enabling environment for social development and economic growth	2	PR08	Decent employment opportunities and job creation
						PR09	Rural development
						PR10	Youth development
						PR11	Care for the elderly
						PR12	Opportunities for women and people living with disability
						PR13	HIV/Aids awareness
SFA3	Municipal Financial Viability and Transformation	16	SO4	To grow the revenue base of the municipality	16	PR14	Sound Financial Planning
SFA4	Municipal Transformation and Institutional Development	2	SO5	To structure and manage the municipal administration to ensure efficient service delivery	2	PR15	Institutional capacity building
SFA5	Good Governance and Public Participation	26	SO6	To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	26	PR16	Ward committees System
						PR17	Communication
						PR18	Responsive and accountable system of Local Government
Total		64			64		

Table 7: Alignment of KPAs with Knysna Strategic Objectives

The following table indicates the National Key Performance Areas (NKPA's), which include the number of Key Performance Indicators (KPI's) on the Top Layer and departmental Service Delivery and Budget Implementation Plans (SDBPI's).

National KPI	Top Layer KPIs	Departmental KPIs	Total
Basic Service Delivery	18	47	64
Good Governance and Public Participation	24	78	102
Local Economic Development	2	16	18
Municipal Financial Viability and Management	17	38	56
Municipal Transformation and Institutional Development	3	100	103
Total	64	279	344

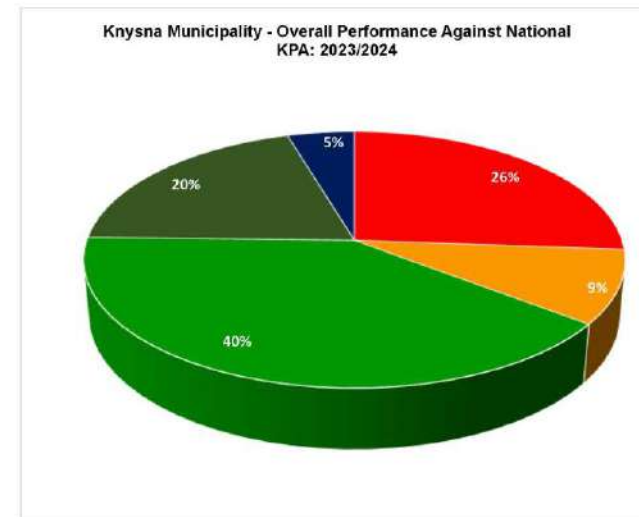
Table 8: Knysna Key Performance Indicators

The following table depicts the Top Layer Municipal Performance per National KPA:

Knysna Municipality Overall Performance Result	Knysna Municipality: Performance Against National Key Performance Areas					Total
	Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development	
Not Yet Applicable	0	0	0	0	0	0
Not Met	3	8	0	10	0	19
Almost Met	0	1	0	3	0	4
Met	3	15	1	3	0	22
Well Met	9	0	1	1	1	12
Extremely Well Met	3	2	0	0	2	7
Total: 64	18	24	2	17	3	64 (100%)

Table 9: Knysna Top Layer KPAs per National KPA

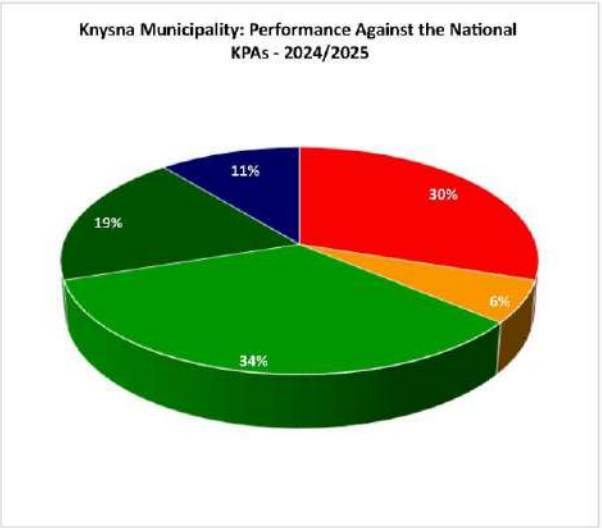
Knysna Municipality: 2023/2024 Performance Against National KPA



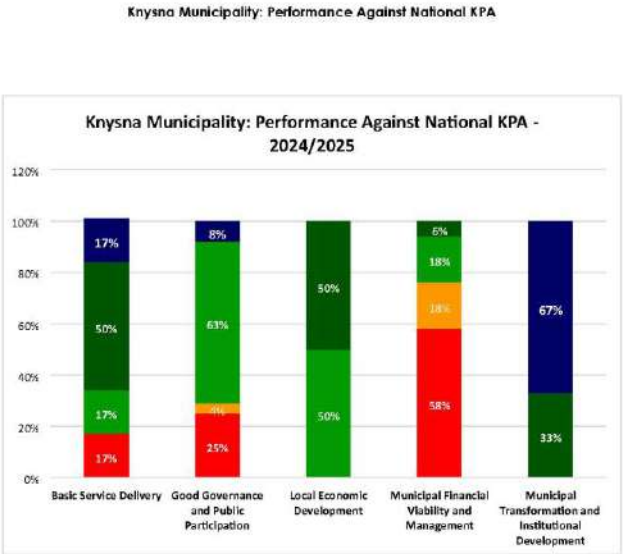
Graph 1: Knysna Municipality: 2024/2025 Performance Against National KPA

R	KPI Not Met
O	KPI Almost Met
G	KPI Met
G2	KPI Well Met
B	KPI Extremely Well Met

The following graphs illustrates the Municipality's the performance per National KPA for the 2024/2025 financial year:



Graph 2: Knysna Municipality: 2024/2025 Performance Against National KPA



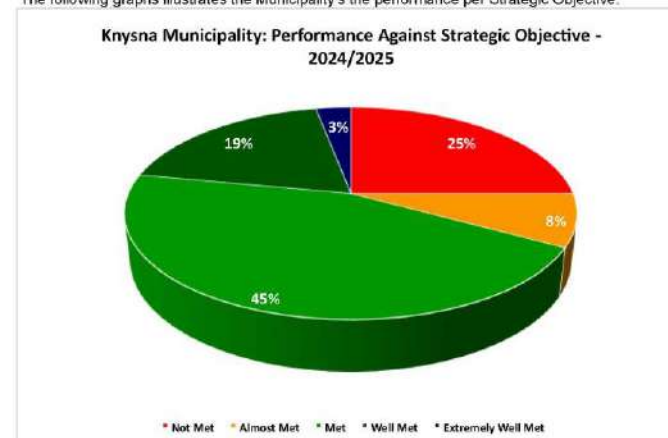
Graph 3: Knysna Municipality: Performance Per National KPA

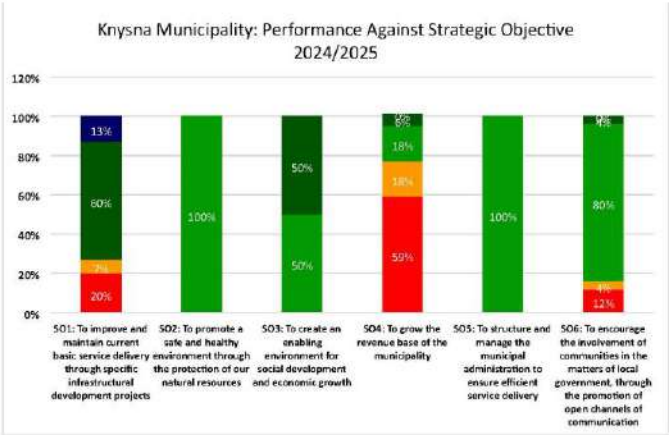
The following table depicts the Top Layer Municipal Performance per Municipal Strategic Objective:

Knyrna Municipality Overall Performance Result	Knyrna Municipality: Performance Against Strategic Objective						Total
	SO1: To improve and maintain current basic service delivery through specific infrastructural development projects	SO2: To promote a safe and healthy environment through the protection of our natural resources	SO3: To create an enabling environment for social development and economic growth	SO4: To grow the revenue base of the municipality	SO5: To structure and manage the municipal administration to ensure efficient service delivery	SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	
Not Yet Applicable	0	0	0	0	0	0	0
Not Met	3	0	0	10	0	3	16
Almost Met	1	0	0	3	0	1	5
Met	0	3 (100%)	1	3	2	20	29
Well Met	9	0	1	1	0	1	12
Extremely Well Met	2	0	0	0	0	0	2
Total:	15	3	2	17	2	25	64

Table 10: Municipal Performance Against Strategic Objective

The following graphs illustrates the Municipality's the performance per Strategic Objective:





Graph4: Knysna Municipality: Performance Against Municipal Strategic Objective

R	KPI Not Met
O	KPI Almost Met
G	KPI Met
G2	KPI Well Met
B	KPI Extremely Well Met

10. Knysna Municipality's Top Layer SDBIP (Group by: Strategic Objective)

10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL1	Good Governance and Public Participation	Submit to the Executive Mayor the draft 2025/2026 SDBIP for consideration by no later than 14 days after the approval of the annual budget in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003	One (1) Draft Service Delivery and Budget Implementation Plan (SDBIP) submitted to the Executive Mayor	1	1	2025/2026 SDBIP approved by the Executive Mayor on 5 June 2025.	Target Met: No response required	1	1	G

21

10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL2	Good Governance and Public Participation	Conclude signed performance agreements in terms of Section 57 of the Local Government: Municipal Systems Act, No. 32 of 2000 for the Municipal Manager and Managers directly accountable to the Municipal Manager	One hundred percent (100%) of signed performance agreements concluded within the legislative deadline	100%	100%	Signing of Performance Agreements of Directors in progress. Performance agreements to be concluded by 30 June 2025	The Performance Agreements of Directors have been signed and concluded; however, the target cannot be updated as it was set for September 2024.	100%	42%	R
TL3	Good Governance and Public Participation	Conduct formal performance evaluations of the Municipal Manager and Managers directly accountable to the Municipal Manager in line with the signed performance agreements	One hundred percent (100%) of performance evaluations concluded for the financial year	50%	100%	Mid-Year Performance Review for Director Planning and Economic Development and CFO was held on 19 May 2025	Rescheduling of the Annual evaluations for Director Planning and CFO is in progress.)	100%	50%	R

10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL4	Good Governance and Public Participation	Risk-Based Audit Plan submitted to the Audit Committee for approval by end-June of the financial year	One (1) Risk-Based Audit Plan submitted to the Audit Committee by end-June	1	1	Risk based plan submitted to the audit committee and approved on 24 June 2025	Target Met: No response required	1	1	G
TL5	Good Governance and Public Participation	Bi-annually submit performance management-related reports to the Audit Committee	Two (2) performance management-related reports submitted to the Audit Committee	2	2	Two Reports submitted to Audit Committee (APR and Sec 52d Report)	Target Met: No response required	2	2	G
TL6	Good Governance and Public Participation	Submit the 2025/2026 Integrated Development Plan (IDP) and Budget Time Schedule to Council for consideration by end August	One (1) Integrated Development Plan (IDP) and Budget Time Schedule submitted to Council	1	1	2025/2026 IDP Process Plan tabled on 5 August 2024.	Target Met: No response required	1	1	G
TL10	Good Governance and Public Participation	Review and submit the Risk Register to the Risk Management Committee by February of the financial year	One (1) Reviewed Risk Registers submitted to the Risk Management Committee	1	1	Risk Register submitted	Target Met: No response required	1	1	G

10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL11	Good Governance and Public Participation	Submission of Quarterly Audit Committee Reports to Council	Four (4) Audit Committee Reports submitted to Council for the financial year	4	4	Audit Committee Reports submitted to Council	Target Met: No response required	4	4	G
TL13	Good Governance and Public Participation	Submit the Reviewed Integrated Development Plan (IDP) to the Council for consideration by the end of May	One (1) Reviewed Integrated Development Plan submitted to Council by the end of May	1	1	Municipal Manager: IDP Adopted by Council on 30 May 2025.	Target Met: No response required	1	1	G
TL14	Good Governance and Public Participation	Develop and submit the 2023/2024 Annual Performance Report (APR) to the Auditor-General of South Africa (AGSA) by the end of August	One (1) Annual Performance Report submitted to the Auditor-General by the end-August	1	1	Annual Performance Report was submitted to the office of the Auditor General on 31 August 2024	Target Met: No response required	1	1	G
TL16	Good Governance and Public Participation	Implement 100% of all Council decision(s) taken	% Of Council decisions implemented	100%	100%	No outstanding Council Executions	Target Met: No response required	100%	100%	G
10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										

Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL17	Good Governance and Public Participation	Submit Quarterly Progress Report on Implementation of Section 154 Support Plan	Number of Section 154 Support Plan Reports submitted to Council	0	4	Three reports submitted to Council	Target Almost Met	4	3	O
TL19	Municipal Transformation and Institutional Development	Number of Monthly Management meetings held	One (1) Management Meeting per Month	0	12	Target achieved	Target achieved	12	15	G2
TL20	Good Governance and Public Participation	Number of Ordinary Council Meetings scheduled	Four (4) Ordinary Council meetings scheduled for the financial year	4	4	One Ordinary Council meeting held during April 2025 (April 2025) [One Ordinary Council meeting held on 30 May 2025 (with continuation on 5 June 2025). (May 2025) One meeting (attached) held (June 2025)	Target Extremely Well Met: No response required	4	4	G

10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL24	Good Governance and Public Participation	Submit Municipal Organogram (funded positions) to Council by end-May 2025	One (1) Municipal Organogram submitted to Council by the end May 2025	1	1	In progress. (April 2025) Please see the previous month's performance comment on this KPI. (May 2025) Previously reported on.	Target Met: No response required	1	1	G
TL38	Good Governance and Public Participation	Submission of Fixed Asset Register (FAR) in compliance with applicable Generally Recognised Accounting Practice (GRAP) Standards to the Auditor-General by the end of August 2024	One (1) Fixed Asset Register submitted to the Auditor-General by the end of August 2024	1	1	Asset Register was submitted as part of the AFS	Target Met: No response required	1	1	G
TL43	Good Governance and Public Participation	Submission of the Annual Financial Statements to the Auditor-General by end-August	One (1) Annual Financial Statements submitted to the Auditor-General by end-August	1	1	Annual Financial statements was submitted	Target Met: No response required	1	1	G

10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL45	Good Governance and Public Participation	Submission of the Reviewed Long-Term Financial Plan to Council by end-March 2025	One (1) Reviewed Long-Term Financial Plan submitted to Council by the end of March 2025	1	1	Target not achieved	KPI to be reviewed in 2025/2026 Financial Year. The budget was adopted.	1	0	R
TL54	Good Governance and Public Participation	Submit the Report on the Rehabilitation of Landfill Sites to Financial Services for inclusion in the Annual Financial Statements by the end June	One (1) Report on the Rehabilitation of Landfill Sites submitted to Financial Services by the end of June of the financial year	1	1	Report submitted as part of the AFS	Target achieved	1	1	G
TL55	Good Governance and Public Participation	Submit the Reviewed Disaster Management Plan to Council for consideration by the end of May	One (1) Reviewed Disaster Management Plan submitted to Council by the end of May 2025	1	1	The Revised Greater Knysna Municipal Disaster Management Plan 2019/20 Served at the Continuation of the ordinary Council meeting held on 8 April	Target Met: No response required	1	1	G

						2025				
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10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL61	Good Governance and Public Participation	Maintain and review Electricity Master Plan and facilitate for budget approval by end-June of the financial year	One (1) Electricity Master Plan reviewed and maintained by end-June of the financial year	0	1	Electro-Technical Department Electricity Masterplan was submitted to Council on 29 June 2022	The Master plan is due for review in 5 Years	1	1	G
TL62	Good Governance and Public Participation	Facilitate Quarterly Community Housing Meetings in support of the Human Settlements Plan by end June of the financial year	4 (Four) Community Housing meetings per quarter	2	4	Community meetings held in Hlalani and Khayaletu areas	Target Met: No response required	4	4	G

TL64	Good Governance and Public Participation	Review Human Settlements Master Plan and submit to the Portfolio Committee by end June of the financial year	One Reviewed Human Settlements Master Plan submitted to the Portfolio Committee by end-June of the financial year	0	1	Integrated human Settlement Sector Plan submitted to IHS Sec 80 on 3 July 2025	Target Met: No response required	1	1	G
10.1 SO6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL66	Good Governance and Public Participation	Submit to the Emergency Housing Policy to MAYCO by end-March 2025	One (1) Emergency Housing Policy submitted to the MAYCO by the end of March 2025	1	1	Item of the Emergency Material served at the Ordinary Council meeting held on the 31 Marc 2025	Target Met: No response required	1	1	G
TL67	Good Governance and Public Participation	Submit a funding application to the Department: Human Settlement (DHS)	One (1) funding application submitted to the Department: Human Settlements	1	1	Approval letter received from Department of Infrastructure of the outcome for additional funding. Res 2509	Target Met: No response required	1	1	G

10.2 SO4: To grow the revenue base of the municipality										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL7	Municipal Financial Viability and Management	Capital conditional grant spending measured by the percentage (%) spent by end-June of the financial year	100% of the capital conditional grant spent by end-June	76%	100%	The figure is as per the S71 report as at 30 June 2025.	Planning to be improved.	100%	66%	R
TL8	Municipal Financial Viability and Management	Operational conditional grant spending measured by the percentage (%) spent by end-June of the financial year	100% of the operational conditional grant spent by end-June	84%	100%	The figure is as per the S71 report as at 30 June 2025.	Planning to be improved.	100%	68%	R
TL9	Municipal Financial Viability and Management	% Implementation completion of Capital projects	100% of implemented Capital projects completed	23.38%	100%	it is based on the S71	Please refer to Section 71 and 52 of MFMA June 2025	100%	54%	R

TL12	Municipal Financial Viability and Management	% Capital expenditure of budget spent in line with budget and timelines by end-June of the Financial Year	100% of the municipal capital budget spent by end-June	73%	100%	Target not achieved	Planning to be improved	100%	61%	R
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10.2 SO4: To grow the revenue base of the municipality										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL15	Municipal Financial Viability and Management	% Of operating budget expenditure in line with budget and timelines by end-June of the Financial Year	% Of operating budget spent	88%	100%	Based on S71	Target Almost Met Outlined in the Section 71 and 52 of the MFMA June 2025	100%	86%	O

TL22	Municipal Financial Viability and Management	The percentage of a municipality's operating budget actually spent on implementing its workplace skills plan by 30 June 2025 {(Actual total training expenditure divided by total training (budget) x100}	100% of the municipal operating budget spent by end-June	99%	100%	As per comment/evidence submitted during third quarter. (April 2025) As per confirmation by Training Officer attached during March 2025. (May 2025) Completed	Target Met: No response required	100%	100%	G
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10.2 SO4: To grow the revenue base of the municipality										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results

TL25	Municipal Financial Viability and Management	Submit the Section 52(d) Report to Council following the end of each quarter as prescribed in the Local Government: Municipal Finance Management Act, No. 56 of 2003	Four (4) Section 52(d) Reports submitted to Council by end-June	4	4	The section 71/52 Report as at 30 June 2025 was send to the Executive Mayor, Provincial and National Treasury on 14 July 2025. The report will serve at the next council meeting before 31 July 2025.	None- Can only be done after submission to Council in July 2025.	4	3	O
TL26	Municipal Financial Viability and Management	Submit the Annual Budget to Council for consideration by end-May as prescribed in the Local Government: Municipal Finance Management Act, No. 56 of 2003	One (1) Annual Budget submitted to Council within the legislative deadline	1	1	The budget item was submitted and tabled on 30 May 2025 within the prescribed timeframes	Target Met: No response required	1	1	G

10.2 SO4: To grow the revenue base of the municipality										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results

TL27	Municipal Financial Viability and Management	Submit the Adjustment Budget to Council for consideration by end-February as prescribed in the Local Government: Municipal Finance Management Act, No. 56 of 2003	One (1) Adjustment Budget submitted to Council within the legislative deadline	1	1	Adjustment budget submitted to Council	Target Met: No response required	1	1	G
TL32	Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors (NKPI Proxy - MSA, Reg. S10(g)(ii))	Service debtors to revenue ratio - (Total outstanding service debtors / revenue received for services) measured by end June of the financial year	66.70%	100%	Financial viability measured in terms of the outstanding service debtors	Last Financial viability measured in March 2025 in terms of the outstanding service debtors	100%	38%	R
TL33	Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure (NKPI	Cost coverage as at 30 June annually: (Cash and Cash Equivalents - Unspent	0.24	1.30	The cost coverage as at 30 June 2025 is 0.08 months.	Target Almost Met Cash needs to increase through improved	1.30	0.08	R

10.2 SO4: To grow the revenue base of the municipality

Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
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		Proxy - MSA, Reg. S10(g)(iii))	Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for bad debts, Impairment and Loss on disposal of assets)				revenue collection actions and the cost containment measures.			
TL39	Municipal Financial Viability and Management	Financial viability is measured in terms of the Municipality's ability to meet its service debt obligations (NKPI Proxy - MSA, Reg. S10(g)(i))	Debt coverage ratio ((Total operating revenue - conditional operating grants received) / (Debt service payments due within the year)) measured	12.59%	15%	Target not achieved	The director is to ensure that owners update KPIs	15%	14,01%	R

10.2 SO4: To grow the revenue base of the municipality

Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
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			by end June of the financial year							
TL40	Municipal Financial Viability and Management	Sound financial management by maintaining an acceptable Liquidity Ratio	Liquidity: Current Ratio, Calculated as (Current Assets / Current Liabilities	0.74	1.20	The Current ratio as at 30 June 2025 is 1.21)	Improve asset management processes	1.20	0.98	R
TL41	Municipal Financial Viability and Management	Financial viability measured in terms of the collection period (average number of days) as at 30 June ((Gross Debtors - Bad Debt Provision) / Billed Revenue)) × 365	Debtors ratio in number of days	185.88	80	The debtors ratio in number of days as 30 June 2025 is 68.23 days	Improved revenue collection actions and more bad debt provision to reduce the debtors day ratio.	80	185.91	R
TL42	Municipal Financial Viability and Management	Achieve an average payment percentage of 91% by 30 June [Gross Debtors (Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts	Gross Debtors (Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) /	59.38%	91%	The collection rate as at 30 June is 94%	Improved revenue collection actions to reduce the gross outstanding	91%	91.60%	G2
10.2 SO4: To grow the revenue base of the municipality										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results

		Written Off) / Billed Revenue x 100]	Billed Revenue x 100				debtors amount.			
TL44	Municipal Financial Viability and Management	Financial viability measured in terms of number of days taken for creditors to be paid: Trade creditors outstanding/creditors purchases (operating and capital) x 365]	Number of days to pay creditors	86.84	30	Target not achieved	Improve planning and supply chain management processes	30	71.94	R
TL46	Municipal Financial Viability and Management	Raise / collect Operating Budget Revenue as per approved budget by end-June of the financial year	One hundred percent (100%) of Total Annual Operating Budget Revenue raised / collected by end- June of the financial year	93%	100%	The Operating Revenue Budget Implementation Indicator equates	Target Almost Well Met:	100%	98,6%	O

10.3 SO5: To structure and manage the municipal administration to ensure efficient service delivery

Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL21	Municipal Transformation and Institutional Development	Submit the Employment Equity Report to Council on the number of people from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan as at end-June of the financial year	One (1) Employment Equity Report submitted to Council by end-June	1	1	Target Met: No response required	Target Met: No response required	1	1	G
10.3 SO5: To structure and manage the municipal administration to ensure efficient service delivery										

Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL23	Municipal Transformation and Institutional Development	Submit the Workplace Skills Plan to the Local Government Sector Education and Training Authority (LGSETA) by end April	One (1) Workplace Skills Plan submitted to the Local Government Sector Education and Training Authority (LGSETA) by end-April	1	1	Target Met: No response required	Target Met: No response required	1	1	G

10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL28	Basic Service Delivery	Number of residential properties with access to Water services and are on the financial system as at end June	Number of residential properties with access to Water services as registered on the financial system as at end June	15 905	14 761	17806 residential properties that have access to Water services	Target Well Met: No response required	15 801	17 806	G2
TL29	Basic Service Delivery	Number of residential properties with access to electricity and are on the financial system (Promun and Ontec) as at end June of the financial year	Number of residential properties with access to electricity services registered on the financial system (Promun and Ontec) at at end June of the financial year	23 765	24 124	25450 registered residential properties with access to electricity services	Target Well Met: No response required	21 348	25 450	G2

10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL30	Basic Service Delivery	Number of formal residential properties connected to the municipal wastewater sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at end June of the financial year	Number of formal residential properties which are billed for sewerage as at end June of the financial year	13 504	12 646	12767 formal residential properties which are billed for sewerage	Target Well Met: No response required	13 172	12 767	G2
TL31	Basic Service Delivery	Number of formal residential properties for which refuse is removed once per week and billed for the service as at end June of the financial year	Number of formal residential properties which are billed for refuse removal as at end June of the financial year	16 643	16 538	16586 formal residential properties that are billed for refuse removal	Target Well Met: No response required	16 227	16 586	G2

10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL34	Basic Service Delivery	Provide free basic water to indigent households	Number of indigent households receiving free basic water as at end June of the financial year	2 749	3 011	Services: 3170 indigent households that is receiving free basic water	Target Well Met: No response required	1 690	3 170	G2
TL35	Basic Service Delivery	Provide free basic electricity to indigent account holders connected to the municipal electrical infrastructure network	Number of indigent households receiving free basic electricity as at 30 June of the financial year	2 511	1 874	3168 indigent households that is receiving free basic electricity	Target is Extremely Well Met: No response required	1 425	<u>3 168</u>	B
TL36	Basic Service Delivery	Provide free basic sanitation to indigent account holders connected to the municipal sanitation infrastructure network	Number of indigent households receiving free basic sanitation as at end June of the financial year	1 690	3 165	Services: 3165 indigent households that are receiving free basic sanitation	Target Well Met: No response required	1 690	3 150	G2

10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL37	Basic Service Delivery	Provide free basic refuse removal to indigent households	Number of indigent households receiving free basic refuse removal as at end June of the financial year	2754	3143	Target achieved	Not applicable	3143	3165	G2
TL56	Basic Service Delivery	Limit unaccounted water losses to less than (<) 35% by the end of June 2025	Less than (<) 35% water losses recorded by end-June of the financial year	<33,68%	<35%	Target not achieved.	The actual achievement up to Quarter 4 is 81.93% as reported in the SDBIP (<i>Ignite system</i>). From our August 2025 Section 80 report Smaller budget allocations meant that completion would take longer. To avoid start and stop scenario, the start date of construction was delayed so that the projects would overlap over two to three financial years	<35%	47,98%	R

							which resulted in a reduced expenditure. The cancellation of existing contracts and new bids also resulted in non-completion and delayed implementation, respectively. The department will be implementing the following corrective measures for the 2025/2026 financial year: • Adjustments of targets to more realistic project norms. • Readvertising of Professional Services Provider's tender per section instead of a consolidated panel. • Municipality will be preparing a rollover application to			
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							National Treasury. • Projects with partial or delayed implementation in 2024/2025 will be rescheduled, with associated funding carried forward through the rollover process to allow for continuity of implementation while maximizing prior-year commitments. • Projects retained in the revised DPIP will undergo a renewed readiness and feasibility assessment to ensure full spending of the 2025/2026 allocation and any approved rollover funds. This includes			
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							updated cash flow forecasts, procurement timelines, and resource availability. The revised DPIP will emphasize scalability of successful projects and will remove or defer projects that present implementation bottlenecks as to ensure better budget absorption and realistic performance targets.			
TL57	Basic Service Delivery	Municipal Streets and Storm water capital spending measured by the percentage (%) of budget spent	One hundred percent (100%) of the Streets and Storm water capital budget spent by end-June of the financial year	73%	100%	Streets and Storm water capital budget spent by end-June of the financial year	is the actual for quarter 1= 27%, Quarter 2= 49.73% and Quarter 3=80% Quarter 4 not included	100%	73,9%	0

10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL58	Basic Service Delivery	100% compliance to general standards regarding wastewater outflow by 30 June of the financial year	100% compliance to the general standards for wastewater outflow by end-June of the financial year	70.83%	100%	The wastewater treatment plants (WWTPs) achieved 67.12% of the 100% annual compliance target due to a combination of operational, infrastructural, and external factors that are currently being addressed.	The actual achievement up to Quarter 4 is 81.93% as reported in the SDBIP (<i>Ignite system</i>). From our August 2025 Section 80 report Smaller budget allocations meant that completion would take longer. To avoid start and stop scenario, the start date of construction was delayed so that the projects would overlap over two to three financial years which resulted in a reduced expenditure. The cancellation of existing contracts and new bids also resulted in non-completion and	100%	67.12%	R

							delayed implementation, respectively. The department will be implementing the following corrective measures for the 2025/2026 financial year: • Adjustments of targets to more realistic project norms. • Readvertising of Professional Services Provider's tender per section instead of a consolidated panel. • Municipality will be preparing a rollover application to National Treasury. • Projects with partial or delayed implementation in 2024/2025			
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							will be rescheduled, with associated funding carried forward through the rollover process to allow for continuity of implementation while maximizing prior-year commitments. • Projects retained in the revised DPIP will undergo a renewed readiness and feasibility assessment to ensure full spending of the 2025/2026 allocation and any approved rollover funds. This includes updated cash flow forecasts, procurement timelines, and resource availability.			
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						• The revised DPIP will emphasize scalability of successful projects and will remove or defer projects that present implementation bottlenecks as to ensure better budget absorption and realistic performance targets. The wastewater treatment plants (WWTPs) achieved 67.12% of the 100% annual compliance target due to a combination of operational, infrastructural, and external factors. The department will be implementing the following corrective measures (in line with our Section 154 Action Plan): • 2x Process Controllers			
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							were appointed and 17x process controllers were enrolled for RPL at NQF 4 as of 26 May 2025. A further 10 Trainee process controllers were placed with Knysna Municipality from Garden Route District Municipality. All the treatment works should comply with the classification of Process Controllers once completed in terms of Regulation 3630. • Knysna WWTW: The WWTW will be upgraded and refurbished. A budget of			
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							R3.5m was approved, and a tender will be compiled to implement the project (MISA is assisting the municipality in this process). New pumps will be procured that will deliver better results. A permanent employee as well as a 24hr service provider will be appointed to do repairs and maintenance of electrical and mechanical equipment. • Belvidere WWTW: The observed defects will be attended to, and a report will be submitted to DWS with copies of latest test results.			
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							• Brenton-on-Sea WWTW: The observed defects will be attended to, and a report will be submitted to DWS with copies of latest test results. • Rheenendal WWTW: The 2 Biodisks and associated works will be refurbished to ensure compliance to Regulation 3630. • Karatara WWTW: Professional Service Providers (PSP) tender will be drafted for advertisement to design the upgrades required. The PSP will review and apply for the discharge of Effluent into			
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							a Water Resource to DWS. • Sedgefield WWTW: A budget of R1.8M was approved for Sedgefield Bulk Services for the refurbishment of the works. The Refurbishment will include a mechanical screen, a new inflow meter and associated works to ensure compliance with Regulation 3630.			
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10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL59	Basic Service Delivery	95% water quality level obtained as per SANS 241 physical and micro parameters by 30 June of the financial year	95% compliance to the SANS 241 in regards to the water quality level by end-June of the financial year	95.15%	95%	The water treatment plants achieved compliance score of 96, 59% exceeding the required target of 95% annual water quality compliance	Target Well Met: No response required	95%	96.59%	G2

TL60	Basic Service Delivery	Limit electricity losses to less than 11.5% by 30 June of the financial year (Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x 100	Less than 11.5% electricity losses by end-June of the financial year	<11.58%	<11.50%	Target Achieved. Electricity losses less than 11,58% and previous year actual.	Director to meet with Acting Manager to attend to update	11.50%	10.46%	B
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10.4 SO1: To improve and maintain current basic service delivery through specific infrastructural development projects										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL63	Basic Service Delivery	Service Sites for future housing development through the programme on the Upgrading of Informal Settlements Plan (UISP) and Enhanced People's Housing Process (EHPH)	Number of sites serviced through the Human Settlements Development Grant (HSDG) programmes	12	30	44 infrastructure services have been installed according to construction	Target Well Met: No response required	30	44	G2
TL65	Basic Service Delivery	Provision of Housing opportunities in accordance with the Provincial Business Plan and budget allocation	Ninety-nine (99) housing opportunities provided for the financial year	16	99	42 Out of 99 Happy letters received	The outline officers are literally going around getting the 'happy letters' signed	99	42	R

10.5 SO2: To promote a safe and healthy environment through the protection of our natural resources										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL51	Basic Service Delivery	Develop a climate change adaptation plan for Knysna Municipality before 30 June 2025	One (1) plan to be tabled for Council by the end of June of the financial year	0	1	This served in the Section 80 for processing to council. Ordinary council rescheduled for July.	Target Met: No response required	1	1	G
TL52	Basic Service Delivery	Develop a Coastal Management By-law for Knysna Municipality before 30 June 2025	One (1) by-law to be tabled for Council by the end of June of the financial year	0	1	Served on s80 in June and ordinary Council meeting scheduled for the end July 2025	Target Met: No response required	1	1	G
TL53	Basic Service Delivery	Submit the Green Flag beach application for Swartvlei before 30 June 2025	Application to be submitted to WESSA by the end of April	0	1	Green Coast An award was received for Swartvlei	Target Met: No response required	1	1	G

10.6 SO3: To create an enabling environment for social development and economic growth										
Reference	National KPA	Key Performance Indicator	Unit of Measurement	Previous Year Actual	Revised Annual Target	Performance Comment	Corrective Measures	Original Target	Actual	Results
TL47	Local Economic Development	Number of employment opportunities created through the Municipality's local economic development initiatives	Thirty-eight (38) Expanded Public Works Programme employment opportunities created by the organisation by the end of June of the financial year	196	38	40 Expanded Public Works Programme Participants	Target Well Met: No response required	38	40	G2
TL48	Local Economic Development	Submit the Reviewed Municipal Spatial Development Framework (MSDF) to Council by the end of May 2025	One (1) Reviewed Municipal Spatial Development Framework submitted to Council by end-May 2025	1	1	Adoption of the Final Draft Sedgefield Local Spatial Development Framework AND IDP Amendment Adoption of the final draft IDP amended Knysna Municipal Spatial Development Framework served at the Special Council meeting held on 26 June 2025	Target Met: No response required	1	1	G



Knysna Municipality
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Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Mayoral committee	Previous	Current
Executive Mayor	A Tsengwa	T Matika
Deputy Executive Mayor	A Marbi	M Gericke
Speaker	M Skosana	M Willemse
Executive Councillor	A Marbi (Chairperson: Planning, Economic Development & Tourism Committee)	
Executive Councillor	B Charlie (Chairperson: Infrastructure Services Committee)	B Charlie (Chairperson: Infrastructure Services Committee)
Executive Councillor	W Grootboom (Chairperson: Community Services Committee)	R Arends (Chairperson: Community Services Committee)
Executive Councillor	T Matika (Chairperson: Finance and Governance Committee)	K Andrews (Chairperson: Finance and Governance Committee)
Executive Councillor	K Andrews (Chairperson: Integrated Human Settlements Committee)	N Louw (Chairperson: Integrated Human Settlements Committee)
Councillors		
Ward	Current:	
1	L Davis	
2	C Vanston	
4	P Petros	
5	H Stroebel	
6	K Andrews	
7	M Khumelwana	
9	S Sabbagh	
10	P Bester	
11	R Arends	
Proportional	A van Schalkwyk	
Proportional	L Tyokolo	
Proportional	J White	
Proportional	N Louw	
Proportional	S Campbell	
Proportional	M Willemse	
Proportional	B Charlie	
Proportional	W Grootboom	
Proportional	M Gericke	

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

General Information

Registered office	Civic Centre Clyde Street Knysna 6570
Postal address	PO Box 21 Knysna 6570
Bankers	Standard Bank PO Box 472 Knysna 6570
Auditors	Auditor-General of South Africa Private Bag X1 Chempet 7442
Website	www.knysna.gov.za
Contact numbers	Tel: 044-302 6300 Fax: 044-302 6333
Jurisdiction	Greater Knysna areas which includes: Knysna Sedgefield Rheerendal Karatara Brenton Belvidene Knoetzie
Relevant legislation	Constitution of the Republic of South Africa (Act no 108 of 1996) Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act (24 of 2024) The Income Tax Act (58 of 1962) Value Added Tax Act (89 of 1991) Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1986) Basic Conditions of Employment Act (Act no 75 of 1997)

Knysna Municipality

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

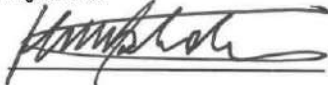
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out in terms of Section 129(1) of the Municipal Finance Management Act (Act 56 of 2003), on pages 5 to 117, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025.



Accounting Officer

29/08/2025

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	10,652,698	12,045,136
Construction contracts and receivables	4	8,292,300	6,917,520
Receivables from exchange transactions	5	89,383,117	111,773,805
Receivables from non-exchange transactions	6	111,252,094	103,487,065
Prepayments		5,145	5,145
Cash and cash equivalents	9	106,001,005	23,608,756
		325,586,359	257,837,427
Non-Current Assets			
Long-term investments and receivables	10	3,425,615	3,178,103
Investment property	11	67,370,408	67,506,428
Property, plant and equipment	12	1,473,156,863	1,464,655,163
Intangible assets	13	33,501	48,921
Heritage assets	14	14,613,046	14,613,046
Operating lease asset	15	3,869,248	3,671,787
		1,562,468,681	1,553,673,448
Total Assets		1,888,055,040	1,811,510,875
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	8	26,906,599	2,651,104
Other financial liabilities	17	51,197,154	46,349,310
Finance lease obligation	16	911,354	-
Payables from exchange transactions	18	190,559,645	229,057,643
Consumer deposits	19	15,872,226	15,537,654
Employee benefit obligation	20	43,234,127	38,568,633
Provisions	21	907,340	7,670,634
		329,588,445	339,834,978
Non-Current Liabilities			
Other financial liabilities	17	243,785,981	305,354,811
Finance lease obligation	16	1,009,033	-
Employee benefit obligation	20	123,821,348	118,650,947
Provisions	21	18,261,010	17,362,338
		386,877,372	441,368,096
Total Liabilities		716,465,817	781,203,074
Net Assets		1,171,589,223	1,030,307,801
Accumulated surplus		1,171,589,223	1,030,307,801
Total Net Assets		1,171,589,223	1,030,307,801

* See Note 46

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	553,583,832	499,886,362
Sales of goods and rendering of services		7,664,224	7,247,232
Construction revenue	4	23,032,395	24,126,303
Rental of facilities and equipment	23	7,758,224	7,390,489
Interest received - outstanding debtors		29,520,070	26,964,970
Interest received - external investments		5,307,557	2,131,444
Agency services		3,663,094	3,988,270
Licences and permits		1,797,687	1,534,135
Third Party Payments (Insurance Claims)		263,577	541,354
Operational revenue	24	5,882,410	3,981,557
Transfers and Subsidies - Operational	26	9,663,348	9,546,087
Total revenue from exchange transactions		648,336,418	587,338,203
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	348,306,528	310,919,108
Transfer revenue			
Transfers and subsidies - Operational	26	142,202,846	136,525,247
Public contributions and donations	59	850,425	-
Other revenue			
Fines, Penalties and Forfeits	27	108,282,433	114,396,147
Availability fees	28	13,202,703	12,712,616
Total revenue from non-exchange transactions		612,843,935	574,553,118
Total revenue		1,261,180,353	1,161,891,321
Expenditure			
Employee related costs	29	333,976,574	325,240,219
Remuneration of councillors	30	9,684,105	9,821,278
Debt Impairment	31	126,780,470	159,616,280
Depreciation and amortisation	32	54,160,816	53,920,343
Impairment of assets	33	3,652,043	18,745,254
Finance costs	34	35,701,142	39,285,484
Lease rentals on operating lease	35	34,533,592	33,287,730
Bulk purchases	36	328,988,074	284,632,503
Contracted Services	37	149,112,479	156,454,102
Transfers and Subsidies	38	1,661,040	1,118,248
Gain or loss on disposal of assets and liabilities		325,157	387,812
Inventory consumed and adjustments	39	40,896,347	55,671,723
Operational cost	40	47,132,900	51,077,507
Total expenditure		1,166,604,739	1,189,258,483
Operating surplus (deficit)		94,575,614	(27,367,162)
Transfers and subsidies - Capital		46,705,808	64,893,999
Surplus for the year		141,281,422	37,526,837

* See Note 46

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	995,471,383	995,471,383
Adjustments		
Correction of errors 46	(2,690,439)	(2,690,439)
Balance at 01 July 2023 as restated*	992,780,944	992,780,944
Changes in net assets		
Surplus for the year	37,526,837	37,526,837
Other	20	20
Total changes	37,526,857	37,526,857
Restated* Balance at 01 July 2024	1,030,307,801	1,030,307,801
Changes in net assets		
Surplus for the year	141,281,422	141,281,422
Total changes	141,281,422	141,281,422
Balance at 30 June 2025	1,171,589,223	1,171,589,223
Note(s)		

* See Note 46

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Taxation		361,678,485	300,326,300
Sale of goods and services		569,620,286	432,841,056
Grants		222,827,496	210,361,410
Interest income		22,417,742	8,174,938
Construction contracts and receivables		21,657,615	23,915,668
Other income		19,687,122	16,534,306
		1,217,888,746	992,153,678
Payments			
Employee costs		(333,824,778)	(323,907,220)
Suppliers		(646,193,288)	(520,856,703)
Finance costs		(34,204,102)	(37,649,983)
		(1,014,222,168)	(882,413,906)
Net cash flows from operating activities	41	203,676,578	109,739,772
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(63,522,700)	(88,813,987)
Proceeds from sale of property, plant and equipment	12	30,000	58,764
Proceeds from sale of financial assets		(247,512)	(246,451)
Net cash flows from investing activities		(63,740,212)	(89,001,674)
Cash flows from financing activities			
Proceeds from other financial liabilities		-	25,005,000
Repayment of other financial liabilities		(56,720,966)	(41,598,634)
Finance lease payments		(823,131)	(893,435)
Net cash flows from financing activities		(57,544,117)	(17,487,069)
Net increase/(decrease) in cash and cash equivalents		82,392,249	3,251,029
Cash and cash equivalents at the beginning of the year		23,608,756	20,357,727
Cash and cash equivalents at the end of the year	9	106,001,005	23,608,756

The accounting policies on page 14 and the notes on pages 42 to 120 form an integral part of the annual financial statements.

* See Note 46

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	570,864,832	(24,644,678)	546,020,154	553,583,832	7,563,678	Less than 10%
Sale of goods and rendering of services	6,410,880	798,818	7,209,698	7,864,224	654,526	less than R1m
Construction contracts	22,708,000	416,000	23,124,000	23,032,395	(91,605)	less than R1m
Rental of facilities and equipment	7,745,922	373,522	8,119,444	7,758,224	(361,220)	less than R1m
Interest received - outstanding debtors	21,043,958	9,028,484	30,072,442	29,520,070	(552,372)	less than R1m
Agency services	4,387,360	(527,194)	3,860,166	3,663,094	(197,072)	less than R1m
Licences and permits	1,626,001	134,960	1,760,961	1,797,687	36,726	less than R1m
Third parties payment (insurance claims)	-	-	-	263,577	263,577	Less than R1mil
Operational revenue	1,092,103	1,795,007	2,887,110	5,882,410	2,995,300	Note 55
Interest received - external investments	1,915,779	1,161,170	3,076,949	5,307,557	2,230,608	Note 55
Gain or loss on disposal of assets and liabilities	1,000,000	14,599,999	15,599,999	-	(15,599,999)	Less than 10%
Total revenue from exchange transactions	638,594,835	3,136,088	641,730,923	638,673,070	(3,057,853)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	336,224,732	8,131,563	344,356,295	348,305,528	3,949,233	Less than 10%
Transfer revenue						
Transfers and subsidies - Operating	163,537,348	5,570,379	169,107,727	151,866,194	(17,241,533)	Note 55
Fines, Penalties and Forfeits	109,467,249	724,295	110,191,544	108,282,433	(1,909,111)	Less than 10%
Public contributions and donations	-	-	-	850,425	850,425	less than R1m
Availability fees	5,819,825	8,015,924	13,835,749	13,202,703	(633,046)	less than R1m
Total revenue from non-exchange transactions	615,049,154	22,442,161	637,491,315	622,507,283	(14,984,032)	
Total revenue	1,253,643,989	25,578,249	1,279,222,238	1,261,180,353	(18,041,885)	

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Expenditure						
Personnel	(325,141,735)	(3,864,589)	(329,006,304)	(333,976,574)	(4,970,270)	Less than 10%
Employee costs - Remuneration of councillors	(11,003,414)	1,235,685	(9,767,729)	(9,684,105)	83,624	less than R1m
Depreciation and amortisation	(58,383,147)	-	(58,383,147)	(54,180,816)	4,222,331	Less than 10%
Impairment loss/ Reversal of impairments	-	-	-	(3,652,043)	(3,652,043)	Note 55
Finance costs	(34,930,633)	(3,598,658)	(38,529,291)	(35,701,142)	2,828,149	Less than 10%
Lease rentals on operating lease	(24,999,099)	(5,340,250)	(30,339,349)	(34,533,592)	(4,194,243)	Note 55
Debt Impairment	(166,899,275)	36,309,815	(130,589,460)	(128,780,470)	3,808,990	Less than 10%
Bulk purchases	(318,560,364)	(10,617,712)	(329,178,076)	(328,988,074)	190,002	less than R1m
Contracted Services	(170,937,633)	17,808,134	(153,129,499)	(149,112,479)	4,017,020	Less than 10%
Transfers and Subsidies	(1,122,870)	(11,047,935)	(12,170,805)	(1,661,040)	10,509,765	Note 55
Inventory consumed and adjustments	(59,983,466)	9,806,217	(50,177,249)	(40,896,347)	9,280,902	Note 55
Gain or loss on disposal of assets and liabilities	-	-	-	(325,157)	(325,157)	less than R1m
Operational cost	(56,767,172)	6,570,314	(50,196,858)	(47,132,900)	3,063,958	Less than 10%
Total expenditure	(1,228,728,808)	37,261,041	(1,191,467,767)	(1,166,604,739)	24,863,028	
Surplus / (Deficit)	24,915,181	62,839,290	87,754,471	94,575,614	6,821,143	
Transfers and subsidies - Capital	65,521,652	5,481,391	71,003,043	46,705,808	(24,297,235)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	90,436,833	68,320,681	158,757,514	141,281,422	(17,476,092)	

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	12,693,440	(648,309)	12,045,131	10,652,698	(1,392,433)	Note 55
Construction contracts and receivables	3,591,260	1,136,000	4,727,260	8,292,300	3,565,040	Note 55
Receivables from non-exchange transactions	92,930,695	17,890,595	110,821,290	111,252,094	430,804	less than R1m
Prepayments	2,890,954	(2,885,809)	5,145	5,145	-	
Receivables from exchange transactions	98,078,714	31,235,580	129,314,274	89,383,117	(39,931,157)	Note 57
Cash and cash equivalents	(11,286,040)	95,968,659	84,682,619	106,001,005	21,318,386	Note 55
	198,899,023	142,696,696	341,595,719	325,586,359	(16,009,360)	

Non-Current Assets

Investment property	67,516,070	(136,020)	67,380,050	67,370,408	(9,642)	less than R1m
Property, plant and equipment	1,488,268,654	25,890,442	1,514,159,096	1,473,156,863	(41,002,233)	Less than 10%
Intangible assets	(9,431)	(15,419)	(24,850)	33,501	58,351	less than R1m
Heritage assets	14,613,046	-	14,613,046	14,613,046	-	
Long-term investments and receivables	2,931,652	246,451	3,178,103	3,425,615	247,512	less than R1m
Operating lease asset	3,218,371	453,415	3,671,786	3,869,248	197,462	less than R1m
	1,576,538,362	26,438,869	1,602,977,231	1,562,468,681	(40,508,550)	

Total Assets

	1,775,437,385	169,135,565	1,944,572,950	1,888,055,040	(56,517,910)	
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Liabilities

Current Liabilities

Other financial liabilities	(3,026,208)	49,999,572	46,973,364	51,197,154	4,223,790	Less than 10%
Finance lease obligation	893,435	(893,435)	-	911,354	911,354	Less than 10%
Payables from exchange transactions	209,593,387	3,263,542	212,856,929	188,753,713	(26,103,216)	Note 55
Consumer deposits	14,927,636	610,018	15,537,654	15,872,226	334,572	less than R1m
Employee benefit obligation	36,046,177	489,303	36,535,480	43,234,127	6,698,647	Note 55
Unspent conditional grants and receipts	(11,642,327)	12,103,171	460,844	26,906,599	26,445,755	Note 55
Provisions	907,340	6,763,294	7,670,634	907,340	(6,763,294)	Note 55
	247,699,440	72,335,465	320,034,905	325,782,513	5,747,608	

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Non-Current Liabilities						
Other financial liabilities	319,523,385	(14,792,629)	304,730,756	243,785,981	(60,944,775)	Note 55
Finance lease obligation	-	-	-	1,009,033	1,009,033	Note 55
Employee benefit obligation	99,588,328	10,665,078	110,253,406	123,821,348	13,567,942	Note 55
Provisions	21,842,435	(4,480,097)	17,362,338	18,261,010	898,672	less than R1m
	440,954,148	(8,607,648)	432,346,500	386,877,372	(45,469,128)	
Total Liabilities	688,653,588	63,727,817	752,381,405	712,659,885	(39,721,520)	
Net Assets	1,086,783,797	105,407,748	1,192,191,545	1,175,395,155	(16,796,390)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1,088,228,033	104,976,001	1,193,204,034	1,171,589,237	(21,614,797)	Less than 10%
Total Net Assets	1,088,228,033	104,976,001	1,193,204,034	1,171,589,237	(21,614,797)	

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Ratepayers and other	1,064,702,989	31,635,588	1,096,338,577	950,661,321	(145,677,256)	Note 55
Government grants, conditional receipts and construction contracts	234,904,835	8,916,399	243,821,234	244,485,111	663,877	less than R1m
Interest	1,915,779	1,161,170	3,076,949	22,417,742	19,340,793	Note 57
	1,301,523,603	41,713,157	1,343,236,760	1,217,564,174	(125,672,586)	

Payments

Suppliers and employees	(1,052,767,098)	(22,350,390)	(1,075,117,488)	(978,357,012)	96,760,476	Less than 10%
Finance charges	(34,930,633)	(3,598,658)	(38,529,291)	(34,204,102)	4,325,189	Note 55
Transfers and Grants	(1,122,870)	(11,100,935)	(12,223,805)	(1,681,040)	10,562,765	Note 55
	(1,088,820,601)	(37,049,983)	(1,125,870,584)	(1,014,222,154)	111,648,430	

Net cash flows from operating activities

	212,703,002	4,663,174	217,366,176	203,342,020	(14,024,156)	
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Cash flows from investing activities

Receipts

Proceeds on disposal of assets	1,000,000	14,589,999	15,599,999	30,000	(15,569,999)	Note 55
Decrease (increase) in non-current investments	-	-	-	(247,512)	(247,512)	less than R1m

Payments

Capital assets	(88,818,583)	(30,664,081)	(119,482,664)	(63,522,700)	55,959,964	
	(87,818,583)	(16,064,082)	(103,882,665)	(63,740,212)	40,142,453	

Cash flows from financing activities

Receipts

Increase (decrease) in consumer deposits	-	-	-	334,572	334,572	Less than R1mil
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Payments

Repayment of borrowings	(50,503,435)	(1,906,211)	(52,409,646)	(57,544,117)	(5,134,471)	Note 55
	(50,503,435)	(1,906,211)	(52,409,646)	(57,209,545)	(4,799,899)	

Net cash flows from financing activities

	74,380,984	(13,307,119)	61,073,865	82,392,263	21,318,398	
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Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year	20,357,727	3,251,028	23,608,755	23,608,756	1	
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Cash and cash equivalents at the end of the year	94,738,711	(10,056,091)	84,682,620	106,001,019	21,318,399	
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Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and are rounded to the nearest South African Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not necessarily correlate with the external auditor's materiality.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements in conformity with GRAP, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment of receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides were used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

Post-retirement medical obligations, long service awards and ex-gratia pension benefits

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

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Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material. Additional disclosure of these estimates of provisions and contingent liabilities are included in note 21 - Provisions and note 44 - Contingencies.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers are utilised annually to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates linked to appropriate government bond rates were used to calculate the effect of time value of money.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

IGRAP 18 Recognition and Derecognition of land

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follows (IGRAP 18 par 40):

Land controlled by the municipality as a result of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use the land and also by the right to direct access to the land and to restrict or deny access of other to the land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follows (IGRAP 18 par 41):

Land not controlled by the municipality as a result of a past event and from which future economic benefit or service potential will not flow to the entity. The municipality does not have the ability to use, or direct others to use the land. The municipality does not have right to direct access to the land, and to restrict or deny access of other to the land. There are various housing scheme land where the municipality are still the legal owner per the deeds office, but control and substantive rights were transferred. These land are not recognised by the municipality.

Knysna Municipality

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Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Segment reporting

The municipality is structured in terms of core functions mandated in legislation. Information regarding progress in the performance of mandated functions, is reported to management for the purpose of evaluating segment performance and the allocation of resources to various activities in lieu of strategic objectives. Where more than one set of segments has been identified, management may report such information separately or as a matrix. In addition, management may choose to adopt a primary and secondary reporting structure with limited disclosures made about secondary segments.

The segment information has been prepared on the accrual basis of accounting in accordance with the historical cost convention, unless specified otherwise.

GRAP 18 permits the aggregation of two or more segments into a single segment where segments have similar economic characteristics and share a majority of the following:

- a.) the nature of the goods and/or services delivered;
- b.) the type or class of customer or consumer to which goods and services are delivered;
- c.) the methods used to distribute the goods or provide the services; or
- d.) the nature of the regulatory environment that applies to the segment.

In accordance with section 153 of the Constitution of South Africa, the municipality's administration, budget and planning processes are structured in order to give priority to the basic needs of the community, as well as to promote the social and economic development of the community. Management has thus decided to organise segments around the nature of goods and/or services delivered in accordance with the objects of local government as stipulated in section 152(1) of the Constitution.

1.5 Investment property

Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under an operating lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use.

Subsequent Measurement - Cost model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	100 years

Knysna Municipality

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Significant Accounting Policies

1.5 Investment property (continued)

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (refer to note 11).

Investment property is not used as security unless stated otherwise in the notes.

1.6 Property, plant and equipment

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

Knysna Municipality

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Significant Accounting Policies

1.6 Property, plant and equipment (continued) Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Operational buildings	None	Indefinite
Buildings	Straight line	100 years
Infrastructure - Sewerage	Straight line	10 - 100 years
Infrastructure - Electricity	Straight line	10 - 100 years
Infrastructure - Water	Straight line	10 - 182 years
Infrastructure - Roads	Straight line	7 - 100 years
Infrastructure - Security measures	Straight line	5 - 80 years
Community asset	Straight line	5 - 100 years
Leased assets	Straight line	2 - 6 years
Other assets - Bins and containers	Straight line	15 years
Other assets - Other	Straight line	3 - 100 years
Other assets - Office Equipment	Straight line	2 - 35 years
Other assets - Vehicles and specialised vehicles	Straight line	7 - 50 years

Should the useful life of an asset be adjusted after review, annual depreciation will be calculated on the carrying value divided by the opening balance of the remaining useful life of that asset for the reporting period.

The residual value, and the useful life and depreciation method of each asset are assessed based on the occurrence of certain indicators. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in the Statement of Financial Performance unless it is included in the carrying amount of another asset.

Property, plant and equipment are reviewed for any indication of impairment. If any such indication exists, the accounting policy as disclosed under 1.15 or 1.16 (whichever is relevant) is applied.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the Statement of Financial Performance when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Knysna Municipality

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Significant Accounting Policies

1.7 Intangible assets

Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

Subsequent Measurement - Cost model

Intangible assets are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation

Amortisation is charged so as to write-off the cost of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are assessed based on the occurrence of certain indicators, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

Item	Useful life
Computer software, other	5 - 10 years

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

Knysna Municipality

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Significant Accounting Policies

1.7 Intangible assets (continued)

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (refer to note 14).

Initial recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost of the asset can be measured reliably.

Initial measurement

Heritage assets are initially measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement - Cost model

After recognition as an asset, a class of heritage assets is carried at cost less any accumulated impairment losses.

Heritage assets are not depreciated.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Knysna Municipality

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Significant Accounting Policies

1.9 Financial instruments

Financial instruments recognised on the Statement of Financial Position include receivables, cash and cash equivalents, annuity loans and payables and non-current investments.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long-term investments and receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long-term liabilities	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

Receivables

Receivables are classified as financial assets at amortised cost, and are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

For amounts due from receivable carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant at the end of each reporting period. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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Significant Accounting Policies

1.9 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in surplus or deficit. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is recognised in the surplus or deficit.

The present value of the estimated future cash flows is discounted at the original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the original effective interest rate.

Payables and long term liabilities

Financial liabilities consist of payables and long term liabilities. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

Cash and cash equivalents

Cash and Cash Equivalents are initially measured at fair value. Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Gains and losses

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

Knysna Municipality

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Significant Accounting Policies

1.9 Financial instruments (continued)

Financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance note 1.23.

Offsetting of financial instruments

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.10 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced through the use of an allowance account. The amount of the losses are recognised in surplus or deficit.

Knysna Municipality

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Significant Accounting Policies

1.10 Statutory receivables (continued)

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

1.11 Taxes - Value Added Tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

From 1 April 2018 value added tax is levied at the standard rate of 15% on the supply of goods and services.

Value added tax is recognised on the payments basis.

1.12 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined revenue and actual payments received will give rise to an asset or liability.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

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Significant Accounting Policies

1.12 Leases (continued)

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

1.13 Inventories

Initial measurement

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Subsequent measurement

Inventories, consisting of consumable stores, maintenance materials and water are subsequently measured at the lower of cost and net realisable value.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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1.14 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.15 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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1.15 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Significant Accounting Policies

1.15 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16 Impairment of non-cash-generating assets

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

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1.16 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approaches, depending on the nature of the asset in question:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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1.17 Employee benefits

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Long service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs.

Accrual for staff leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee for compulsory leave and basic salary for accumulated non-compulsory leave.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

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Significant Accounting Policies

1.17 Employee benefits (continued)

Staff bonuses accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

Provision for performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. The Municipality's performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-retirement medical obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the net defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the net defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Ex gratia gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable.

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Significant Accounting Policies

1.17 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its net defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

The present value of a net defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The amount recognised as a net defined benefit liability is the net total of the following amounts:

- the present value of the net defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The entity determines the present value of net defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- service cost;
- net interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

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1.18 Unspent grants and receipts

Conditional grants and receipts are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

A liability for unspent conditional grants and receipts is recognised only to the extent that the conditions attached to the grant have not been satisfied and are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

Unspent conditional grants and receipts are not considered to be financial instruments as there is no amount to be settled through cash or another financial instrument as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be asset-backed. The following provisions are set for the creation and utilisation of this liability:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met is transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the liability is invested as individual investment or part of the operating account of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.19 Unpaid grants and receipts

Unpaid conditional grants are assets in terms of GRAP that are separately reflected on the Statement of Financial Position. The asset is recognised when the municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.20 Provisions and contingencies

Provisions

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an finance cost.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for deficits arising from future operating activities.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Knysna Municipality

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Significant Accounting Policies

1.20 Provisions and contingencies (continued)

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable. Contingencies are disclosed in note 44.

Management judgement is required when recognising and measuring contingent liabilities.

1.21 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.22 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would give rise to an impairment of the receivable and a separate expense to be recognised.

Measurement

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Significant Accounting Policies

1.22 Revenue from exchange transactions (continued)

Service charges

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created based on past patterns. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sanitation (sewerage) are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements.

Pre-paid electricity

Revenue from the sale of electricity prepaid meter cards is initially recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. Subsequently, the pre-paid electricity sold, but not consumed yet at year-end is disclosed under Payables from Exchange Transactions in the Statement of Financial Position in order to only recognise pre-paid electricity consumed.

Interest earned

Interest revenue is recognised in surplus and deficit as it accrues, using the effective interest rate method.

Rentals received

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Agency services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Third party payments

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and it is probable that inflow will occur and it is not being offset against the related expenses of repairs or renewals of the impaired assets.

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Knysna Municipality

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Significant Accounting Policies

1.23 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rates are levied both monthly and annually and payable by the last day of the following month. Interest is levied at the prime rate plus one percent on outstanding monthly instalments.

Fines

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the offence occurs to the extent that the municipality expects legal entitlement.

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Significant Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from recovery of unauthorised, irregular and fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Unconditional grants

Grants without any conditions attached are recognised as revenue when the grant is receivable.

Conditional grants and receipts

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The liability is transferred to revenue as and when the conditions attached to the grant are met.

Other receipts

All unclaimed deposits are initially recognised as a liability. After 12 months all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue.

1.24 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.25 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003).

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.27 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

Irregular expenditure receivables are measured at the amount that is expected to be recovered and are de-recognised when settled or written-off as irrecoverable.

1.29 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.30 Budget information

The Municipality is subject to budgetary limits in the form of a council approved budget, which is given effect through authorising legislation.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.30 Budget information (continued)

Explanations for material variances between the final budget amounts and comparable actual amounts are included in the Notes to the Financial Statements. Material variances are being defined by Management as 10% of a specific line-item with a minimum threshold of R1 million.

Explanations for variances between the approved and final budget are included in the Notes to the Financial Statements as well as the Statements of Comparison of Budget and Actual Amounts.

1.31 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

The Municipality previously resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or entity:

- with the ability to control or jointly control the other party;
- or exercise significant influence over the other party in making financial and operating decisions;
- or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that members of management in their dealings with the municipality.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

1.32 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has not adopted any new standards or interpretations that had a material effect on its financial statements.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	Unknown	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Unknown	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	Unknown	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. Inventories

Consumable stores	1,376,416	1,982,036
Maintenance materials	8,636,772	9,310,467
Water for distribution	639,510	752,633
	10,652,698	12,045,136

Dormant and slow moving stock at year end	261,354	577,087
Inventories recognised as an expense during the year	39,180,062	53,277,573
Consumable stores materials (losses)/surpluses identified during the annual stores count	(1,706,285)	(2,394,150)

Inventory pledged as security

No inventory assets were pledged as security for liabilities.

4. Construction contracts and receivables

Contracts in progress at statement of financial position date

Opening balance	6,917,521	6,706,885
Contracted revenue	23,032,394	24,126,303
Payments (Tranches) received during the period	(21,657,615)	(23,915,668)
Retention withheld*	-	-
	8,292,300	6,917,520

* Contracts with the Provincial Department and its beneficiaries are not subject to any retention.

The aggregate amount of costs incurred to date is R 580,380,871 (2024: R 557,348,477).

The current year costs are included in contracted services R 23,032,394.

The municipality recognised contracted revenue as the cost incurred.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables from exchange transactions		
Gross balances		
Electricity	115,369,253	100,827,102
Water	92,416,595	85,143,475
Sewerage	73,986,038	87,820,099
Refuse	63,569,269	57,703,799
Input VAT Accrual	19,133,051	39,853,262
Housing rental	8,812,437	8,648,542
Other (Sundry amounts)	14,608,451	15,068,920
	387,895,094	375,065,199
Less: Allowance for impairment		
Electricity	(82,380,119)	(63,919,121)
Water	(73,728,983)	(66,309,610)
Sewerage	(66,961,010)	(62,364,682)
Refuse	(56,494,042)	(50,984,619)
Housing rental	(7,033,124)	(7,041,750)
Other (Sundry amounts)	(11,914,689)	(12,671,612)
	(298,511,977)	(263,291,394)
Net balance		
Electricity	32,989,134	36,907,981
Water	18,687,612	18,833,865
Sewerage	7,025,028	5,455,417
Refuse	7,075,227	6,719,180
Input VAT Accrual	19,133,051	39,853,262
Housing rental	1,779,313	1,606,792
Other (Sundry amounts)	2,693,752	2,397,306
	89,383,117	111,773,805
Electricity		
Current (0 -30 days)	21,586,986	21,137,162
31 - 60 days	8,185,457	6,546,728
61 - 90 days	4,440,720	4,356,705
91 + days	81,156,090	68,786,507
Allowance for impairment	(82,380,119)	(63,919,121)
	32,989,134	36,907,981
Water		
Current (0 -30 days)	7,433,355	8,814,085
31 - 60 days	4,735,059	4,228,776
61 - 90 days	2,483,201	3,111,315
91 + days	77,764,980	68,989,299
Allowance for impairment	(73,728,983)	(66,309,610)
	18,687,612	18,833,865
Sewerage		
Current (0 -30 days)	2,779,515	2,471,994
31 - 60 days	1,492,593	1,523,978
61 - 90 days	1,195,782	1,231,378
91 + days	68,518,168	62,592,749
Allowance for impairment	(66,961,010)	(62,364,682)
	7,025,028	5,455,417

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	1,017,024	1,909,136
31 - 60 days	1,523,696	1,346,479
61 - 90 days	1,181,677	1,074,323
91 + days	59,846,873	53,373,861
Allowance for impairment	(56,494,043)	(50,984,619)
	7,075,227	6,719,180
Housing rental		
Current (0 -30 days)	464,700	485,968
31 - 60 days	148,038	182,824
61 - 90 days	67,852	104,359
91 + days	8,131,847	7,875,391
Allowance for impairment	(7,033,124)	(7,041,750)
	1,779,313	1,606,792
Other (specify)		
Current (0 -30 days)	135,088	168,236
31 - 60 days	228,048	134,212
61 - 90 days	119,499	103,189
91 + days	14,125,816	14,663,282
Allowance for impairment	(11,914,699)	(12,671,611)
	2,693,752	2,397,308
Total		
Current (0 -30 days)	21,750,241	33,003,084
31 - 60 days	16,312,891	13,962,997
61 - 90 days	9,488,710	9,981,269
91 + days	321,210,201	278,264,587
Allowance for impairment	(298,511,977)	(263,291,394)
Input VAT Accrual	70,250,066	71,920,543
	19,133,051	39,853,262
	89,383,117	111,773,805

30 June 2025	Residential, Industrial & Commercial	Other debtors	National and Provincial Government	Total
Total receivables	350,346,759	7,092,429	11,322,855	368,762,043
Less: Allowance for impairment	(292,631,673)	(5,880,304)	-	(298,511,977)
	57,715,086	1,212,125	11,322,855	70,250,066
30 June 2024	Residential, Industrial & Commercial	Other debtors	National and Provincial Government	Total
Total receivables	320,208,002	7,693,790	7,310,145	335,211,937
Less: Allowance for impairment	(257,333,508)	(5,957,886)	-	(263,291,394)
	62,874,494	1,735,904	7,310,145	71,920,543

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
5. Receivables from exchange transactions (continued)		
Credit quality of receivables from exchange transactions		
Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation.		
Concentrations of credit risk with respect to trade receivables are limited due to the customer base being large and unrelated. The municipality's historical experience in collection of receivables transactions falls within recorded allowances. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.		
Receivables from exchange transactions past due but not impaired		
All services are payable within 30 days from the invoice date. At 30 June 2025, R 43,316,535 (2024: R 43,487,192) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	12,962,307	10,263,170
2 months past due	30,354,228	33,224,022
Receivables from exchange transactions impaired		
As of 30 June 2025, consumer debtors of R 298,511,977 (2024: R 263,291,394) were impaired and provided for.		
Reconciliation of allowance for impairment of receivables from exchange transactions		
Opening balance	263,291,394	222,571,920
Allowance for impairment	45,282,312	58,559,097
Amounts written off as uncollectible	(10,061,729)	(17,839,623)
	298,511,977	263,291,394
6. Receivables from non-exchange transactions		
Gross balances		
Rates	144,647,447	131,110,581
Fines	203,163,302	183,712,019
Miscellaneous	6,667,601	7,197,195
Availability fees	12,969,732	11,460,868
	367,448,082	333,480,663
Less: Allowance for impairment		
Rates	(62,769,929)	(58,226,430)
Fines	(183,840,799)	(183,974,434)
Availability fees	(9,585,260)	(7,792,734)
	(256,195,988)	(229,993,598)
Net balance		
Rates	81,877,518	72,884,151
Fines	19,322,503	19,737,585
Miscellaneous	6,667,601	7,197,195
Availability fees	3,384,472	3,668,134
	111,252,094	103,487,065

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
6. Receivables from non-exchange transactions (continued)		
Ageing of receivables from non-exchange transactions:		
Rates		
Current (0-30 days)	24,314,278	21,119,420
31 - 60 days	8,228,221	8,293,347
61 - 90 days	5,044,746	5,018,113
91 + days	107,060,202	96,679,701
	<u>144,647,447</u>	<u>131,110,581</u>
Less: Allowance for impairment	(62,769,929)	(58,226,430)
	<u>81,877,518</u>	<u>72,884,151</u>
Fines and Other		
Current (0-30 days)	15,343,651	13,449,995
31 - 60 days	10,890,950	7,873,380
61 - 90 days	3,745,000	8,568,000
91 + days	179,851,302	161,017,839
	<u>209,830,903</u>	<u>190,909,214</u>
Less: Allowance for impairment	(183,840,799)	(163,974,434)
	<u>25,990,104</u>	<u>26,934,780</u>
Availability charges		
Current (0-30 days)	816,266	794,440
31 - 60 days	448,313	474,540
61 - 90 days	342,737	382,213
91 + days	11,362,417	9,809,675
	<u>12,969,733</u>	<u>11,460,868</u>
Less: Allowance for impairment	(9,585,261)	(7,792,733)
	<u>3,384,472</u>	<u>3,668,135</u>
Total		
Current (0-30 days)	40,474,195	35,363,855
31 - 60 days	19,567,484	16,641,267
61 - 90 days	9,132,483	13,968,326
91 + days	298,273,921	267,507,215
	<u>367,448,083</u>	<u>333,480,663</u>
Less: Allowance for impairment	(256,195,989)	(229,993,597)
	<u>111,252,094</u>	<u>103,487,066</u>

Availability fees with regards to rates, are grouped under "rates" in this note.

Credit quality of receivables from non-exchange transactions

Consumer debtors are payable within 30 days. This credit period is considered to be consistent with the terms used in the public sector, through established practices and legislation.

Concentrations of credit risk with respect to trade receivables are limited due to the customer base being large and unrelated. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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6. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

All rates are payable within 30 days from the invoice date. At 30 June 2025, R 117,773,819 (2024: R 92,829,367) were past due but not impaired.

The ageing of rates, availability fees and fines past due but not impaired is as follows:

1 month past due	22,542,556	14,382,419
2 months past due	95,231,263	78,446,948

Receivables from non-exchange transactions impaired

As of 30 June 2025, other receivables from non-exchange transactions of R256,195,990 (2024: R229,993,598) were impaired and provided for.

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	229,993,598	186,553,596
Provision for impairment	86,331,193	104,621,367
Amounts written off as uncollectible	(60,128,801)	(61,181,365)
	256,195,990	229,993,598

In terms of the requirements of GRAP 23 and IGRAP1, all fines issued during the year less any cancellations or reductions identified are recognised as revenue. The outstanding fine receivable balance at year end is reduced to its recoverable amount by recognising a provision for impairment against the receivable raised. The provision for impairment is based on current and past collection rates applicable to fines. Any fine reductions or cancellations subsequent to the financial year-end is recorded as a write off against the provision raised.

All Non-Government debtors were either specifically impaired or subject to collective impairment.

Debts are required to be settled after 30 days. Interest is charged on all classes of receivables except fines and other receivables at prime +1%.

7. Statutory receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

Consumer debtors - Rates	81,877,518	72,884,151
Fines	19,322,503	19,737,585
	101,200,021	92,621,736

Statutory receivables general information

Transaction(s) arising from statute

Rates - Municipal Property Rates Act (MPR Act) section 2 states that a metropolitan or local municipality may levy a rate on property in its area.

Fines - Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996.

VAT - VAT is received and paid as required per the Value Added Tax Act No 89 of 1991.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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7. Statutory receivables (continued)

Determination of transaction amount

Rates - Rates amount are determined in terms of section 11 of the MPR act and the approved rates policy of the municipality.

Fines - All fines are governed by the specific regulation which is applicable to the offence.

VAT - VAT is applied to all relevant goods or services as stated in the VAT act and the amount thereof is determined in terms of the VAT act.

Interest or other charges levied/charged

Rates - Interest is charged on outstanding rates.

Fines - No interest or other charges are charged on outstanding fines.

VAT - VAT is submitted and paid on a monthly basis thus no interest is charged on outstanding VAT amounts.

No discount rate applied on the above mentioned statutory receivables to estimate future cash flows.

Statutory receivables past due but not impaired

Rates - Payment percentage of receivables are used to assess whether the receivable is impaired.
Refer to note 6 for more detail on the impairment and ageing of statutory receivable past due not impaired.

Fines - Payment percentage of fines are used to assess whether the fines are impaired.
Refer to note 6 for more detail on the impairment provision and ageing of statutory receivables past due not impaired.

VAT - VAT receivables from SARS is not impaired as South African Receiver of Revenue has sufficient funds to pay any outstanding amounts. VAT on output provision is assessed with the debtors impairment provision and included therein.
Refer to note for more detail on the impairment provision.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
8. Unspent conditional grants and receipts		
Unspent Grants and receipts		
National Government Grants	23,909,154	2,728,806
Provincial Government Grants	6,317,586	716,148
Other organisational Grants	601,249	112,890
	30,827,989	3,557,844
Less: Unpaid Grants		
Provincial Government Grants	3,921,390	906,740
	26,906,599	2,651,104
Net unspent/(unpaid) grants and receipts		
	26,906,599	2,651,104
Unspent and unpaid grants and receipts comprises of:		
Unspent conditional grants and receipts		
National: Municipal Infrastructure Grant (MIG)	8,846,888	2,456
National: Energy Efficiency and Demand Side Management Grant (EEDSMG)	56,884	56,884
National: Disaster Management Grants	331,730	2,600,000
National: Neighbourhood Development Partnership Grant (NDPG)	5,740,117	-
National: Water Services Infrastructure Grant	110,922	69,466
National: Integrated National Electrification Program	8,822,613	-
Provincial: Integrated Housing and Human Settlement Grant (IHHS)	(3,921,390)	(906,740)
Provincial: Other Provincial Grants	6,317,586	716,148
Other Organisational Grants	601,249	112,890
	26,906,599	2,651,104
Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.		
Also refer to appendix "B" for a reconciliation of grants from other sources. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.		
Unconditional Grants		
Equitable share		
Current year receipts	130,575,000	122,358,000
Transferred to revenue - operating	(130,575,000)	(122,358,000)
	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
Conditional Grants		
National: Financial Management Grant (FMG)		
Current year receipts	1,800,000	1,771,000
Conditions met - transferred to revenue - operating	(1,800,000)	(1,771,000)
	-	-
The FMG grant is a conditional grant to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).		

Knysna Municipality

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Figures in Rand	2025	2024
8. Unspent conditional grants and receipts (continued)		
National: Municipal Infrastructure Grant (MIG)		
Opening Balance	2,458	1,918,398
Current year receipts	28,487,000	24,202,000
Conditions met - transferred to revenue - operating	(3,784,327)	(4,382,250)
Conditions met - transferred to revenue - capital	(15,858,243)	(19,817,245)
Adjustments	-	(1,918,447)
	8,846,888	2,456

The MIG grant is a conditional grant to provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

The adjustments above relates to repayments of unspent grants to National treasury based on the roll over application of grants

National: Energy Efficiency and Demand Side Management Grant (EEDSMG)

Opening balance	56,884	56,884
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The EEDSM grant is a conditional grant to focus on the determination of energy consumption baseline, supply and installation of energy efficient technologies within Municipal facilities.

National: Integrated National Electrification Program Grant (INEP)

Opening balance	-	36
Current year receipts	9,900,000	40,000,000
Conditions met - transferred to revenue - operating	(140,529)	(5,217,396)
Conditions met - transferred to revenue - capital	(936,858)	(34,782,640)
	8,822,613	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

Knysna Municipality

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8. Unspent conditional grants and receipts (continued)

National: Extended Public Works Program (EPWP)

Current year receipts	1,279,000	1,264,000
Conditions met - transferred to revenue - operating	(1,279,000)	(1,264,000)
	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

National: Neighbourhood Development Partnership Grant (NDPG)

Opening balance	-	2,095,553
Current year receipts	20,477,000	8,397,000
Conditions met - transferred to revenue - operating	(1,922,202)	(1,092,102)
Conditions met - transferred to revenue - capital	(12,814,681)	(7,304,898)
Adjustments	-	(2,095,553)
	5,740,117	-

The NDPG grant is a conditional grant to fund, support and facilitate the planning and development of neighbourhood development programmes and projects that will be catalysts for further development in these areas. The adjustments above relates to repayments of unspent grants to National Treasury based on the roll over application of grants.

Provincial: Integrated Housing and Human Settlement Grant (IHHS)

Opening balance	(906,740)	(906,740)
Conditions met - transferred to revenue - capital	(3,014,650)	-
	(3,921,390)	(906,740)

The housing allocation is a conditional grant to support the creation of sustainable human settlements that enables and improve quality of household life, provision of basic infrastructure, top structures and basic social and economic amenities.

Provincial: Other Provincial Grants

Opening balance	716,148	67,859
Current year receipts	10,418,000	737,323
Conditions met - transferred to revenue - operating	(967,974)	(89,034)
Conditions met - transferred to revenue - capital	(3,793,848)	-
Adjustments	(54,740)	-
	6,317,586	716,148

The other provincial grants is mainly allocated to provide financial assistance to municipalities to improve overall financial governance within municipalities, improving credibility and responsiveness of municipal budgets, improving audit outcomes and addressing institutional challenges, to cover operational and capital costs pertaining to the line functions of CDW's, to ensure functional and compliant performance management systems. The unspent portion relates to conditions not yet met at year-end.

The adjustments above relates to repayments of unspent grants to provincial treasury based on the roll over application of grants.

Knysna Municipality

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Figures in Rand	2025	2024
8. Unspent conditional grants and receipts (continued)		
Other Organisational Grants		
Opening balance	112,890	23,038
Current year receipts	1,133,625	100,000
Conditions met - transferred to revenue - operating	(573,529)	(10,148)
Adjustment	(71,737)	-
	601,249	112,890
The grants relates to Nedbank SMME incubator and SANBI		
National: Water Services Infrastructure Grant		
Opening balance	69,466	-
Current year receipts	8,937,000	3,400,000
Conditions met - transferred to revenue - operating	(1,160,285)	(376,101)
Conditions met - transfer to revenue - capital	(7,735,259)	(2,954,433)
	110,922	69,466
The Water Services Infrastructure Grant is conditional grant to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services.		
Provincial: Community Library Service Grant		
Current year receipts	9,663,348	10,978,000
Conditions met - transferred to revenue - operating	(9,663,348)	(10,938,000)
Conditions met - transferred to revenue - capital	-	(40,000)
	-	-
The grant relates to transform urban and rural public library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives.		
National - Municipal Disaster Recovery Grant		
Opening balance	2,600,000	-
Current year receipts	114,000	2,600,000
Conditions met - transferred to revenue - operating	(310,731)	-
Conditions met - transferred to revenue - Capital	(2,071,539)	-
	331,730	2,600,000
The grant relates to disaster recovery.		
District - Security cameras Grant		
Current year receipts	170,000	-
Conditions met - transfer to revenue - capital	(170,000)	-
	-	-
The grant relates to security cameras		

Knysna Municipality

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9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	10,350	10,350
Short-term deposits	40,437,484	20,887
Bank balances	65,553,171	23,577,519
	106,001,005	23,608,756

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings.

Credit rating

Ba2 (Nedbank, ABSA, Standard Bank and Investec)	65,553,171	23,577,519
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Cash and cash equivalents pledged as collateral

Cash and cash equivalents to an amount of R 30,827,989 (2024: R 3,557,844) are held to fund the Unspent Conditional Grants. Refer to note 8.

Guarantees Issued

156,100	156,100
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Nedbank - Primary bank account - 162 656 1826	-	8,129	1,563,706	-	8,129	1,563,705
Nedbank - Tertiary account (SARS VAT receipts) - 162 657 1139	-	-	-	-	-	-
Nedbank - Emergency Fund - 114 792 0699	-	-	-	-	-	5
Standard Bank - Primary bank account - 303265043	65,035,113	22,448,111	18,346,406	65,553,171	22,514,406	18,764,400
Standard Bank - Secondary bank account - 303265612	-	1,063,107	-	-	1,063,107	-
Total	65,035,113	23,519,347	19,910,112	65,553,171	23,585,642	20,328,110

Call Investment Deposits consist of the following accounts:

Investec - 021941-503	22,513	20,885
Investec - 021941-500	-	2
Standard bank - 338568115001	14,902,911	-
Standard bank - 268567420033	25,512,059	-
	40,437,483	20,887

Knysna Municipality

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Figures in Rand	2025	2024
10. Long-term investments and receivables		
At amortised cost		
Fixed Deposits	3,423,201	3,175,689
Staff Housing Loans	3,866	3,866
Old Age Homes / Creche	426,245	426,245
Sundry deposits	6,800	6,800
	<u>3,860,112</u>	<u>3,612,600</u>
Impairments	(434,497)	(434,497)
	<u>3,425,615</u>	<u>3,178,103</u>
Non-current assets		
At amortised cost	<u>3,425,615</u>	<u>3,178,103</u>

Fixed Deposits

Included in Non-Current Investments is the Investec Fixed Deposit (Acc 021941500) of R 3,423,201 (2024: R 3,175,689) which have been pledged to DBSA as guarantees on external loans taken up. Refer to note 17. These loans are non-current and consequently it is highly unlikely that the Investment will be redeemable in the following financial year.

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

Staff Housing Loans

Staff housing loans are no longer granted. The outstanding amount relates to prior years and is impaired.

Old Age Homes / Creche

New loans are not granted to organisations. The loans are repayable over periods up to forty years at a rate of 1% per annum, with the last loan redeemable in 2032.

Financial assets at amortised cost impaired

The allowance for impairment on financial assets exists due to the possibility that not all these debts will be recovered. Financial assets and amortised cost were assessed individually and grouped together at the Statement of Financial position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

As of 30 June 2025, financial assets of R 434,497 (2024: R 434,497) were impaired and provided for.

Reconciliation of provision for impairment of financial assets at amortised cost

Opening balance	<u>434,497</u>	<u>434,497</u>
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Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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11. Investment property

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	150,199,108	(82,828,700)	67,370,408	150,199,108	(82,692,680)	67,506,428

Reconciliation of investment property - 2025

	Opening balance	Depreciation	Total
Investment property	67,506,428	(136,020)	67,370,408

Reconciliation of investment property - 2024 - Restated

	Opening balance	Disposals	Depreciation	Total
Investment property	67,661,447	(19,000)	(136,019)	67,506,428

Investment property in the process of being constructed or developed

No investment property is in the process of being constructed or developed.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	6,355,128	6,281,237
From Investment property that generated rental revenue		
Contracted services	-	90,337
Operational cost	110,514	33,850
	110,514	124,187

Land appointed in terms of legislation which entity controls without legal ownership or custodianship (IGRAP 18 par 40)

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.4. The land of the municipality are under the control of the municipality due to a vesting substantive right over the land. These land represents mainly public open spaces and roads vesting to the municipality.

Carrying value of land included in the carrying value of Investment property	11,189,000	11,189,000
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Other

The ownership of Erf 216/54 Brenton with a fair value of R10,600,000 is the subject of a legal dispute and according to the legal opinion obtained by the Municipality, ownership of this property vests with the Municipality. There are no other restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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12. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Operational land	299,286,407	(174,793,690)	124,492,717	289,236,407	(174,793,690)	124,442,717
Operational buildings	48,538,738	(13,442,288)	36,097,468	49,539,737	(12,743,045)	36,796,692
Infrastructure	1,678,528,303	(542,280,143)	1,136,248,160	1,626,394,786	(498,638,826)	1,127,757,960
Community assets	148,752,472	(25,278,032)	123,474,440	139,279,252	(23,391,477)	115,887,775
Computer equipment	15,588,904	(12,111,892)	3,475,012	15,206,265	(11,360,296)	3,845,969
Furniture and office equipment	17,215,882	(12,030,671)	5,185,211	14,113,041	(10,524,812)	3,588,229
Machinery and equipment	44,379,700	(29,046,990)	15,332,710	43,907,381	(24,985,358)	18,922,023
Transport assets	81,430,631	(52,579,486)	28,851,145	81,238,159	(47,824,361)	33,413,798
Total	2,334,720,035	(861,563,172)	1,473,156,863	2,268,915,028	(804,259,865)	1,464,655,163

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	iGrap2 adjustment	Depreciation	Depreciation - disposals	Impairments*	Total
Operational land	124,442,717	50,000	-	-	-	-	-	124,492,717
Operational buildings	36,796,692	-	-	-	(699,224)	-	-	36,097,468
Infrastructure	1,127,757,960	52,731,885	(93,031)	(598,368)	(44,174,476)	-	624,192	1,136,248,160
Community assets	115,887,775	9,511,621	(36,400)	-	(1,898,804)	12,248	-	123,474,440
Computer equipment	3,845,969	472,761	(92,122)	-	(797,217)	45,621	-	3,475,012
Furniture and office equipment	3,588,229	3,102,841	-	-	(1,505,859)	-	-	5,185,211
Machinery and equipment	18,922,023	582,835	(110,515)	-	(3,048,182)	57,375	(1,070,826)	15,332,710
Transport assets	33,413,798	964,700	(472,227)	-	(1,895,613)	335,896	(3,206,409)	28,851,145
	1,464,655,163	67,116,543	(806,296)	(598,368)	(54,009,377)	451,140	(3,652,043)	1,473,156,863

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12. Property, plant and equipment (continued)									
Reconciliation of property, plant and equipment - 2024 - Restated									
	Opening balance	Additions	Disposals	Transfer to completed	iGrap2 adjustment	Depreciation	Disposals - Depreciation	Impairments*	Total
Operational land	124,422,717	20,000	-	-	-	-	-	-	124,442,717
Operational buildings	38,457,104	44,205	-	214,997	-	(1,919,614)	-	-	36,796,692
Infrastructure	1,093,695,582	83,418,469	-	(214,997)	(1,240,874)	(43,444,523)	-	(4,455,697)	1,127,757,960
Community assets	115,144,020	2,380,693	-	-	-	(2,007,086)	-	370,148	115,887,775
Computer equipment	4,256,403	452,835	(106,401)	-	-	(859,752)	102,884	-	3,845,989
Furniture and office equipment	4,849,545	151,088	(113,419)	-	-	(1,391,145)	92,180	-	3,588,229
Machinery and equipment	19,933,843	880,029	(320,378)	-	-	(884,363)	220,073	(907,181)	18,922,023
Transport assets	49,983,668	1,466,668	(332,532)	-	-	(3,262,421)	35,655	(14,377,260)	33,413,786
	1,450,642,902	88,813,987	(872,730)	-	(1,240,874)	(53,768,904)	450,772	(19,369,990)	1,464,655,163

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Figures in Rand	2025	2024
12. Property, plant and equipment (continued)		
Pledged as security		
Carrying value of assets pledged as security:		
Furniture and office equipment	2,743,518	-
Other information		
On 12 December 2023, the Municipal Council inter alia resolved to dispose the following five immovable properties:		
(i) Erf 160, Buffalo Bay;		
(ii) Erf 2463, Knysna;		
(iii) Erf 3534, Knysna;		
(iv) Erf 150, Karatara; and		
(v) Erf 535, Rheenendaal.		
All five properties have been included in the 2024/2025 Budget Funding Plan.		
During the 2024/2025 auction process, the following two properties were requested by Senior Management to be removed from the auction list as they were required for other municipal purposes:		
(i) Erf 2463, Knysna (to be used by the Deputy Mayor for residential purposes); and		
(ii) Erf 3534, Knysna (to be used by the Municipality for office accommodation purposes).		
The auction of the remaining three properties was subsequently held on 21 May 2025, and resulted in the following final hammer prices offered at the auction:		
(i) Erf 160 Buffalo Bay: R16 200 000		
(ii) Erf 150 Karatara: R2 450 000		
(iii) Erf 535 Rheenendaal: R55 000		
On 05 June 2025, Council resolved to accept the bid of R16 200 000 offered for Erf 160 Buffalo Bay. The property will be transferred in the 2025/2026 financial year. Council further resolved that in relation to Erf 150 Karatara and Erf 535 Rheenendaal, comprehensive reports be submitted for consideration prior to a final resolution on the bids received.		
In the event that Council declines the bids for Erf 150 Karatara and Erf 535 Rheenendaal, the Municipality will be liable for the payment of auctioneer costs.		
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	249,009	249,009
Infrastructure	208,115,222	197,073,730
Community	15,584,995	6,457,793
Transport assets	51,040	51,040
	224,010,266	203,831,572
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Knysna Cemetery professional fees - Community asset	1,129,955	1,129,955
Still in progress of land identification		
	1,129,955	1,129,955

Knysna Municipality

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Figures in Rand	2025	2024
12. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
CBD Pipe replacement	1,486,622	2,364,556
Inadequate budget for Phase 2 construction		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Erf 7057 Upgrade Bongani Sportsfield - Community	11,829,160	5,235,476
This project is not completed due to the funds that were reallocated		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Upgrade Main Sewer Pump Station	16,485,116	14,509,893
Inadequate budget for Phase 2 construction		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Upgrade CBD Sewer	1,476,740	1,476,740
Inadequate budget for Phase 2 construction		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Rheenendal Civil Services	57,407	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Sedgefield WWTW Rehab	1,022,380	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Eastford/Charlesford Substation Phase 2	1,455,849	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Damsebos to Hlalani Bulk Sewer Link	464,404	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Upgrade gravel roads	23,071,617	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Brenton on Lake to Belvedere Sewer Link	900,740	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Rehabilitate Sewer Pipe Bridge in Khayaletu	345,801	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
Knysna Dam Phasing Kruisvallei	850,000	-
Inadequate budget.		
No impairment loss has been recognised as the project will continue as and when funding becomes available.		
	59,445,836	23,586,665

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12. Property, plant and equipment (continued)		
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	32,129,250	41,484,089
Sale of goods/inventory	151,784	603,976
General expenses	7,205,854	5,862,179
	39,486,888	47,950,244
Land appointed in terms of legislation which entity controls without legal ownership or custodianship		
In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.4. The land of the municipality are under the control of the municipality due to vesting substantive right over the land.		
Carrying value of land included in the carrying value of Property, plant and equipment	14,145,100	14,145,100

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Figures in Rand

13. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software and website	184,239	(150,738)	33,501	184,239	(135,318)	48,921

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software and website	48,921	-	(15,420)	33,501

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software and website	64,340	-	(15,419)	48,921

Pledged as security

There are no intangible assets pledged as security for liabilities.

Intangible assets in the process of being constructed or developed

No intangible assets in the process of being constructed or developed.

Restricted title

There are no intangible assets whose title is restricted.

Other information

No intangible assets were assessed having an indefinite useful life.

There are no contractual commitments for the acquisition of intangible assets.

Knysna Municipality

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14. Heritage assets

	2025			2024		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Land of historical significance and conservation areas	22,322,000	(9,711,000)	12,611,000	22,322,000	(9,711,000)	12,611,000
Historical buildings	1,671,952	(13,952)	1,658,000	1,671,952	(13,952)	1,658,000
Works of art	83,550	-	83,550	83,550	-	83,550
Historical monuments	18,871	-	18,871	18,871	-	18,871
Book collection of historical significance	241,625	-	241,625	241,625	-	241,625
Total	24,337,998	(9,724,952)	14,613,046	24,337,998	(9,724,952)	14,613,046

Reconciliation of heritage assets 2025

	Opening balance	Total
Works of art	83,550	83,550
Historical monuments	18,871	18,871
Land of historical significance and conservation areas	12,611,000	12,611,000
Historical buildings	1,658,000	1,658,000
Book collection of historical significance	241,625	241,625
	14,613,046	14,613,046

Reconciliation of heritage assets 2024 - Restated

	Opening balance	Total
Works of art	83,550	83,550
Historical monuments	18,871	18,871
Land of historical significance and conservation areas	12,611,000	12,611,000
Historical buildings	1,658,000	1,658,000
Book collection of historical significance	241,625	241,625
	14,613,046	14,613,046

Details of heritage assets

Heritage assets consist mainly of land, historical buildings and monuments older than 50 years.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop heritage assets or for repairs, maintenance or enhancements.

There are no heritage assets pledged as security for liabilities.

There are no third party payments received for losses and impairments incurred.

Knysna Municipality

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Figures in Rand	2025	2024
14. Heritage assets (continued)		
Land appointed in terms of legislation which entity controls without legal ownership or custodianship (IGRAP 18 par 40)		
In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are disclosed in Note 1.4. The land of the municipality are under the control of the municipality due to a vesting substantive right over the land.		
Carrying value of land included in the carrying value of Heritage assets	8,000	8,000
Heritage assets used for more than one purpose		
The following heritage assets are used by the entity for more than one purpose:		
Erf 1003 Knysna: Old goal heritage building, museum and municipal offices	3,900,000	3,900,000
Heritage assets in the process of being constructed or developed		
No heritage assets are in the process of being constructed or developed.		
Expenditure incurred to repair and maintain heritage assets		
Expenditure incurred to repair and maintain heritage assets included in Statement of Financial Performance		
Sale of goods/inventory	1,486	-
General expenses	9,000	13,569
	10,486	13,569
15. Operating lease asset (liability)		
Non-current assets	3,869,248	3,671,787
Refer to note 43 for additional disclosure relating to the operating lease asset and accrual.		

Knysna Municipality

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Figures in Rand	2025	2024
16. Finance lease obligation		
Minimum lease payments due		
- within one year	1,065,788	-
- in second to fifth year inclusive	1,065,788	-
	2,131,576	-
less: future finance charges	(211,189)	-
Present value of minimum lease payments	1,920,387	-
Present value of minimum lease payments due		
- within one year	911,354	-
- in second to fifth year inclusive	1,009,033	-
	1,920,387	-
Non-current liabilities	1,009,033	-
Current liabilities	911,354	-
	1,920,387	-

It is municipality policy to lease certain equipment under finance leases. The office equipment is leased from Konica Minolta.

The average lease term was 3 years and the average effective borrowing rate was 10.22% (2024: -%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The maturity date of the leases is 30 June 2027 for the office equipment.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 12.

17. Long-term liabilities

At amortised cost		
Annuity loans	294,983,135	351,704,121

Annuity loans

Annuity loans bear interest at rates between 6.07% and 11.89% per annum. Investec Fixed Deposit (Acc 021941-500) of R 3,423,201 has been pledged to DBSA as guaranty for external loans taken up. Refer to note 10.

The cession agreement includes provisions confirming that the agreement remains valid despite any leniency or failure by the Cessionary to enforce its rights. The Cedent's indebtedness may be certified by an authorised representative of the Cessionary and serves as prima facie proof for legal purposes.

Each clause is severable, notices must be in writing, and any amendments require written agreement by both parties. The Cedent is liable for all enforcement costs. The agreement falls under the non-exclusive jurisdiction of the High Court of South Africa. The Cedent may not dispose of assets outside the ordinary course of business without the Cessionary's consent. Stamp duty, if applicable, is payable by the Cedent. The total Indebtedness of R271 746 to DBSA will be settled on 31 December 2025.

Non-current liabilities		
At amortised cost	243,785,981	305,354,811
Current liabilities		
At amortised cost	51,197,154	46,349,310

Knysna Municipality

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Figures in Rand	2025	2024
18. Payables from exchange transactions		
Accrued interest on loans	478,227	4,224,572
Trade payables	124,095,987	151,449,160
Payments received in advanced	23,041,836	22,631,374
Retentions	16,479,362	15,570,553
Hoarding fees	9,485,539	8,274,499
Other payables	6,167,763	6,590,040
Deposits: Other	854,555	831,466
Operating lease payables	4,180,169	1,098,164
VAT Payable	3,805,924	16,399,248
Statutory Payable: VAT due to SARS	1,970,283	1,988,567
	190,559,645	229,057,643

VAT Payable

Output VAT Accrual	49,463,992	57,224,282
Provision for doubtful debt impairment	(45,658,068)	(40,825,034)
	3,805,924	16,399,248

VAT is payable on the payment basis. Only once payment is received from debtors is VAT paid over to SARS.

Discounting of trade and other payables on initial recognition is not deemed necessary.

All payables are unsecured.

Included in other payables is unidentified traffic fines paid, group scheme accruals and salary accruals.

Other deposits include Hall and Tender Deposits.

19. Consumer deposits

Electricity	8,960,577	8,761,986
Water	6,519,745	6,336,463
Other deposits	282,005	243,928
Town Hall rental	109,899	195,277
	15,872,226	15,537,654

Knysna Municipality

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20. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Non-current liabilities		
Post-Retirement Medical Aid benefits liability	102,704,000	98,730,000
Ex-gratia pension benefits liability	56,948	54,948
Long service awards	21,060,400	19,865,999
	123,821,348	118,650,947
Current liabilities		
Post-Retirement Medical Aid benefits liability	6,008,000	5,704,000
Ex-gratia pension benefits liability	11,052	11,052
Long service awards	2,761,599	1,801,000
Performance bonus	1,025,054	777,699
Staff annual bonus	9,048,796	8,156,520
Staff leave	24,379,626	22,118,362
	43,234,127	38,568,633
Total liabilities		
Post-Retirement Medical Aid benefits liability	108,712,000	104,434,000
Ex-gratia pension benefits liability	68,000	66,000
Long service awards	23,821,999	21,666,999
Performance bonus	1,025,054	777,699
Staff annual bonus	9,048,796	8,156,520
Staff leave	24,379,626	22,118,362
	167,055,475	157,219,580

Risks relating to the net defined benefit obligation plans:

Inflation: The risk that future CPI inflation and earnings inflation are higher than assumed and present in an uncontrolled manner.

Volatility of open-ended, long-term DBO: The risk that the DBO may be volatile which is exacerbated by its long-term nature.

Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced, to the detriment of the Municipality.

Future changes in legislation: The risk that changes to legislation with respect to the ex-gratia benefits may increase the DBO for the Municipality.

Post-retirement medical aid benefit liability

The Post-retirement benefit plan is a wholly unfunded net defined benefit plan, of which the members are made up as follows:

In-service (Employees) members	336	335
In-service (Employees) non-members	300	300
Continuation members	75	74
Total members	711	709
In-service members	50,881,000	49,388,000
Continuation members	54,743,000	52,447,000
Non-members	3,088,000	2,599,000
Total unfunded liability	108,712,000	104,434,000

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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20. Employee Benefit Obligations (continued)

Valuation of assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e., no dedicated assets have been set aside to meet this liability.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- LA Health
- Hosmed
- Keyhealth
- Samwumed

The service cost for the year ending 30 June 2026 is estimated to be R 2 855 000 (2025: R 2 723 000) whereas the net interest cost for the same year is estimated to be R 13 037 000 (2025: R13 948 000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

i) Rate of interest		
Discount rate	12.16 %	13.54 %
Health care cost inflation rate	8.08 %	9.46 %
CPI (Consumer Price Inflation)	6.58 %	7.96 %
Net effective discount rate	3.78 %	3.73 %

Average retirement age - females	62	62
Average retirement age - males	62	62

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

The discount rate was determined by deducing from the yield curve from the Bond Exchange of South Africa after the market closed at the reporting date.

The next contribution increase was assumed to occur on 1 January 2025.

ii) Continuation assumption

It was assumed that 80% of In-Service Members that are currently on a Medical Aid Plan would continue to be on a plan on Retirement and receive subsidies from the Municipality.

Furthermore, it was assumed that 5% of In-Service Members that are currently not on a Medical Aid Plan would be on a plan upon Retirement and receive subsidies from the Municipality. These members are assumed to form part of the Samwumed B plan upon Retirement.

These assumptions are in line with the assumptions used in the previous valuation.

iii) Mortality rates

Pre-retirement:	SA 85-90 mortality table
Post-retirement:	PA (90) -1 ultimate mortality table

iv) Normal retirement age

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Knysna Municipality

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20. Employee Benefit Obligations (continued)

vi) Decrements: withdrawal

A table setting out the assumed rates of withdrawal from service is set out below:

Age Band	Withdrawal Rate Males	Withdrawal Rate Females
20 - 24	9 %	9 %
25 - 29	8 %	8 %
30 - 34	6 %	6 %
35 - 39	5 %	5 %
40 - 44	5 %	5 %
45 - 49	4 %	4 %
50 - 54	3 %	3 %
55 - 59	- %	- %
60+	- %	- %

These assumptions are in line with the assumptions used in the previous valuation.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligations	108,712,000	104,434,000
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Amounts recognised in the Statement of Financial Performance are as follows:

Service Cost and reduction in minimum membership transactions	2,723,000	2,628,000
Actuarial (Gains)/Losses	(6,865,788)	(576,087)
Interest cost	13,948,000	12,732,000
	9,805,212	14,783,913

The movement in the net defined benefit obligation over the year is as follows:

Balance at the beginning of the year	104,433,999	94,722,000
- Service cost	2,723,000	2,628,000
- Net interest cost	13,948,000	12,732,000
- Actuarial losses/(gains)	(6,865,788)	(576,087)
Benefits paid	(5,527,212)	(5,071,914)
Balance at the end of the year	108,711,999	104,433,999

Remeasurement of net defined benefit liability

Actuarial (gains)/losses from financial assumptions	(5,767,000)	(1,926,000)
Actuarial (gains)/losses from demographic assumptions	(1,098,788)	1,349,913
	(6,865,788)	(576,087)

The table below summarises the accrued liabilities for the current period and the previous four periods.

Liability History	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Accrued liability	95,885,000	100,290,000	94,772,000	104,434,000	108,712,000
	(95,885,000)	(100,290,000)	(94,772,000)	(104,434,000)	(108,712,000)

The table below summarises the experience adjustments for the current period and the previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

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20. Employee Benefit Obligations (continued)

Experience adjustments	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Liabilities: (Gain) / Loss	(3,312,000)	(4,407,000)	5,568,000	(1,349,913)	1,098,788
	(3,312,000)	(4,407,000)	5,568,000	(1,349,913)	1,098,788

Sensitivity analysis on the accrued liability	Change	In-service	Continuation	Total	% change
Central assumptions		53,969,000	54,743,000	108,712,000	
Health care inflation	1 %	64,140,000	58,796,000	122,936,000	13 %
Health care inflation	(1)%	45,723,000	51,105,000	96,828,000	(11)%
Discount rate	1 %	46,056,000	51,255,000	97,311,000	(10)%
Discount rate	(1)%	63,831,000	58,684,000	122,515,000	13 %
Post-retirement mortality	1 year	52,526,000	52,787,000	105,313,000	(3)%
Post-retirement mortality	-1 year	55,402,000	56,717,000	112,119,000	3 %
Average retirement age	-1 year	59,968,000	54,743,000	114,711,000	6 %
Continuation of membership at retirement	(10)%	47,609,000	54,743,000	102,352,000	(6)%

Sensitivity analysis on service cost and net interest cost	Change	Service cost	Net Interest cost	Total	% change
Central assumptions		2,856,000	13,037,000	15,893,000	
Health care inflation	1 %	3,468,000	14,804,000	18,272,000	15 %
Health care inflation	(1)%	2,368,000	11,562,000	13,930,000	(12)%
Discount rate	1 %	2,388,000	11,622,000	14,010,000	(12)%
Discount rate	(1)%	3,450,000	14,752,000	18,202,000	15 %
Post-retirement mortality	1 year	2,779,000	12,619,000	15,398,000	(3)%
Post-retirement mortality	-1 year	2,932,000	13,456,000	16,388,000	3 %
Average retirement age	-1 year	3,050,000	13,772,000	16,822,000	6 %
Continuation of membership at retirement	(10)%	2,524,000	12,245,000	14,769,000	(7)%

Maturity analysis	Liability value
Within one year from valuation date	5,569,671
Between 1 and 5 years from valuation date	18,061,205
Longer than 5 years from valuation date	115,725,956
	139,356,832

Ex-gratia pension liability

The Ex-gratia pension benefit plan is a net defined benefit plan. As at 30 June 2025, 1 pensioners (2024: 1) were eligible for payments in terms of this plan. In-Service members are not eligible.

There is no future-service costs as there are no current in-service members eligible for ex-gratia payments, whereas the net interest cost for the year ending 30 June 2026 is estimated to be R 7 000 (2025: R 8 000).

Pensioners	1	1
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Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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20. Employee Benefit Obligations (continued)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

- i) Rate of interest
- Discount rate

Yield curve Yield curve

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

The discount rate was determined by deducing from the yield curve from the Bond Exchange of South Africa after the market closed at the reporting date.

- ii) Post-retirement: PA (90) -1 ultimate mortality table

- iii) Actuarial valuation method

The Projected Unit Credit Method has been used to value the liabilities.

- iv) Withdrawal decemments

A Table setting out the assumed rates of withdrawal from service is set out below:

Age band	Withdrawal Rate Males	Withdrawal Rate Females
20 - 24	16	24
25 - 29	12	18
30 - 34	10	15
35 - 39	8	10
40 - 44	6	6
45 - 49	4	4
50 - 54	2	2
55+	1	1
	59	80

The amounts recognised in the Statement of Financial Position are as follows:

Post-Retirement Housing Subsidy obligation	68,000	66,000
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The amount recognised in the Statement of Financial Performance are as follows:

Net interest cost	7,000	8,000
Recognised actuarial losses / (gains)	6,052	2,052
	13,052	10,052

Knysna Municipality

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20. Employee Benefit Obligations (continued)

The movement in the net defined benefit obligation over the year is as follows:

Balance at the beginning of the year	66,000	67,000
- Actuarial (Gains)/Losses	6,052	2,052
- Net interest cost	7,000	8,000
- Benefits paid	(11,052)	(11,052)
	68,000	66,000

Remeasurement of net defined benefit liability

Actuarial (gains)/losses from financial assumptions	3,000	1,000
Actuarial (gains)/losses from demographic assumptions	3,052	1,052
	6,052	2,052

The table below summarises the accrued liabilities for the current period and the previous four periods:

Liability History	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Accrued liability	88,900	77,910	67,000	66,000	68,000
Surplus / (Deficit)	(88,900)	(77,910)	(67,000)	(66,000)	(68,000)

The table below summarises the experience adjustments for the current period and the previous periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Experience adjustment	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Liabilities: (Gain) / Loss	1,655	2,272	3,208	(1,052)	(3,052)
	1,655	2,272	3,208	(1,052)	(3,052)

Sensitivity analysis on the unfunded accrued liability

	Change	Total liability	% change
Central assumptions		68,000	
Discount rate	1 %	68,000	- %
Discount rate	(1)%	68,000	- %
Post-retirement mortality	1 year	67,000	-1%
Post-retirement mortality	- 1 year	70,000	3 %

Sensitivity analysis on the net interest cost

	Change	Net interest cost	% change
Central assumptions		7,000	%
Discount rate	1 %	8,000	14 %
Discount rate	(1)%	7,000	- %
Post-retirement mortality	1 year	7,000	- %
Post-retirement mortality	- 1 year	8,000	14 %

Maturity analysis

	Liability value
Within one year from valuation date	11,052
Between 1 and 5 years from valuation date	30,165
Longer than 5 years from valuation date	26,783
	68,000

Long service awards

The municipality's obligation for Long Service Awards is a net defined benefit plan. This plan is wholly unfunded as no contributions are made by the municipality into funds that are legally separate from the municipality and from which the employee benefits are paid (each subsequent financial year's expected payments of long service bonuses are budgeted for).

Knysna Municipality

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20. Employee Benefit Obligations (continued)

The municipality, in substance, underwrites the actuarial and investment risks associated with the plan. Consequently, the expense recognised for the net defined benefit plan is the full additional liability accrued due to additional benefit entitlement. The municipality's net obligation in respect of the net defined benefit long service allowances is the present value of the net defined benefit obligation. The present value of the net defined benefit obligation is determined by discounting the estimated future cash outflows of the benefits that will be paid to employees and using suitable interest rates.

The calculation is performed by registered actuaries using the projected unit credit method. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2025.

Valuation of Assets

As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e., no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

At year end, 636 (2024: 627) employees were eligible for Long-services awards.

The future service cost for the ensuing year is estimated to be R 1,594,000 (2025: R 1,500,000), whereas the interest cost for the ensuing year is estimated to be R 2,247,000 (2025: R 2,324,000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2025	2024
i) Rate of interest		
Discount rate	9.48 %	10.99 %
CPI (Consumer Price Inflation)	4.25 %	5.67 %
General salary inflation (long-term)	5.25 %	6.67 %
Net effective discount rate	4.02 %	4.05 %

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

The discount rate was determined by deducing from the yield curve from the Bond Exchange of South Africa after the market closed at the reporting date.

Pre-retirement: SA 85-90 (mixed) ultimate mortality table

iii) Normal retirement age

It has been assumed that in-service members will retire at the average age of 65.

iv) Withdrawal decumments

A table setting out the assumed rates of withdrawal from service is set out below:

Age band	Withdrawal Rate Males	Withdrawal Rates Female
20 - 24	9 %	9 %
25 - 29	8 %	8 %
30 - 34	6 %	6 %
35 - 39	5 %	5 %
40 - 44	5 %	5 %
45 - 49	4 %	4 %
50 - 54	3 %	3 %
55 - 59	- %	- %
60+	- %	- %

Amounts recognised in the Statement of Financial Performance are as follows:

Unfunded Long-Service Awards obligation	23,821,999	21,666,999
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Knysna Municipality

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Figures in Rand	2025	2024
20. Employee Benefit Obligations (continued)		
Amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1,500,000	1,486,000
Interest cost	2,324,000	2,302,000
Actuarial (Gains)/Losses	(128,351)	(988,991)
	3,695,649	2,799,009
The movement in the net defined benefit obligation over the year is as follows:		
- Service cost	21,666,999	21,073,999
- Net interest cost	1,500,000	1,486,000
- Recognised actuarial losses / (gains)	2,324,000	2,302,000
- Benefits paid	(128,351)	(988,991)
	(1,540,649)	(2,206,009)
	23,821,999	21,666,999
Remeasurement of net defined benefit liability	2025	2024
Actuarial (gains)/losses from financial assumptions	(26,000)	(317,000)
Actuarial (gains)/losses from demographic assumptions	(36,950)	(671,991)
	(62,950)	(988,991)

The table below summarises the accrued liabilities and the plan assets for the current period and the previous four periods:

Liability History	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Accrued Liability	17,445,000	18,556,517	21,073,999	21,667,000	23,822,000
Surplus / (Deficit)	(17,445,000)	(18,556,517)	(21,073,999)	(21,667,000)	(23,822,000)

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	30 June 2021	30 June 2022	30 June 2023	30 June 2024	30 June 2025
Liabilities: (Gain) / Loss	(295,392)	355,688	(1,313,734)	(671,991)	(36,950)
	(295,392)	355,688	(1,313,734)	(671,991)	(36,950)

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Figures in Rand		2025	2024			
20. Employee Benefit Obligations (continued)						
Sensitivity analysis on the unfunded accrued liability		Change	Liability	% change		
Central assumptions			23,822,000			
General salary inflation		1 %	25,326,000	6 %		
General salary inflation		(1)%	22,449,000	(6)%		
Discount rate		1 %	22,513,000	(5)%		
Discount rate		(1)%	25,277,000	6 %		
Average retirement age		2 years	26,405,000	11 %		
Average retirement age		-2 years	20,368,000	(14)%		
Withdrawal rates		+100%	20,270,000	(15)%		
Withdrawal rates		-50%	26,133,000	10 %		
Sensitivity analysis on service and net interest costs		Change	Service cost	Net Interest cost	Total	% change
Central assumptions			1,594,000	2,247,000	3,841,000	
General salary inflation		1 %	1,712,000	2,395,000	4,107,000	7 %
General salary inflation		(1)%	1,488,000	2,111,000	3,599,000	(6)%
Discount rate		1 %	1,492,000	2,118,000	3,610,000	(6)%
Discount rate		(1)%	1,708,000	2,390,000	4,098,000	7 %
Average retirement age		2 years	1,745,000	2,499,000	4,244,000	10 %
Average retirement age		-2 years	1,407,000	1,910,000	3,317,000	(14)%
Withdrawal rates		100%	1,284,000	1,895,000	3,179,000	(17)%
Withdrawal rates		-50%	1,806,000	2,476,000	4,282,000	11 %
Maturity analysis					Liability value	
Within one year from valuation date					2,620,749	
Between 1 and 5 years from valuation date					10,376,234	
Longer than 5 years from valuation date					22,769,890	
					35,766,873	

Multi-employer retirement benefit information

Both the Consolidated Retirement Fund for local government and LA Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. In terms of GRAP 25, multi-employer plans are defined as defined benefit plans. GRAP 25 also states that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a net defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the net defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claims that the pensioner data is confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund is a Multi-Employer fund defined as a defined benefit plan, it will be accounted for as a defined contribution plan.

Knysna Municipality

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20. Employee Benefit Obligations (continued)

LA Retirement Fund

The LA Retirement Fund's contribution rate payable is 9% by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 117.3%.

Council Contributions paid recognised in the Statement of Financial Performance	141,790	131,851
Employee Contributions paid recognised in the Statement of Financial Performance	70,895	65,925
	212,685	197,776

Consolidated Retirement Fund for local government

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2024 revealed that the fund is in a sound financial position with a funding level of 118.5%.

Council Contributions paid recognised in the Statements of Financial Performance	31,833,587	30,156,861
Employee Contributions paid recognised in the Statements of Financial Performance	16,140,582	15,307,918
	47,974,169	45,464,779

Municipal Councillors Pension Fund

Council contribute to the Municipal Council Pension Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Performance bonuses

The movement on the performance bonus obligation consist of the following:

Balance at the beginning of the year	777,700	1,154,172
Adjustment to performance bonus accrual during the year	247,355	(376,472)
	1,025,055	777,700

Performance bonuses are paid to the municipal Manager and section 56 Directors after an evaluation of performance by the council.

Staff annual bonus

The movement on the annual bonus accrual consist of the following:

Balance at the beginning of the year	8,156,520	8,036,427
Payments	(8,241,844)	(7,967,152)
Additional bonus accrual recognised during the year	9,134,120	8,087,245
	9,048,796	8,156,520

Annual bonuses are paid to all staff during November of each year. There is no possibility of reimbursement.

Knysna Municipality

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Figures in Rand	2025	2024
20. Employee Benefit Obligations (continued)		
Staff leave		
The movement on the leave accrual consist of the following:		
Balance at the beginning of the year	22,118,362	21,011,708
Payments	(2,708,681)	(1,979,914)
Additional staff leave accrual recognised during the year	4,969,945	3,086,568
	24,379,626	22,118,362

Staff leave accrues to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or resign. There is no possibility of reimbursement.

21. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Unwinding of discount	Reversed during the year	iGrap2 Adjustment	Total
Landfill site	18,269,678	-	1,497,040	-	(598,368)	19,168,350
VAT on Libraries	6,763,294	483,260	-	(7,246,554)	-	-
	25,032,972	483,260	1,497,040	(7,246,554)	(598,368)	19,168,350

Reconciliation of provisions - 2024 - Restated

	Opening Balance	Additions	Unwinding of discount	iGrap2 Adjustment	Total
Landfill site	17,875,055	-	1,635,497	(1,240,874)	18,269,678
VAT on Libraries	5,331,381	1,431,913	-	-	6,763,294
	23,206,436	1,431,913	1,635,497	(1,240,874)	25,032,972
Non-current liabilities				18,261,010	17,362,338
Current liabilities				907,340	7,670,634
				19,168,350	25,032,972

Knysna Municipality

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21. Employee Benefit Obligations (continued)

Landfill sites

The provision is for the rehabilitation of 1 landfill sites and 2 refuse transfer stations. The municipality discontinued dumping waste within the municipal area and transport all waste to the Petro SA waste disposal site in Mossel Bay.

Rehabilitation cost was estimated using criteria for closure detailed in the Minimum Requirement for Waste Disposal by Landfill. Provision is made in terms of the municipality's licensing stipulations on the landfill waste sites, for the estimated cost of rehabilitating the waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by Delta Built Environment Consultants have been applied.

It is estimated that the rehabilitation process will be finalised in 2026 for the Old place landfill site. The rehabilitation process was finalised in 2022 for the Brenton on Sea landfill site.

The movement in the provision of the landfill site in the 2025 financial year is due to a new calculation obtained from engineers who calculated the estimate costs to rehabilitate the landfill site. The change in discount rates and estimates also impacted the IGRAP 2 adjustment.

The contribution to the provision is based on the average Consumer Price Index which is calculated at 3.27% (2024: 5.26%).

The cost as at 30 June 2025 has been escalated annually with the average Consumer Price Index until the estimated time of closure and discounted to present value using the relevant South African Government Bond rates. All other adjustments are in line with the provisions of IGRAP 2.

VAT on Libraries

The municipality has never declared output VAT on the Library Grants received from Department of Culture and Sports (DCAS) as it was deemed to also meet the definition of a grant for VAT purposes. The grant received was therefore not regarded as a taxable supply. Following various technical consultations, the general consensus is that payments received from the Western Cape Provincial Department of Cultural Affairs (DCAS) are not considered a grant as per the VAT Act. Due to uncertainty regarding the VAT treatment of funding received from DCAS, the municipality has applied for a VAT ruling from SARS. As of 30 June 2024, the municipality has not yet received the outcome of this ruling, and therefore a provision has been disclosed pending the final decision from SARS. Although a provision is recognised for the VAT payable to SARS, the municipality continues to be in consultation with provincial government regarding the recovery of the VAT liability.

The municipality, subsequently after SARS issued a Binding General Ruling 74 on the 3rd of October 2024 (BGR 74), declared for the 15% VAT on grant received as Output VAT and paid over to SARS. The provision was reversed and accounted for as a net VAT accrual.

22. Service charges

Sale of electricity	392,044,275	347,884,136
Sale of water	96,026,566	94,438,162
Sewerage and sanitation charges	29,882,873	28,884,736
Refuse removal	35,630,118	28,679,328
	553,583,832	499,886,362

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariffs.

Knysna Municipality

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Figures in Rand	2025	2024
23. Rental of facilities and equipment		
Premises		
Hire of halls	150,001	137,405
Investment property	6,355,128	6,281,237
	6,505,129	6,418,642
Facilities and equipment		
Rental of equipment	88,495	64,197
Bulk containers	(685)	7,530
Caravan park	1,165,285	900,120
	1,253,095	971,847
	7,758,224	7,390,489
24. Operational revenue		
Collection charges	-	(46,329)
Incidental cash surpluses	5,256	2,334
Merchandising, jobbing and contracts	3,912,268	3,088,373
Skills Development Levy Refund	1,072,107	-
Request for information - Municipal information and statistics	99,501	59,945
Sundries	793,278	877,234
	5,882,410	3,981,557
25. Property rates		
Rates received		
Rateable land and buildings		
Residential	266,915,938	241,318,355
Commercial	41,961,136	39,217,117
State	9,566,039	9,272,341
Agricultural / Rural	8,606,430	1,986,909
Accommodation	31,214,743	33,126,080
Church	2,340,932	2,253,446
Light industrial	5,743,848	5,421,896
Others - Pensioners etc.	739,665	498,216
Rebates		
Less: Income forgone / Rebates	(18,783,203)	(22,175,252)
	348,305,528	310,919,108

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
25. Property rates (continued)		
Valuations (R'000)		
Residential	32,416,801	31,945,763
Commercial	2,455,750	2,426,033
State	864,580	855,036
Municipal	697,926	660,240
Agricultural / Rural	1,239,903	1,102,652
Accommodation	1,900,255	2,102,437
Church	154,283	146,648
Light industrial	359,363	353,972
Others - Pensioners etc.	134,398	130,101
	40,223,259	39,722,882

Assessment Rates are levied on the fair market value basis. The last valuation came into effect on 1 July 2024. Revaluations will be undertaken in terms of the Municipal Property Rates Act. Interim valuations are processed to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

A rate in the Rand for domestic properties of R 0.007889 was charged on the total market value. Businesses were charged at a rate of R 0.0157799 on the total market value.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R 15 000 valuation reduction. There are also different rebates and phased in tariffs for different sectors of the community. Interest on arrear accounts is charged at bank rate plus one percent.

Rates are levied monthly and payable by the last day of the following month. Interest is levied at the prime rate plus one percent on outstanding monthly instalments.

26. Transfers and subsidies

Operating grants		
Equitable share	130,575,000	122,358,000
National : Financial Management Grant (FMG)	1,800,000	1,771,000
National : Municipal Infrastructure Grant (MIG)	3,784,327	4,382,249
National : Integrated National Electrification Program Grant (INEP)	140,529	5,217,396
National Extended Public Works Program (EPWP)	1,279,000	1,264,000
Other Provincial Grants	967,974	89,034
National : Water Services Infrastructure Grant	1,160,285	376,101
National : Neighbourhood Development Partnership Grant (NDPG)	1,922,202	1,092,102
Other Organisational Grants: Nedbank: SMME Incubator	573,529	-
Provincial: Community Library Service Grant	9,663,348	9,511,304
Other Organisational Grants: SANBI	-	10,148
	151,866,194	146,071,334
Capital grants		
National: Municipal Infrastructure Grant (MIG)	15,858,243	19,817,245
National : Integrated National Electrification Program Grant (INEP)	936,858	34,782,640
Provincial: Integrated Housing and Human Settlement Grant (IHHS)	3,014,650	-
Provincial: Other Provincial Grants	3,793,848	-
District : Garden Route District Municipal Grants	170,000	-
National: Water Services Infrastructure Grant	7,735,259	2,954,433
National: Neighbourhood Development Partnership Grant (NDPG)	12,814,681	7,304,898
Provincial: Community Library Service Grant	-	34,783
National: Disaster Management Grants	2,382,269	-
	46,705,808	64,893,999
	198,572,002	210,965,333

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
26. Transfers and subsidies (continued)		
Classification of revenue		
Transfer and subsidies - Operating		
Revenue from exchange transactions*	9,663,348	9,546,087
Revenue from non-exchange transactions	142,202,846	136,525,247
Transfer and subsidies - Capital	46,705,808	64,893,999
	198,572,002	210,965,333
 * Relates to Provincial: Community Library Service Grant		
Conditional and Unconditional		
Included in above are the following grants and subsidies recognised:		
Conditional grants received	67,997,002	88,607,333
Unconditional grants received	130,575,000	122,358,000
	198,572,002	210,965,333
 Revenue recognised / expensed per vote as required by Section 123 (c) of the MFMA		
Equitable share	130,575,000	122,358,000
Community share	16,977,439	9,635,121
Finance	1,800,000	1,771,000
Planning	4,867,179	1,274,148
Technical	44,352,384	75,927,064
	198,572,002	210,965,333
 Grants received per directorate during the year (Excluding equitable share)		
Community services	20,365,348	14,315,323
Finance	1,800,000	1,771,000
Planning	2,412,625	1,364,000
Technical	67,801,000	75,999,000
	92,378,973	93,449,323
 27. Fines, Penalties and Forfeits		
Traffic Fines	96,401,010	102,714,250
Property Rates Penalties	11,092,660	10,687,133
Other fines	298,749	94,923
Deposits Forfeits	490,014	899,841
	108,282,433	114,396,147
 28. Availability fees		
Electricity	5,776,276	5,308,926
Water	3,356,470	3,444,354
Refuse	2,244,950	2,134,955
Sewerage	1,825,007	1,824,381
	13,202,703	12,712,616

The availability fees with regards to rates are disclosed under property rates, note 25

Knysna Municipality

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Figures in Rand	2025	2024
29. Employee related costs		
Salaries and Wages	194,569,035	188,254,237
Contributions for UIF, Pensions and Medical Aids	53,638,940	52,376,451
Travel, motor car, accommodation, subsistence and other allowances	22,586,641	21,515,799
Housing benefits and allowances	2,789,792	2,596,560
Overtime payments	26,435,479	26,305,248
Performance bonuses	301,522	(290,089)
Bonus	15,161,305	13,802,470
Leave pay provision charge	4,969,947	3,086,569
<u>Defined Benefit Plan Expenses: Post-Retirement Medical Aid</u>	-	-
Current Service Cost	2,723,000	2,628,000
Actuarial (Gains)/Losses	(6,865,788)	(576,087)
Interest cost	13,948,000	12,732,000
<u>Defined Benefit Plan Expenses: Ex-gratia pension</u>	-	-
Actuarial (Gains)/Losses	6,052	2,052
Interest cost	7,000	8,000
<u>Defined Benefit Plan Expenses: Long service awards</u>	-	-
Current Service Cost	1,500,000	1,486,000
Actuarial (Gains)/Losses	(128,351)	(988,991)
Interest cost	2,324,000	2,302,000
	333,976,574	325,240,219

Remuneration of the Municipal Manager:

Remuneration of the Municipal Manager - LH Mapholoba (01 December 2024 to 30 June 2025)

Annual Remuneration	629,425	-
Contributions to UIF, Medical and Pension Funds	120,974	-
Car and travel allowance	88,746	-
	839,145	-

Remuneration of the Municipal Manager - OP Sebola

Annual Remuneration	40,417	1,040,257
Non Pensionable Allowance	20,340	-
Contributions to UIF, Medical and Pension Funds	671	196,087
Car allowance and travel allowance	350	220,350
Telephone allowance	6,015	17,015
Leave Pay	89,517	-
	157,310	1,473,709

Remuneration of the Acting Municipal Manager - SPS Malepeng (18 June 2024 to 27 November 2024)

Annual Remuneration	624,866	56,077
Contributions to UIF, Medical and Pension Funds	7,972	2,350
Leave Pay	66,061	-
	698,899	58,427

Remuneration of the Director Financial Services:

Remuneration of the Director Financial Services - Mr C Julies (1 Jan 2024 to June 2024)

Annual Remuneration	916,534	460,152
Non Pensionable Allowance	10,170	86,744
Contributions to UIF, Medical and Pension Funds	176,970	30,000
Car and travel allowance	93,333	50,000

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
29. Employee related costs (continued)		
Housing allowances	68,667	-
	1,263,674	626,896
Remuneration of the Acting Director Financial Services - AK Jagaysor		
Acting allowance	-	23,270
Remuneration of the Director Planning and Development:		
Remuneration of the Acting Director Planning and Development - Mr RL Daames		
Acting allowance	-	18,972
Remuneration of the Acting Director Planning and Development - JH Smit		
Acting allowance	-	3,067
Remuneration of the Director Planning and Development - Ms PAX Dunywa		
Annual remuneration	1,092,544	915,248
Non Pensionable Allowance	18,950	-
Annual Bonus	60,000	-
Car and travel allowance	102,000	85,000
Contributions to UIF, Medical and Pension Funds	14,665	11,108
	1,286,159	1,011,356

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
29. Employee related costs (continued)		
Remuneration of the Director Technical Services:		
Remuneration of the Director Technical Services - Mr P Hariparsad		
Annual Remuneration	-	248,616
Car Allowance	-	39,000
Contributions to UIF, Medical and Pension Funds	-	10,795
	-	296,411
Remuneration of the Acting Director Technical Services - Mr GE Macdonald		
Annual Remuneration	-	527,325
Contributions to UIF, Medical and Pension Funds	620	6,786
Leave Pay	44,305	-
	44,925	534,111
Remuneration of the Acting Director Technical Services - Mr ELH Mackenzie (April 2024 to June 2024)		
Annual Remuneration	-	266,113
Car and travel allowance	-	24,000
Contributions to UIF, Medical and Pension Funds	-	3,440
Telephone Allowance	-	3,600
	-	299,153
Remuneration of the Director Technical Services - Mr RR Wesso (01 February 2025 to 30 June 2025)		
Annual Remuneration	385,680	-
Car and travel allowance	31,000	-
Contributions to UIF, Medical and Pension Funds	97,342	-
	514,022	-
Remuneration of the Acting Director Director Technical Services - Mr FS Maree		
Acting Allowance	7,918	-
Remuneration of the Acting Director Director Technical Services - Mr Nzuzo		
Acting Allowance	13,776	-

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Figures in Rand	2025	2024
29. Employee related costs (continued)		
Remuneration of the Director Corporate Services:		
Remuneration of the Acting Director Corporate Services - Mr BW Kannemeyer		
Annual Remuneration	-	235,222
Contributions to UIF, Medical and Pension Funds	-	3,023
Leave pay	-	13,861
	-	252,106
Remuneration of the Director Corporate Services - Mr L Loliwe		
Annual Remuneration	31,260	908,864
Non Pensionable Allowance	16,950	-
Contributions to UIF, Medical and Pension Funds	506	11,242
Car and travel allowance	3,000	111,000
Leave Pay	19,658	-
	71,372	1,031,106
Remuneration of the Acting Director Corporate services - Mr J Kalani		
Acting Allowance	-	2,918
Remuneration of the Acting Director Corporate Services - Ms ZI Moon (01 July 2024 to 31 December 2024)		
Annual Remuneration	642,733	-
Contributions to UIF, Medical and Pension Funds	8,334	-
Leave Pay	48,958	-
	700,025	-
Remuneration of the Director Corporate Services - Ms M Boyce (01 March 2025 to 30 June 2025)		
Annual Remuneration	292,593	-
Contributions to UIF, Medical and Pension Funds	78,478	-
Car and travel allowance	20,000	-
	391,071	-

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Figures in Rand	2025	2024
29. Employee related costs (continued)		
Remuneration of the Director Community Services		
Remuneration of the Director Community Services - Mr SW Ngqele		
Annual Remuneration	98,747	996,358
Non Pensionable Allowance	20,340	-
Car and travel allowance	6,000	72,000
Contributions to UIF, Medical and Pension Funds	22,988	270,961
Leave Pay	48,172	-
	196,247	1,339,319
Remuneration of the Acting Director Community Services - Mr R Meyer		
Acting Allowance	18,004	7,490
Remuneration of the Director Community Services - Mr JB Douglas (01 April 2025 to 30 June 2025)		
Annual Remuneration	225,838	-
Car and travel allowance	24,000	-
Contributions to UIF, Medical and Pension Funds	43,429	-
	293,267	-
Remuneration of the Acting Director Community Services - Mr I van Wyk		
Acting Allowance	3,228	-
Remuneration of the Acting Director Community Services - Mr MR Abdullah (23 August 2024 to 09 September 2024)		
Annual Remuneration	56,866	-
Contributions to UIF, Medical and Pension Funds	2,453	-
	59,319	-
Remuneration of the Acting Director Community Services - Mr CG Botha		
Acting Allowance	18,940	-

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Figures in Rand	2025	2024
29. Employee related costs (continued)		
Remuneration of the Director Integrated Human Settlement		
Remuneration of the Acting Director Housing - LA Petuna		
Acting allowance	-	31,600
Remuneration of the Director of Human Settlement - DR RE Martin (01 December 2024 to 30 June 2025)		
Annual Remuneration	659,896	-
Contributions to UIF, Medical and Pension Funds	31,604	-
	691,500	-
Remuneration of the Acting Manager - Supply Chain Management Services : MR MB Mato		
Acting Allowance	-	82,617
Remuneration of the Manager - Supply Chain Management Services (SCM): MR TS Mampana		
Annual Remuneration	867,480	550,656
Car and travel allowance	107,508	71,672
Annual Bonus	71,930	5,736
Contributions to UIF, Medical and Pension Funds	260,299	180,114
	1,307,217	788,178
The aggregated effect of remuneration of key management personnel		
Annual Remuneration	6,564,880	6,251,989
Non Pensionable Allowance	84,750	-
Car and travel Allowance	475,937	653,022
Housing Allowance	66,667	50,000
Contributions to UIF, Medical and Pension Funds	867,305	762,651
Telephone Allowance	6,015	20,615
Acting Allowance	61,866	169,834
Bonuses	131,930	5,736
Leave pay	316,667	13,861
	8,576,017	7,927,808

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
30. Remuneration of councillors		
Councillor - H Stroebel	303,124	306,367
Councillor - PJ Bester	321,403	321,403
Councillor - L Davis	316,391	306,367
Councillor - Petros PE	303,124	305,447
Councillor - Vanston C	316,391	305,447
Councillor - MD Skosana	671,016	735,113
Councillor - ST Sabbagh	321,403	321,403
Councillor - NA Tsengwa	622,567	912,449
Councillor - L Tyokolo	303,124	314,870
Councillor - NG Louw	678,628	566,064
Councillor - M Willems	439,806	320,483
Councillor - JG White	303,124	305,447
Councillor - A van Schalkwyk	82,902	-
Councillor - AC Marbi	510,973	734,194
Councillor - TC Matika	762,349	690,779
Councillor - MR Gericke	189,136	-
Councillor - KC Andrews	687,536	689,860
Councillor - RW Arends	324,480	305,447
Councillor - MS Campbell	321,403	320,483
Councillor - LB Charlie	687,536	679,181
Councillor - W Grootboom	605,994	679,181
Councillor - M Khumelwana	393,520	395,843
Councillor - E Maxim	218,175	305,450
	9,684,105	9,821,278

2025 - Remuneration paid to councillors can be summarised as follows

	Annual Remuneration	Car Allowance	Medical Aid	Pension	Telephone allowance	Total
Executive Mayor	694,880	51,287	39,310	93,819	22,521	901,817
Executive deputy mayor	678,911	-	-	-	21,198	700,109
Speaker	566,474	5,933	60,189	76,972	24,179	733,747
Mayoral Committee Members	2,249,935	58,521	52,754	177,336	86,600	2,625,146
Councillors	2,952,523	153,240	2,399	242,647	366,161	3,716,970
Council Whip	322,602	-	-	48,397	22,521	393,520
Chair of Sec 79	402,677	129,952	14,608	39,805	25,754	612,796
	7,868,002	398,933	169,260	678,976	568,934	9,684,105

2024 - Remuneration paid to councillors can be summarised as follows

	Annual Remuneration	Car Allowance	Medical Aid	Pension	Telephone Allowance	Total
Executive Mayor	681,648	78,028	24,761	102,245	25,764	912,446
Executive deputy mayor	709,349	-	-	-	24,845	734,194
Speaker	561,747	-	63,329	84,273	25,784	735,113
Mayoral Committee Members	2,353,920	-	57,550	188,263	96,004	2,675,737
Councillors	3,027,645	160,617	-	246,447	367,170	3,801,879
Council Whip	322,602	-	-	48,397	24,845	395,844
Chair of Sec 79	367,041	119,115	-	55,064	24,845	566,065
	8,023,952	357,760	145,640	704,689	589,237	9,821,278

31. Debt impairment

Receivables from exchange transactions - Refer to note 5	45,282,312	58,559,097
Receivables from non-exchange transactions - Refer to note 6	86,331,193	104,621,367
Contributions from Value Added Tax - Refer to note	(4,833,035)	(3,564,184)
	126,780,470	159,616,280

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Figures in Rand	2025	2024
32. Depreciation and amortisation		
Property, plant and equipment	54,009,377	53,768,904
Investment property	136,019	136,019
Intangible assets	15,420	15,420
	54,160,816	53,920,343
33. Impairment loss		
Impairments		
Property, plant and equipment	3,717,284	18,745,254
Reversal of impairments		
Property, plant and equipment	(65,241)	-
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		
Total impairment losses (recognised) reversed	3,652,043	18,745,254
The recoverable amount of the asset impaired was based on its value in use. The impairment loss / (gain) recognised for Property, Plant and Equipment relates to rehabilitation cost associated with landfill sites capitalised in terms of IGRAP 2. The portion being impaired relates to the fact that all landfill sites in the municipality already reached the end of its useful life. No further economic benefits is expected from these assets.		
34. Finance costs		
Annuity loans	33,869,484	37,534,193
Finance leases	242,656	44,581
Landfill Sites	1,497,040	1,635,496
Other	91,962	71,212
	35,701,142	39,285,484
35. Lease rentals on operating lease		
Premises		
Contractual amounts	5,825,952	7,016,536
Equipment		
Contractual amounts	28,707,640	26,271,194
	34,533,592	33,287,730
36. Bulk purchases		
Electricity - Eskom	328,968,074	284,632,503

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
37. Contracted services		
Outsourced Services		
Administrative and Support Staff	2,379,620	4,094,756
Alien Vegetation Control	331,844	365,681
Business and Advisory	2,022,963	2,480,333
Clearing and Grass Cutting Services	3,561,586	2,651,578
Internal Auditors	1,605,032	1,586,158
Litter Picking and Street Cleaning	1,059,962	652,386
Meter Management	566,102	1,567,756
Refuse Removal	2,318,368	1,586,800
Security Services	27,574,318	23,384,447
Traffic Fines Management	9,715,195	5,939,260
Other	9,271,256	6,746,489
Consultants and Professional Services		
Business and Advisory: Project Management	(22,376)	3,168,135
Business and Advisory: Business and Financial Services	512,195	182,000
Business and Advisory: Valuer and Assessors	449,394	464,500
Business and Advisory: Other	3,455,807	2,700,655
Infrastructure and Planning: Engineering	793,719	2,916,760
Infrastructure and Planning: Other	129,233	58,000
Legal Cost	5,053,871	10,001,756
Other	95,590	96,834
Contractors		
Building	27,506,511	25,032,834
Electrical	6,706,303	8,925,104
Maintenance	22,554,963	31,028,544
Management of Informal Settlements	-	523,000
Prepaid Electricity Vendors	14,223,488	13,347,691
Sewerage Services	32,272	286,290
Prepaid Water Vendors	554,712	841,550
Other	6,660,541	5,824,805
	149,112,479	156,454,102
38. Transfers and subsidies		
Other subsidies		
Grants-in-aid and donations	741,414	697,170
Bursaries	300,401	32,034
Social relief	619,225	389,044
	1,661,040	1,118,248
39. Inventory consumed and adjustments		
Consumables - Standard rated	9,849,204	9,571,080
Consumables - Zero rated	9,366,239	17,736,197
Materials and supplies	19,974,619	25,970,296
Inventory adjustments	1,706,285	2,394,150
	40,896,347	55,671,723

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
40. Operational costs		
Advertising and media	344,211	790,309
Auditors remuneration	8,825,006	7,624,208
Bank charges	1,360,698	1,820,529
Clearing of alien vegetation	449,955	354,230
Delivery expenses	30,710	133,187
Hire	6,326,916	6,187,686
IT expenses	7,517,779	8,015,391
Insurance	3,853,443	7,117,178
Levies	3,662,335	3,529,124
Other expenses*	5,822,535	8,100,050
Printing, publications and books	9,990	48,676
Staff related (recruitment, training, etc.)	1,774,491	1,499,462
Subscriptions and membership fees	6,129,586	5,293,277
Title deed search fees	9,781	41,245
Travel - local	1,015,464	522,955
	47,132,900	51,077,507

*Other expenses largely include costs incurred relating refuse removal.

41. Cash generated from operations		
Surplus	141,281,422	37,526,837
Adjustments for:		
Depreciation and amortisation	54,160,816	53,920,343
Gain on sale of assets and liabilities	325,157	387,812
Impairment deficit	3,652,043	18,745,254
Debt impairment	126,780,470	159,616,280
Movements in operating lease assets and accruals	(197,461)	(453,415)
Movements in retirement benefit assets and liabilities	9,835,895	11,154,275
Movements in provisions (excluding iGRAP 2 adjustment)	(5,266,255)	3,067,411
Grants and conditional public contributions received	222,827,496	210,361,410
Grants recognised	(198,572,002)	(210,965,332)
Donated assets	(850,425)	-
Changes in working capital:		
Inventories	1,392,438	648,300
Receivables from exchange transactions	(17,774,932)	(108,536,651)
Other receivables from non-exchange transactions	(94,379,868)	(125,437,063)
Prepayments	-	478,847
Construction contracts and receivables	(1,374,780)	(210,634)
Payables from exchange transactions	(38,498,008)	58,826,080
Consumer deposits	334,572	610,018
	203,676,578	109,739,772

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
42. Financial instruments disclosure		
Categories of financial instruments		
2025		
Financial assets		
	At amortised cost	Total
Long-term investments and receivables		
Fixed deposits	3,423,201	3,423,201
Sundry deposits	6,800	6,800
Construction contracts and receivables	8,292,300	8,292,300
Receivables from exchange transactions		
Service debtors	65,777,001	65,777,001
Housing debtors	1,779,313	1,779,313
Other debtors	2,693,752	2,693,752
Receivables from non-exchange transactions		
Availability fees	3,384,472	3,384,472
Cash and cash equivalents	106,001,005	106,001,005
	191,357,844	191,357,844
Financial liabilities		
	At amortised cost	Total
Other financial liabilities		
Annuity loans	294,983,135	294,983,135
Trade and other payables from exchange transactions	184,783,438	184,783,438
Consumer deposits	15,872,226	15,872,226
Finance lease obligations	1,920,387	1,920,387
	497,559,186	497,559,186
2024 - Restated		
Financial assets		
	At amortised cost	Total
Long-term investments and receivables		
Fixed deposits	3,175,689	3,175,689
Sundry deposits	6,800	6,800
Construction contracts and receivables	6,917,520	6,917,520
Receivables from exchange transactions		
Service debtors	67,916,443	67,916,443
Housing debtors	1,606,792	1,606,792
Other debtors	2,397,308	2,397,308
Receivables from non-exchange transactions		
Availability fees	3,668,134	3,668,134
Cash and cash equivalents	23,608,756	23,608,756
	109,297,442	109,297,442

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
42. Financial instruments disclosure (continued)		
Financial liabilities		
	At amortised cost	Total
Other financial liabilities		
Annuity loans	351,704,121	351,704,121
Trade and other payables from exchange transactions	210,669,828	210,669,828
Consumer deposits	15,537,654	15,537,654
	577,911,603	577,911,603
43. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Infrastructure	44,359,333	60,985,301
This expenditure will be financed from:		
External loans	2,428,121	6,091,417
Government grants	36,797,010	53,305,019
Own resources	5,134,203	1,588,865
	44,359,334	60,985,301
The commitments are disclosed VAT exclusive.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	-	6,795,075
- in second to fifth year inclusive	-	13,542,693
	-	20,337,768
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	1,147,918	1,070,921
- in second to fifth year inclusive	5,708,378	5,271,307
- later than five years	13,224,323	15,029,785
	20,080,619	21,372,013

This lease income was determined from contracts that have a specific conditional contractual income. The leases are in respect of land and buildings being leased for periods ranging until 2088.

The municipality does not engage in any sub-lease arrangements. The municipality did not receive any contingent rent during the year.

Knysna Municipality

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Figures in Rand	2025	2024
44. Contingencies		
Contingent liabilities		
The municipality is currently engaged in litigation which could result in damages / costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
Claims against council		
PL Bruwer vs The RAF and KM (Case no. 72310/2012) . The municipality is the second respondent in a claim for personal injury due to a road accident.	2,800,000	2,800,000
Elphash Trading Enterprise CC v Knysna Municipality and others (Case No.: 785/23)	-	750,000
Granville R Bond o.b.o Jineil Jafta	-	1,700,000
SMS SOHN // KNYNSNA MUNICIPALITY	503,000	-
CASPER JOHANNES SCHMIDT and KNYNSNA MUNICIPALITY	269,307	-
MEC v Knysna Municipality and others (Consolidated cases no's: 3488/23 and 4844/23)	1,000,00	-
DALE MEAKER V KNYNSNA MUNICIPALITY	3,120,000	3,120,000
Ambrose Trading (Pty) Ltd t/a Food Lovers Market & Owls Head (Pty) Ltd // Knysna Municipality & 7 Others; Case No: 18193/2023	1,500,000	-
Sandpiper Nature Reserve (Pty) Ltd	2,557,070	-
Knysna Local Municipality vs Grey Elephant Investment	18,390,567	-
NAMCO GUARANTEES	109,306	-
DALE ROBERT MEAKER	1,750	-
Anouk Edwards N.O and 3 others	252,318	-
MG Parkin and Twenty Others vs Knysna Local Municipality. Action proceedings in the Western Cape High Court, case no 5855/20. Damages claims by Twenty Plaintiffs arising from the fire that allegedly started at Elandskraal on 7 June 2017.	18,731,184	18,231,184
Guardrisk: Granville R Bond obo Jineil Jafta / Knysna Municipality	2,126,000	-
Angelique L. Borchers / Harry J Borchers / Knysna Local Municipality	50,000	-
Yulin Davids / Knysna Municipality	560,000	-
THE ACCOUNTABILITY GROUP: Grey Elephant Investments (Pty) Ltd	500,000	-
VE Reticulation: Electrification of informal settlements	798,916	-
J G C LAW V KNYNSNA MUNICIPALITY (OUR REF: LX0194)	-	350,000
GAP Management (Pty) Ltd v Knysna Municipality and others (Case No 12842/2023) :	-	750,000
KM vs Myles Betrand Dent (Case no: 0001224/18)	26,821	26,821
KM vs Birgit Christine Lutzen - (There is a possibility that the Municipality will be reimbursed partially or wholly for the litigation they face.)	-	4,800,000
Erf 150 Karatara and Erf 535 Rheenendaal potential auctioneer costs.	140,177	-
	53,436,416	32,528,005

VAT on Libraries

It is unclear if the municipality will be levied any penalties and interest by SARS on the VAT treatment on library funding received from the Western Cape Provincial Department. It will be disclosed as a contingent liability until clarity is obtained. The amount is currently undeterminable as no government gazette has been issued on the VAT treatment of the allocation.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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44. Contingencies (continued)

Contingent assets

It has been unanimously resolved at the council meeting dated 6 August 2020 that the Acting Municipal Manager be instructed to address correspondence to the Garden Route District Municipality to request the transfer of the following properties to the Knysna Municipality estimated to the value of R 85 422 000.

1. Portions 1, 2 & 3 of the Farm Walker's point (Erf 228 Buffalo bay) (R20 200 000)
2. Erf 2790, Knysna (R2 900 000)
3. Erf 20,21,22 Belvidere (R914 000 ; R914 000; R914 000)
4. Portion 22 of the farm Westford (R600 000)
5. Portion 0,1 and 2 of the farm 185 George, (R39 000 000)

The contingent assets, as disclosed in Note 46 of the Annual Financial Statements as at 30 June 2021, are continuously assessed by management.

In consideration of the reasons provided hereunder, Knysna Municipality is firmly of the opinion that there is more than a 50% probability of success in the disputed properties being transferred to Knysna Municipality. Based on the legal opinions considered by the Knysna Municipality which were provided by senior counsel to the Garden Route District Municipality and the Knysna Municipality respectively. Based on the user principle, Knysna Municipality manages several of the properties for which income is derived, and therefore provides an economic benefit to the Knysna Municipality. Based on the fact that the Garden Route District Municipality has not raised any objection in an attempt to prevent Knysna Municipality from utilising any of the disputed properties.

On 04 September 2020 a formal notification was provided to the Municipal Manager of the Garden Route District Municipality with regards to the dispute of the abovementioned properties.

The notification was made on the basis that the parties have attempted to negotiate a resolution of the dispute and have not been successful in achieving settlement and have complied with the provisions of the Intergovernmental Relations Framework Act 13 of 2005, in that the parties have conducted various negotiations on the above commencing on or during 20 June 2012, with the last proposed engagement of 15 July 2021 being postponed.

Various unsuccessful consultations and correspondence between the Knysna Municipality and the Garden Route District Municipality has resulted in an intergovernmental dispute being raised, to which the MEC for Local Government was approached to appoint an arbitrator to resolve the contingent asset dispute.

All of the above has been confirmed by council at a council meeting held on the 29th of July 2021.

On 2 February 2023, discussions were held between the Knysna Municipality and the Garden Route District Municipality but the parties could not reach consensus.

The Knysna Municipality on 31 May 2023 unanimously resolved that the Intergovernmental Dispute process be allowed to continue, that the process be concluded within 6 months, that monthly progress reports be submitted to the Finance and Governance Committee and that the committee be involved in the process.

A formal request was submitted to the MEC's office on 10 July 2023, asking for a facilitator to be appointed to help resolve the dispute between Knysna Municipality and Garden Route District Municipality.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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44. Contingencies (continued)

A report was submitted to the Finance and Governance Committee meeting with the following status:

Property	Knysna Municipality (KM) Proposal	Garden Route District Municipality (GRDM) Proposal
Portions 1 7 3 Walker's point and Erf 228, Buffalo Bay (Buffelskop Caravan Park)	That these properties be transferred to KM and that KM continue using these properties as Tourist attraction properties and for Municipal Services.	Portion 1 – at the bottom old backpacker's area GRDM intend to do a mixed-use development and Knysna Municipality to cancel the illegal lease agreement and order the tenant to vacate the property.
-	-	Portion 2 – the caravan park, GRDM intend to transfer that portion and for Knysna to continue with the operations of the caravan park.
-	-	Portion 3 – GRDM want to subdivide and transfer the piece of land with the WTW to Knysna Municipality and the remainder GRDM wants to do an upmarket housing development.
Erf 2790 – (Golf Driving Range)	That this Erf be transferred to KM and that KM continue using the property as Office space for the Electrical Department and conclude proper lease agreement for the Driving Range.	GRDM intends to subdivide and transfer the portion being used by Knysna Municipality Electrical department to Knysna in exchange for a proper property that can house GRDM EHP Office and also the GRDM roads department. The remainder that property which is currently being utilised as the Golf Range, GRDM intends to put that on the market.
Erf 20, 21, 22 Belvidere	That these erven be transferred to KM and KM keep properties, as is, as open space, as these properties are very near the High Water mark.	GRDM intends to consolidate and sale these 3 properties and Knysna Municipality can offer a market related value.
Portion 22 of the farm 191 Westford	That this Erf be transferred to KM and that KM continue using the property as is.	GRDM did not provide a proposal for this property.
Portion 0, 1 and 2 of the farm 185 George (Swartvlei Caravan Park)	That these properties be transferred to KM and that these properties be used by KM as the current use, as a caravan park.	GRDM has no intentions of transferring the property to KM and if Knysna Municipality so wishes they can place an offer which is market related and GRDM Council can consider that bearing in mind that this is a revenue generating property.
-	-	GRDM to transfer the public ablution facility in Swartvlei to Knysna Municipality as the function and mandate lies with the Knysna Municipality.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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Figures in Rand	2025	2024
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45. Related parties

Relationships
Councillors
Municipal Manager
Members of key management

Refer to the General information
Refer to the General information
Director Community Services
Director Corporate Services
Director Financial Services
Director Planning and Development
Director Technical Services
Members of SCM who can influence awards

Related party transactions

Year ended 30 June 2025	Rates levied	Service charges levied	Other charges levied	Outstanding balance at year end
Councillors	136,774	305,506	-	19,998
Municipal Manager and Section 56 Personnel	49,402	73,548	58,921	-
	186,176	379,054	58,921	19,998

Year ended 30 June 2024	Rates levied	Service charges levied	Other charges levied	Outstanding balance at year end
Councillors	104,649	273,319	37,588	24,943
Municipal Manager and Section 56 Personnel	-	-	55,031	-
	104,649	273,319	92,619	24,943

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents. All transactions are at arm's length. The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 10 to the Annual Financial Statements.

Compensation of councillors and key management personnel

The compensation of key management personnel and councillors are set out in note 29 and 30 respectively

Other Supply Chain Transactions

The following purchases were made during the year where Councillors or Staff have an interest:

Councillor/Staff member	Relationship	Entity	2025	2024
Mr Tsengwa (Deputy Executive Mayor)	Brother	Tsengwa TW T/A Tsengwa Civil	58,500	13,685
Mr T Matika (Executive Mayor)	Mother-in-law	Inyameko Trading 618	5,507,806	-
			5,566,306	13,685

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024		
46. Prior period adjustments				
STATEMENT OF FINANCIAL POSITION	2024 previously reported	Reclassifi- cations	Adjustments of errors	2024 restated
Assets				
Current Assets				
Inventories	12,045,136	-	-	12,045,136
Receivables from exchange transactions	71,920,543	39,853,262	-	111,773,805
Construction contracts and receivables	6,917,520	-	-	6,917,520
Receivables from non-exchange transactions	103,336,284	-	150,781	103,487,065
VAT receivable	22,341,847	(22,341,847)	-	-
Prepayments	5,145	-	-	5,145
Cash and cash equivalents	23,608,756	-	-	23,608,756
	240,175,231	17,511,415	150,781	257,837,427
Non-current Assets				
Property, plant and equipment	1,468,425,123	-	(3,769,960)	1,464,655,163
Investment property	67,525,428	-	(19,000)	67,506,428
Intangible assets	48,921	-	-	48,921
Heritage assets	14,613,046	-	-	14,613,046
Long term investments and receivables	3,178,103	-	-	3,178,103
Operating lease asset	3,671,787	-	-	3,671,787
	1,557,462,408	-	(3,788,960)	1,553,673,448
Total Assets	1,797,637,639	17,511,415	(3,638,179)	1,811,510,875
Liabilities				
Current Liabilities				
Long-term liabilities	46,349,310	-	-	46,349,310
VAT payable	876,400	(876,400)	-	-
Payables from exchange transactions	210,169,281	18,387,815	500,546	229,057,642
Consumer deposits	15,537,654	-	-	15,537,654
Employee benefit obligation	38,568,633	-	-	38,568,633
Provisions	7,670,634	-	-	7,670,634
Unspent grants and receipts	2,651,104	-	-	2,651,104
	321,823,016	17,511,415	500,546	339,834,977
Non-Current Liabilities				
Long-term liabilities	305,354,811	-	-	305,354,811
Employee benefit obligation	118,650,947	-	-	118,650,947
Provisions	17,362,338	-	-	17,362,338
	441,368,096	-	-	441,368,096
Total Liabilities	763,191,112	17,511,415	500,546	781,203,073
Total Net Assets	1,034,446,527	-	(4,138,725)	1,030,307,802
Net Assets				
Accumulated surplus	1,034,446,527	-	(4,138,725)	1,030,307,802

Knysna Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024		
46. Prior period adjustments (continued)				
STATEMENT OF FINANCIAL PERFORMANCE				
	2024 previously reported	Reclassifi- cations	Adjustments of errors	2024 restated
Revenue from exchange transactions	587,117,416	-	220,787	587,338,203
Service charges	499,886,362	-	-	499,886,362
Rental of facilities and equipment	7,390,489	-	-	7,390,489
Interest received - outstanding debtors	26,964,970	-	-	26,964,970
Interest received - external investments	2,131,444	-	-	2,131,444
Agency services	3,988,270	-	-	3,988,270
Licences and permits	1,534,135	-	-	1,534,135
Third party payments (insurance claims)	320,567	-	220,787	541,354
Construction revenue	24,126,303	-	-	24,126,303
Transfer and subsidies - operating	9,546,087	-	-	9,546,087
Operational revenue	3,981,557	-	-	3,981,557
Sales of goods and rendering of services	7,247,232	-	-	7,247,232
Revenue from non-exchange transactions	568,189,411	-	6,363,708	574,553,119
Property rates	311,885,851	-	(966,742)	310,919,109
Fines, penalties and forfeits	107,065,697	-	7,330,450	114,396,147
Availability fees	12,712,616	-	-	12,712,616
Transfers and Subsidies - Operational	136,525,247	-	-	136,525,247
	1,155,306,827	-	6,584,495	1,161,891,322
Expenditure				
Employee related cost	325,240,219	-	-	325,240,219
Remuneration of councillors	9,821,278	-	-	9,821,278
Loss on disposal of assets	368,812	-	19,000	387,812
Depreciation and amortisation	53,166,892	-	753,451	53,920,343
Impairment of assets	18,700,054	-	45,200	18,745,254
Debt impairment	153,548,452	-	6,067,828	159,616,280
Finance cost	39,285,484	-	-	39,285,484
Lease rental on operating lease	33,287,730	-	-	33,287,730
Bulk purchases	284,632,503	-	-	284,632,503
Contracted services	155,306,800	-	1,147,302	156,454,102
Transfers and subsidies	1,118,248	-	-	1,118,248
Operational costs	51,077,507	-	-	51,077,507
Inventory consumed	55,671,723	-	-	55,671,723
	1,181,225,702	-	8,032,781	1,189,258,483
Transfer and subsidies - capital grants	64,893,999	-	-	64,893,999
Surplus / (Deficit) for the year	38,975,124	-	(1,448,286)	37,526,838
CASH FLOW STATEMENT				
	2024 previously reported	Reclassifi- cations	Adjustments of errors	2024 restated
Net cash from operating activities	110,887,086	-	(1,147,314)	109,739,772
Net cash from investing activities	(90,148,988)	-	1,147,314	(89,001,674)
Net cash from financing activities	(17,487,069)	-	-	(17,487,069)
Total cash movement for the year	3,251,029	-	-	3,251,029
Cash and cash equivalents at the beginning of the year	20,357,727	-	-	20,357,727
	23,608,756	-	-	23,608,756

VAT has been reclassified in accordance with SALGA guidelines, with VAT input now presented under receivables from exchange transactions and VAT output under payables from exchange transactions.

Knysna Municipality

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Notes to the Annual Financial Statements

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46. Prior period adjustments (continued)		
47.1 Corrections to receivables from non-exchange transactions		
• Revenue adjustments relating to property rates accounted for in the incorrect period		
• Fines incorrectly not recognised in prior years		
Property, plant and equipment		
Balance previously reported	1,468,425,123	
Impairment of asset where the project was cancelled in prior year	(89,872)	
Impairment of assets incorrectly not recognised in the prior years where impairment indicators were present	(191,088)	
Depreciation incorrectly not recognised on completed projects	(1,456,152)	
Operating expenditure incorrectly recognised as capital expenditure in the prior years	(3,306,338)	
Recognise Land registered in Knysna Municipality's name in prior years	1,153,000	
Incomplete projects incorrectly depreciated	120,470	
Restated balance as at 30 June 2024	1,464,655,163	
Impairment of assets		
Balance previously reported	18,700,054	
Impairment of assets incorrectly not recognised in the prior years where impairment indicators were present	45,200	
Restated balance as at 30 June 2024	18,745,254	
Depreciation and amortisation		
Balance previously reported	53,186,892	
Depreciation incorrectly not recognised on completed projects	804,130	
Depreciation incorrectly recognised on incomplete projects	(50,679)	
Restated balance as at 30 June 2024	53,920,343	
Receivables from non-exchange transactions		
Balance previously reported	103,336,284	
47.1 Revenue adjustments accounted for in the incorrect period	(1,111,841)	
47.2 Fines incorrectly not recognised in prior years	1,262,622	
Restated balance as at 30 June 2024	103,487,065	
Debt impairment		
Balance previously reported	153,548,452	
47.2 Fines incorrectly not recognised in prior years	6,067,828	
Restated balance as at 30 June 2024	159,616,280	
Fines, penalties and forfeits		
Balance previously reported	107,065,697	
47.2 Fines incorrectly not recognised in prior years	7,330,450	
Restated balance as at 30 June 2024	114,396,147	

Knysna Municipality

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Figures in Rand	2025	2024
46. Prior period adjustments (continued)		
Accumulated Surplus / (Deficit) opening balance		
Balance previously reported 1 July 2023	995,471,383	
47.1 Revenue adjustments accounted for in the incorrect period	(145,099)	
Impairment of asset where the project was cancelled in prior year	(89,872)	
Impairment of assets incorrectly not recognised in the prior years where impairment indicators were present	(145,868)	
Depreciation incorrectly not recognised on completed projects	(659,620)	
Operating expenditure incorrectly recognised as capital expenditure in the prior years	(2,131,437)	
Recognise land registered in KM name on GV not on FAR	1,133,000	
Depreciation incorrectly recognised on incomplete projects	69,790	
Correction of debtors with credit balances	(721,333)	
Restated balance as at 1 July 2023	992,780,944	
Property rates		
Balance previously reported	311,885,851	
47.1 Revenue adjustments accounted for in the incorrect period	(966,742)	
Restated balance as at 30 June 2024	310,919,109	
Investment Property		
Balance previously reported	67,525,428	
Disposal of Land of which the registration occurred in the prior years	(19,000)	
Restated balance as at 30 June 2024	67,506,428	
Contracted services		
Balance previously reported	155,306,800	
Operating expenditure incorrectly recognised as capital expenditure in the prior years	1,147,302	
Restated balance as at 30 June 2024	156,454,102	
Payables from Exchange transactions		
Balance previously reported	210,169,281	
Insurance proceeds from an RDP house destroyed by fire in 2023/24 were initially recorded as unknown monies and have since been correctly restated	(220,787)	
Correction of debtors with credit balances	721,333	
Restated balance as at 30 June 2024	210,669,827	
Third Party Payments (Insurance Claims)		
Balance previously reported	320,587	
Insurance proceeds from an RDP house destroyed by fire in 2023/24 were initially recorded as unknown monies and have since been correctly restated	220,787	
Restated balance as at 30 June 2024	541,354	

47. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

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47. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and ensures that borrowing facilities are available to meet its cash requirements.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances only due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	78,997,012	74,572,260	169,321,715	73,047,415
Consumer deposits	15,872,226	-	-	-
Trade and other payables	167,517,809	-	-	-
Finance lease obligation	1,065,788	1,065,788	-	-
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	66,040,072	51,326,435	127,799,977	78,056,791
Consumer deposits	15,537,654	-	-	-
Trade and other payables	206,426,269	-	-	-

Credit risk

Credit risk is the risk that a counter party to a financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only reputable independently rated parties are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to notes 6 and 5 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

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47. Risk management (continued)

Refer to note 17 for details of securities pledged to the DBSA. No restrictions were placed on the use of the remaining portion of the cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there is no expectation of counter party default.

Other Financial Assets and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The maximum credit and interest risk exposure in respect of the relevant financial instruments are as follows:

Financial instrument	2025	2024 - Restated
Receivables from exchange transactions	70,250,066	71,920,543
Receivables from non-exchange transactions (Availability fees)	3,384,472	3,666,134
Cash and cash equivalents	106,001,005	23,608,756
Long term investments and receivables	3,425,615	3,178,103
Construction contracts and receivables	8,292,300	6,917,520
	<u>191,353,458</u>	<u>109,293,056</u>

Market risk

Interest rate risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis by comparison between current market related rates and historical rates and adjustments made where considered necessary.

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus for the year due to changes in interest rates are as follows:

1% (2024: 1%) Increase in interest rates	(1,874,793)	(3,259,828)
1% (2024: 1%) Decrease in interest rates	1,874,793	3,259,828

48. Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	168,049,322	109,850,171
Unauthorised expenditure current year	25,552,376	58,199,151
Unauthorised expenditure awaiting authorisation	<u>193,601,698</u>	<u>168,049,322</u>

The unauthorised expenditure relates to over expenditure of approved budgets per vote in total.

Knysna Municipality

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48. Unauthorised expenditure (continued)				
Budget Comparison by Municipal Vote in total				
	2025 (Actual)	2025 (Budget)	2025 (Variance)	2025 (Unauthorised)
Community services	301,780,535	295,398,425	6,382,110	6,382,110
Corporate services	64,291,872	75,755,367	(11,463,495)	-
Electrical services	418,394,651	437,689,471	(19,294,820)	-
Executive and Council	44,295,073	39,136,941	5,158,132	5,158,132
Financial services	68,722,818	92,429,226	(23,706,408)	-
Planning and development	31,582,932	31,753,892	(170,960)	-
Technical services	265,803,265	278,337,595	(12,534,330)	-
Housing services	43,701,829	45,781,279	(2,079,450)	-
	1,238,572,975	1,296,282,196	(57,709,221)	11,540,242
Budget Comparison by Municipal Vote - Operating Expenditure				
	2025 (Actual)	2025 (Budget)	2025 (Variance)	2025 (Unauthorised)
Community services	293,616,867	280,956,638	12,660,229	12,660,229
Corporate services	64,023,731	73,920,367	(9,896,636)	-
Electrical services	415,768,019	422,698,291	(6,930,272)	-
Executive and Council	44,295,073	39,126,941	5,168,132	5,168,132
Financial services	68,714,426	92,415,096	(23,700,670)	-
Planning and development	29,511,393	29,393,892	117,501	117,501
Technical services	218,483,587	210,991,723	7,491,864	7,491,864
Housing services	40,687,179	42,881,279	(2,194,100)	-
	1,175,100,275	1,192,384,227	(17,283,952)	25,437,726
Budget Comparison by Municipal Vote - Capital Expenditure				
	2025 (Actual)	2025 (Budget)	2025 (Variance)	2025 (Unauthorised)
Community services	8,163,668	14,441,787	(6,278,119)	-
Corporate services	268,141	1,835,000	(1,566,859)	-
Electrical services	2,626,632	14,991,180	(12,364,548)	-
Executive and Council	-	10,000	(10,000)	-
Financial services	8,392	14,130	(5,738)	-
Planning and development	2,071,539	2,360,000	(288,461)	-
Technical services	47,319,678	67,345,872	(20,026,194)	-
Housing Services	3,014,650	2,900,000	114,650	114,650
	63,472,700	103,897,969	(40,425,269)	114,650

The difference between the actual operating expenses above and the total expenses per the Statement of Financial Performance is that gains and losses are split between Revenue and Expenses for budget purposes and are aggregated in the Statement of Financial Position for comparable purposes.

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48. Unauthorised expenditure (continued)

Operating Expenditure

Executive and Council

The variance is on the Actuarial cost mainly Post retirement Medical Aid as well as long service awards more than the budget

Planning and development

Due to Employee Related Costs travel allowance not budgeted for.

Community Services

Mainly due to speeding fines impaired as well as overtime allowance claimed more than the budget.

Technical Services

The variance mainly as a result of the Water and Sewer impairment of assets.

Capital Expenditure

Over expenditure as a result of sedgefield infill project funded through Housing grant.

49. Fruitless and wasteful expenditure

Opening balance as previously reported	3,005,201	3,005,201
Add: Fruitless and wasteful expenditure identified - current	26,692	-
Add: Fruitless and wasteful expenditure identified - prior period	27,963	-
Less: Amount recovered - prior period	(158,366)	-
Closing balance	2,901,490	3,005,201

A full investigation was conducted by MPAC. After having considered the report on the investigation, MPAC resolved and made recommendation to council. Council resolved on the matters of fruitless and wasteful expenditure. The accounting officer was instructed to ensure consequence management.

Details of current year fruitless and wasteful expenditure	2025	2024
Penalties - Late Motor vehicle Licence payment	13,500	-
Wasted Cost- SALGBC	4,602	-
Compliance with Clause 11.8.3 of the SALGBC Main collective agreement	8,590	-
	26,692	-

50. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	338,953,783	196,733,737
Irregular expenditure written off by council	(11,374,850)	-
Add: Irregular Expenditure - current year	92,208,750	142,220,046
Irregular expenditure recovered	(8,640)	-
	419,779,043	338,953,783

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Figures in Rand	2025	2024
50. Irregular expenditure (continued)		
Details of irregular expenditure		
Irregular Appointment of Director Community Services, the appointment was contrary to legislative requirements	196,246	1,339,319
Preference points system for evaluation of loan finance not included in tender documents	6,972,390	2,804,024
Non-compliance with SCM regulation 29(2) - BAC composition	-	180,329
Local content PPR Non-compliance	-	1,437,262
PPFA Tenders - Evaluations of bids not conducted in line with PPFA	-	-
Quotes - Deviations	3,152,519	6,752,327
Specifications drafted in a restricted manner and 2CIBB Act non-compliance	-	1,605,779
Preference point scoring not used to evaluate quotes advertised on/after 16.01.2023	-	481,597
Non-compliance during deviation process - bids	926,988	5,816,385
Non-compliance during the deviation process	-	654,328
Evaluation criteria not correctly applied	665,504	6,089,469
Employee did not meet the minimum competency requirement	-	1,252,998
Contract extensions for invalid reasons	-	19,443,627
Contracts awarded after validity period expired	3,673,820	15,807,866
Over expenditure of staff related cost	2,799	54,651
Remuneration of the Acting Director Financial Services nr. 2	-	23,270
Remuneration of the Acting Director Planning and Development	-	18,972
Employee related costs: Secondments	34,745	303,489
Poor Project Management	5,020,631	5,591,674
No Formal procurement process followed	20,071,279	27,719,078
Poor Planning	-	1,215,135
Expenditure after contract end date	10,662,123	11,279,286
Pricing of quotes and invoices	-	3,839,935
Reasons for deviations	-	637,736
Remuneration of the Director Corporate Services	-	1,031,105
Remuneration of the Municipal Manager	157,310	1,473,709
Remuneration of the Acting Director Technical Services	-	299,154
Remuneration of the Acting Director Corporate Services	-	252,207
Remuneration Project Manager	854,689	1,122,449
Scarcity Allowance - Senior Manager	35,953	145,130
Non Compliance - Tax Compliance status	2,044,824	368,000
Splitting of orders	1,235,946	544,640
Non-compliance - Less than 3 quotes	-	136,160
Non-compliance in procurement processes for fuel purchases	5,293,821	9,723,644
Non compliance PPR	-	339,720
Non compliance in awarding of bids	14,708,563	3,309,281
Extensions Not Done in Accordance to SCM Policies	7,162,191	9,126,331
Scarcity allowances not in line with policy	380,918	-
Less than 3 quotes received	317,894	-
Non-compliance - CIBB	3,545,907	-
No declaration in bid document	2,994,917	-
No contract	885,269	-
Over expenditure	29,030	-
Difference between functionality criteria used between advert and evaluation of procurement	1,182,474	-
	92,208,750	142,220,046

Details of additional irregular expenditure as a result of AGSA interpretation

Knysna Municipality

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50. Irregular expenditure (continued)

Contracts used from other organs of state in terms of SCM Regulation 32 was classified as irregular expenditure during the audit process by AGSA. In MFMA Circular 96 dated 24 July 2019 the National Treasury made the ruling that a municipality may only piggy-back on the unused portion of the contract awarded by the organs of state. Therefore, actual expenditure incurred by the municipality based on the piggy-back awards will continue to be recognised as irregular expenditure until the contract/s period/s have expired.

SCM Regulation 29(2) requires that a Bid Adjudication Committee (BAC) must consist of at least four senior managers which must include a senior supply chain management practitioner. However, the Auditor-General's interpretation of Regulation 29(2) is that a BAC must consist of four senior managers (directors) plus a senior supply chain management practitioner. Therefore, all awards made by the BAC with four senior managers that included the senior supply chain management practitioner, was deemed to be irregular expenditure.

51. Material losses

Electricity distribution losses

Units purchased (Mwh)	163,360	158,117
Units Sold (Mwh)	146,280	139,810
Units lost during distribution	17,079	18,307
Percentage lost during distribution	10.46 %	11.58 %

Water distribution losses

Mega litres purified	5,484	5,807
Mega litres lost during distribution	2,631	1,956
	47.98 %	33.68 %
Water losses during the year (in Rand)	19,589,476	13,822,936

There is no possibility of recovering any of the material losses.

Fines not issued before the lapsing of the validity period resulted in lost revenue	906,700	3,626,000
Refuse revenue not billed	10,193,634	3,878,010
	11,100,334	7,504,010

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government MFMA 125 (1) - SALGA contributions

Opening balance	1,087,301	273,627
Current year - subscription / fee	3,348,043	813,674
Amount paid - current year	(4,267,942)	-
Discount	(167,402)	-
	-	1,087,301

Audit fees - MFMA 125 (1)

Current year subscription / fee	8,813,876	7,551,013
Amount paid - current year	(8,813,876)	(7,551,013)
	-	-

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Figures in Rand	2025	2024
52. Additional disclosure in terms of Municipal Finance Management Act (continued)		
PAYE and UIF - MFMA 125 (1)		
Opening balance	3,942,484	3,711,744
Current year subscription / fee	51,372,268	47,636,904
Amount paid - current year	(51,030,488)	(47,406,164)
	4,284,264	3,942,484
SDL – MFMA 125(1)		
Opening balance	221,828	213,533
Current year subscription/fee	2,774,281	2,679,372
Amount paid - current year	(2,768,959)	(2,671,077)
	229,150	221,828
Pension and Medical Aid Deductions - MFMA 125 (1)		
Opening balance	3,801,972	-
Current year subscription / fee	75,784,896	75,415,847
Amount paid - current year	(75,466,568)	(71,613,875)
	4,120,300	3,801,972
VAT - MFMA 125 (1)		
Opening balance	(1,988,567)	(1,081,654)
Amount paid / (received) - prior year	1,563,808	284,279
Amount payable - current year	(85,567,532)	(71,346,974)
Amount claimed - current year	94,638,371	85,539,442
Amount paid / (received)	(10,616,363)	(15,383,660)
	(1,970,283)	(1,988,567)

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Comparative figures in this note have been restated and will consequently differ from those reported in the previously issued audited Annual Financial Statements.

Councillors' arrear consumer accounts - MFMA 124 (1)

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

30 June 2025	Outstanding more than 90 days	Total
N Tsengwa	1,516	1,516
E Maxim	7,944	7,944
A Marbi	3	3
	9,463	9,463

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52. Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2024	Outstanding more than 90 days	Total
N Tsengwa	884	884
E Maxim	9,623	9,623
N Louw	498	498
S Campbell	4,610	4,610
	15,615	15,615

During the year the following Councillors' had arrear accounts outstanding for more than 90 days:

30 June 2025	Highest outstanding amount	Aging (in days)
N Tsengwa	884	>150 days
E Maxim	7,878	>150 days
	8,762	

30 June 2024	Highest outstanding amount	Aging (in days)
N Tsengwa	884	>150 days
E Maxim	8,248	>150 days
S Campbell	4,518	>150 days
	13,650	

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. Deviations from the Supply Chain Management processes were identified for the following categories and have been approved by the Accounting Officer and reported to Council.

Emergency - par 36(1)(a)(i)	76,753	18,205,919
Single source or sole provider - par 36(1)(a)(ii)	818,271	259,445
Impractical/impossible (exceptional cases) - par36(1)(a)(v)	50,612,888	41,153,692
	51,507,912	59,619,056

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52. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Awards to close family members of persons in service of the state - SCM Regulation 45				
The following awards were made during the year to suppliers who have close family members in service of the state:				
Company name	Relationship	Entity	Awarded amount 2025	Awarded amount 2024
Ikapa Reticulation and Flow cc	Spouse	Department of Education	-	871,098
Emakozeni Trading Enterprise	Spouse	DTI	29,792	64,215
Eden Events	Spouse	Department of Health	-	27,000
Piston Power Chemicals	Spouse	Department of Education	499,227	388,053
National Sea Rescue Institute	Spouse	Western Cape Department of Emergency services	1,179,572	1,179,572
AH Enterprise	Father	Department of Health	-	35,713
J&S Enterprises t/a Kruik Assessors	Spouse	Ward 2 Committee member	18,700	16,550
E4D Construction	Spouse	Knysna Municipality (Parks & Recreation)	2,068,559	358,203
Inyameko Trading 618 CC	Child	Knysna Municipality (Electrical Department)	-	7,670,747
National Validation Services	Spouse	State Security Agency SA	29,110	38,150
Conlog (Pty) Ltd	Spouse	Department of Health	-	2,959,563
Nedbank Business Banking - 8502	Spouse	National Department of Education	-	14,643,111
George Commercial Tyre Service	Director	Department of Education	2,792	835,252
Imvu Construction Group *	Spouse	Nolambe Municipality	-	-
Touch 2 Connect	Spouse	WCED	-	159,350
Fistoz Management Services		BCM Municipality	578,414	585,910
Just Breeze General Trading	Spouse	Department of Health	3,932,678	4,623,230
R&G Contractor	Parent	Knysna Municipality	463,147	993,015
DG Incentives	Non Executive Director		20,000	44,005
Eden FM	Board Member	Department of Education	-	4,025
Poongavanum General Cleaning Services *	Child	Petro SA	-	-
Ikapa Reticulation and Flow CC *	Child	Department of Education	-	-
Masiqhame Trading 672 CC	Brother	Bitou Municipality	288,244	-

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Figures in Rand			2025	2024
52. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Masiqhame Trading 672 CC	Child	Department of Education	-	-
JP Smit	Employee	Department of Police	-	-
Poomgavanum General Cleaning Services	Child	Petro SA	-	-
MTO Forestry (Pty) Ltd	Director	SAFCOL	38,030	-
Irrvu Construction Group	Spouse	Nolambe Municipality	-	-
AST Africa Trading 89 CC	Spouse	Department of Health	-	-
Ikapa Reticulation and Flow cc	Child	Department of Education	-	-
Red Ant Security Relaction and Eviction Services	Spouse	Western Cape Mogale City Local Municipality	-	-
Mtimkulu S	Brother	Knysna Municipality	29,100	68,290
W Bezuidenhout t/a Bezuidehout Funerals	Husband	Knysna Municipality	-	9,750
CX Storage (Pty) Ltd	Spouse	Knysna Municipality	240,650	72,600
Tsese Transport and Shuttle Service	Family member	Knysna Municipality	24,000	27,000
M And M Spies Funeral Directors (Pty) Ltd	Family member	Knysna Municipality	20,000	-
Er Vinnies Enterprises	Family member	Knysna Municipality	2,000	-
Yoks 2018 (Pty) Ltd	Family member	Knysna Municipality	9,635	5,300
			9,471,650	35,659,702

* Rate based / as and when required

53. Private Public Partnerships

Council has not entered into any private public partnerships during the financial year.

54. Events after the reporting date

No events occurred between the reporting date and the date on which these financial statements were authorised for issue that require adjustment or disclosure.

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55. Budget differences

Material differences between budget and actual amounts

Impairment loss / Reversal of impairments

Reversal of the impairment previously recognised during the 2023/24 financial year.

Lease rentals on operating leases

Relates to the provision of the Grey Elephant lease agreement.

Transfers and subsidies

Variance arises from the SETA grant that remained unspent due to delayed administrative verification and extended timelines in the implementation of funder-supported skills development programmes.

Inventory consumed and adjustments

Reflects other losses provided for in the February adjustments budget, based on prior year adjustments relating to inventory items.

Inventories

Variance due to stock count differences not budgeted for.

Construction contracts and receivables

Outstanding local government housing claims recoverable from the Department of Infrastructure.

Receivables from exchange transactions

Increase mainly attributable to a higher allowance for impairment.

Cash and cash equivalents

Increase due to higher levels of investments at year-end.

Finance lease obligations

Arises from a new finance lease agreement with Konica Minolta for printers.

Payables from exchange transactions

Reduction reflects improved creditor payment practices on outstanding invoices and a conservative approach to expenditure.

Employee benefit obligations

Decrease due to actuarial gains recognised during the year.

Unspent conditional grants and receipts

Relates to unspent National Government grants at year-end.

Other financial liabilities

Variance attributable to the redemption of loans during the current year.

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55. Budget differences (continued)

Cashflow statement

Rate payers and other

Variance is due to differences between billed revenue and actual collections, driven by higher receivables balances and increased impairment allowances that reduced cash inflows compared to budget.

Interest

Higher than budgeted owing to increased investments held at year-end, generating additional interest income.

Suppliers and employees

Lower than budgeted as a result of improved creditor payment management and a conservative approach to operating expenditure.

Finance charges

Lower than anticipated due to the redemption of loans during the year, which reduced cash interest payments.

Transfers and Grants

Lower than budgeted as certain conditional and SETA grants remained unspent at year-end due to delays in verification and programme implementation.

Repayment of borrowings

Variance arises from the redemption of loans during the year, which reduced outstanding borrowings compared to budget expectations.

Net cash flows from financing

Differences are due to movements in deposits held from consumers, which are demand-driven and not easily predictable when budgeting.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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55. Budget differences (continued)

Differences between budget and actual amounts basis of preparation and presentation

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats.

The following items are affected by these classification differences:

Statement of Financial Position

Receivables from non-exchange contracts consist of receivables from non-exchange transactions and other current asset.

Receivables from exchange transactions includes Receivables from exchange transactions and prepayments. Prepayments were included in payables from exchange transactions in the budget statement.

VAT is disclosed separately as an asset and liability in the budget statement but is included in Receivables/Payables from exchange transactions. VAT on future fees are included as VAT in the budget statement, but included as revenue from exchange transactions in the financial statements.

Included in Trade and other payables per budget statement are Payables from Exchange Transactions, Unspent Conditional Government Grants and Receipts, Trade and other payables from non-exchange transactions and the net VAT payable (if applicable).

Employee benefits and Provisions (current and non-current) are disclosed separately in the financial statements while these figures are aggregated in the budget statements as provisions.

Long term liabilities, Finance lease obligation and Operating lease liabilities are disclosed separately in the financial statements. The budget formats does not provide for Finance and Operating lease liabilities. Finance and Operating lease liabilities are disclosed as part of Borrowings in the budget statements.

Other non-current assets includes the Non-Current Operating Lease Asset

All other items are disclosed on a comparable basis.

Statement of Financial Performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other own revenue in the budget statement. Other own revenue per budget statement consist out of the following line items: Third Party Payments, Sale of goods and rendering of services, rental of facilities and equipment, Agency services, Licences and permits, Fines, penalties and forfeits, profit / loss on disposal of assets, inventory adjustments (surplus), interest received - outstanding debtors, construction revenue and Operational revenue.

Depreciation and amortisation, Impairment losses and fair value adjustments on Investment property are disclosed separately in the financial statements while these figures are aggregated in the budget statements.

Debt impairment and bad debt written off are aggregated in the budgeted statements, but disclosed separately in the statement of financial performance.

Services charges and availability fees are aggregated in the budgeted statements, but disclosed separately in the statement of financial performance.

Inventory consumed and bulk purchases as separately disclosed in the statement of financial performance is presented as materials and bulk purchases in the budgeted statements.

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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55. Budget differences (continued)

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for are incorporated under the line item Other Expenditure in the budget statements. Other Expenditure per budget statement consist of the following line items - Operational costs, Lease rentals on operating leases and inventory adjustments (loss)

All other items are disclosed on a comparable basis.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis, except for the following item:

The movement in Consumer deposits are disclosed as part of the financing activities for budget purposes while it is disclosed as part of operating activities in the financial statements.

Original budget: The cash and cash equivalents at year-end, as disclosed in the cash flow statement and the statement of financial position do not reconcile. This was the approved budget by the council and was disclosed as per GRAP 24. However, this discrepancy has been corrected in the final budget.

Changes from the approved budget to the final budget

Total adjustments are mainly as a result of the following:

The Municipality's original 2023/2024 operating budget provided for revenue of R1 253 billion (excluding capital grants) against operating expenditure of R1.228 billion, resulting in a projected operating surplus of R24.9 million. However, the audited outcome reflected an operating deficit of R25.9 million, mainly due to insufficient provisions for non-cash items.

Following the Mid-Year Budget Assessment presented to Council on 31 January 2025, adjustments were made to the revenue and expenditure budget. The revised adjustments budget projects an operating surplus of R99.3 million, compared with the audited operating deficit of R25.9 million for 2023/2024. After accounting for capital grants of R84.0 million, the overall budget surplus amounts to R167.7 million.

These adjustments reflect a detailed reassessment of current and prior-year financial performance and ensure that the Municipality presents a fully funded and balanced budget.

Capital budget

Total adjustments are mainly as a result of the following:

National Government Grants: Increase of R1.1 million due to approved roll-over of the disaster grant.

Provincial Government Grants: Net reduction of R1.0 million, comprising a reduction of R8 million in the Sedgefield Infill Informal Settlements Upgrading Partnership Grant and an increase of R9 million in the Water Resilient Grant.

External Borrowings: Reduction of R2.6 million relating to the cancellation of the Rheenendal and Khayaletu fire station projects for the current year.

Capital Replacement Reserve (CRR): Additional allocation of R6.2 million for the acquisition of compactor trucks, new inlets at sewer pumpstations, and refurbishment of Ring Main Units.

Knysna Municipality

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56. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Municipality as agent

Motor Vehicle Registrations Arrangement

As per Circular R12.1994 the executive committee of the provincial administration of the cape of good hope and the department of state expenditure granter authority that a new agency fee be paid to local authorities who have been appointed as registering authorities in the Cape province for the registration and licensing of motor vehicles in terms of the National Road Traffic Act 93 of 1996.

The municipality is the agent in this binding agreement and uses its own resources in performing the service delivery and capturing the information on the ENATIS (Electronic National Administration Traffic Information System).

Agency Fee Circular R5.2005 further states that all municipalities must perform weekly pay-overs in terms of MFMA 56 of 2003 section 64 (4).

Revenue and expenses from principal-agent transactions:

2025	Drivers licences	Vehicle registrations	Total
Revenue received from third parties	4,156,370	21,870,375	26,026,745
Payment to provincial traffic department	(493,276)	(20,269,583)	(20,782,859)
Agency fee income	3,663,094	1,580,792	5,243,886
Depreciation	(193)	(804)	(997)
Employee cost	(1,820,514)	(1,253,122)	(3,073,636)
General expenses	(104,433)	(104,433)	(208,866)
	1,737,954	222,433	1,960,387
2024	Drivers licences	Vehicle registrations	Total
Revenue received from third parties	4,518,439	20,481,279	24,999,718
Payment to provincial traffic department	(530,169)	(19,061,901)	(19,592,070)
Agency fee income	3,988,270	1,419,378	5,407,648
Depreciation	(193)	(804)	(997)
Employee cost	(1,740,588)	(1,249,934)	(2,990,522)
General expenses	(104,128)	(104,128)	(208,256)
	2,143,361	64,512	2,207,873

Housing arrangements

The Department of Housing has the mandate to provide basic housing to all citizens. The Provincial Department of Housing has entered into arrangements with the municipality in order to provide housing to those in need. In terms of the Guideline: Accounting for Arrangements in respect of the National Housing Programme, each individual transaction and arrangement is carefully considered in order to ensure the correct accounting treatment. Some deliverables meet the requirements of Construction Contracts (as we are considered the principal in these deliverables) (note 4).

Fees received from the Provincial Department of Housing for registering the owner at the deeds office are considered to not be for the benefit of the municipality and is not directly accounted for as part of the construction contracts. To this extent, the municipality is regarded as the agent and expenses are accounted for on a net basis.

Receipts from Provincial Department	2,000	-
Payments made o.b.o. beneficiaries	(2,000)	-
	-	-

Knysna Municipality

Annual Financial Statements for the year ended 30 June 2025

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56. Accounting by principals and agents (continued)

Municipality as the principal

Distribution of prepaid water and electricity

The municipality entered into an agreement with Ontech Systems (Pty) Ltd to provide the hosting, vending, data management and supplementary support services to the municipality. Ontech Systems (Pty) Ltd distributes the prepaid electricity and water (by way of vendors) to third parties and pays the revenue received over to the municipality. The company does not use any of the municipality's resources.

The fees paid to Ontech Systems (Pty) Ltd during the year was R 18,029,399 (2024: R 13,291,192.73).

In the event that the arrangement is terminated and the municipality decides to provide the service and not make use of a contractor, the municipality will as a minimum have to procure software, computer infrastructure and additional employees.

57. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in four key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level.

The four key business units comprise of:

- Community and public safety which includes community and social services, sport and recreation, public safety, health and housing services;
- Economic and environmental services which includes planning and development, road transport and environmental protection services;
- Trading services which includes energy sources, water management, waste water management and waste management services;
- Municipal governance and administration which includes executive and council and finance and administration services.

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does monitor performance geographically but does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.

Knysna Municipality

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Community and public safety	Economic and environmental services	Trading Services	Municipal governance and administration	Total
Revenue					
Investment revenue	3,905	-	28,806,560	6,017,162	34,827,627
Revenue from exchange transactions	36,764,544	11,872,093	558,023,568	6,848,585	613,508,790
Revenue from non-exchange transactions	98,431,704	6,593,499	123,796,623	384,022,109	612,843,935
Total segment revenue	135,200,153	18,465,592	710,626,751	396,887,856	1,261,180,352
Expenditure					
Employee related costs	95,988,373	45,403,972	78,273,491	114,310,733	333,976,569
Remuneration of councillors	-	-	-	9,684,105	9,684,105
Debt impairment	71,278,026	-	47,579,571	7,922,872	128,780,469
Depreciation & asset impairment	3,917,796	9,231,147	41,416,587	3,247,324	57,812,854
Finance charges	2,098,923	4,883,260	27,940,387	778,572	35,701,142
Bulk purchases	-	-	328,988,074	-	328,988,074
Other materials	4,946,484	1,969,155	31,302,427	2,678,298	40,896,344
Contracted services	80,840,390	7,708,736	49,618,837	12,245,128	150,412,891
Other expenditure	2,368,886	1,984,781	37,168,289	40,830,325	82,352,281
Total segment expenditure	261,438,858	71,181,051	642,287,463	191,697,357	1,166,604,729
Total segmental surplus/(deficit)	(126,238,705)	(52,715,459)	68,339,288	205,190,499	94,575,623
Transfers and subsidies - capital					46,705,809
Entity's surplus (deficit) for the period					141,281,432
Assets					
Segment assets	(57,706,276)	(5,770,806)	15,238,087	1,936,294,041	1,888,055,044
Total assets as per Statement of financial Position					1,888,055,044
Liabilities					
Segment liabilities	45,354,260	112,736,521	(98,950,308)	657,325,339	716,465,812
Total liabilities as per Statement of financial Position					716,465,812

Knysna Municipality

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Figures in Rand

57. Segment information (continued)

2024 - Restated

	Community and public safety	Economic and environmental services	Trading Services	Municipal governance and administration	Total
Revenue					
Investment revenue	6,118	-	26,060,335	3,029,960	29,096,413
Revenue from exchange transactions	37,345,158	11,095,906	502,287,128	7,125,786	557,853,978
Revenue from non-exchange transactions	107,146,473	3,274,256	120,672,053	343,460,335	574,553,117
Total segment revenue	144,497,749	14,370,162	649,019,516	353,616,081	1,161,503,508
Entity's revenue					1,161,503,508
Expenditure					
Employee related costs	91,543,987	41,568,150	76,779,618	115,348,459	325,240,214
Remuneration of councillors	-	-	-	9,821,279	9,821,279
Debt impairment	82,336,415	-	65,966,051	11,313,813	159,616,279
Depreciation & asset impairment	8,720,718	12,486,148	48,332,273	3,126,457	72,665,596
Finance charges	2,262,559	5,096,364	31,144,686	781,850	39,285,479
Bulk purchases	-	-	284,632,503	-	284,632,503
Other materials	9,092,102	2,798,762	40,279,689	3,501,167	55,671,720
Contracted services	73,152,045	8,585,739	58,302,529	16,413,788	156,454,101
Other expenditure	4,584,548	2,488,227	36,352,230	42,058,477	85,483,482
Total segment expenditure	271,692,374	73,023,410	641,789,579	202,365,290	1,188,870,653
Total segmental surplus/(deficit)					(27,367,145)
Transfers and subsidies - capital					64,893,999
Entity's surplus (deficit) for the period					37,526,854
Assets					
Segment assets	29,620,362	710,135	30,304,155	1,750,876,213	1,811,510,865
Total assets as per Statement of financial Position					1,811,510,865
Liabilities					
Segment liabilities	162,314,057	42,872,800	(99,737,522)	675,753,734	781,203,069
Total liabilities as per Statement of financial Position					781,203,069

Knysna Municipality

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58. Going concern

On 12 February 2024, the Western Cape Government presented a 2024 Diagnostic Report and Support Plan to Knysna Municipality. The 2024 Diagnostic Report revealed that the Municipality required support and assistance to address the regressing service delivery performance. The Knysna Municipality Council subsequently adopted the 2024 Diagnostic Report and Support Plan on 01 March 2024.

Knysna Municipality thereafter established a Section 154 Steering Committee and Working Group Committees, which were tasked to lead and monitor the implementation of the Council-approved Support Plan.

On 16 April 2024, the Provincial Minister of Local Government, Environmental Affairs & Development Planning, Mr A Bredell, issued a notice to Knysna Municipality expressing his intention to intervene, in terms of Section 139(1)(a) (Pre-Notice) of the Constitution of the Republic of South Africa.

Knysna Municipality vehemently opposed the Section 139 notice of intention to intervene whilst the Section 154 Support Plan was in effect. The Minister however contended that the implementation of the Section 139 is not contingent upon or subject to the implementation of the Section 154.

On 26 June 2025, Minister Bredell issued a notice to Knysna Municipality expressing his intention to intervene, in terms of Section 139(1)(c) of the Constitution of the Republic of South Africa, to dissolve the Knysna Municipal Council and to appoint an Administrator. In response, Knysna Municipality made representations to oppose the intended action of Minister Bredell however, to date, no final outcome has been received.

The justification for Minister Bredell's Notices of Intention to Intervene is primarily based on his perception that the Municipality is failing to fulfil its executive obligations in terms of the minimum standards for the provision of basic services.

Upon the Provincial Treasury assessment of the 2024/2025 Budget, it was determined that the original 2024/2025 Budget was unfunded. A Budget Funding Plan was consequently developed and adopted by Council on 30 September 2024. Following the Knysna Municipality Council approval of the 2024/2025 Adjustments Budget on 26 February 2025, the Provincial Treasury assessment thereof concluded that the 2024/2025 Budget was eventually fully funded.

The 2025/2026 Provincial Treasury Assessment confirmed that the Council-approved Budgets for the 2025/2026, 2026/2027 and 2027/2028 financial years are fully funded.

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 1,171,589,223 and that the municipality's total assets exceed its liabilities by R 1,171,589,223.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. In assessment whether the going concern assumption is appropriate under the current economic climate; management considered a wide range of factors including the current and expected performance of the Municipality, the likelihood of continued government funding and, if necessary, potential sources of replacement funding.

The Municipality generated a profit of R 141,281,422 during the year and reported positive net cash flows from operating activities of R 203,676,578. The Municipality has met all its obligations to creditors and has not defaulted on payments. Based on these results, management is satisfied that the Municipality has the ability to continue operating as a going concern and to render essential services to its community in the foreseeable future.

Knysna Municipality

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Notes to the Annual Financial Statements

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59. Contributions recognised - donated assets		
Public contributions and donations	850,425	-

During the financial year, the Municipality received various in-kind donations from third parties, including the provision of goods and services at no cost. These donations primarily comprised of repairment of roads and vehicle donations and other professional services, which were provided to support the Municipality's service delivery objectives.

In accordance with the Standards of GRAP, in-kind donations are recognised at fair value on the date of receipt where a reliable measure of the fair value could be obtained. Where the fair value of the donated goods or services could not be reliably measured, the donations have been disclosed in the notes to the financial statements but not recognised in the Statement of Financial Performance.

Management acknowledges the support received from these contributions, which enhanced the Municipality's ability to deliver services to its communities without incurring additional expenditure.

Knysna Municipality
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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments s31 of the MFMA	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2025											
Financial Performance											
Property rates	336,224,732	8,131,583	344,356,295	-	-	344,356,295	348,305,528	-	3,949,233	101 %	104 %
Service charges	570,684,832	(24,644,678)	546,020,154	-	-	546,020,154	553,583,832	-	7,563,678	101 %	97 %
Investment revenue	1,915,779	1,161,170	3,076,949	-	-	3,076,949	5,307,557	-	2,230,608	172 %	277 %
Transfers recognised - operational	163,537,348	5,570,379	169,107,727	-	-	169,107,727	151,866,194	-	(17,241,533)	90 %	93 %
Other own revenue	181,301,298	35,359,815	216,661,113	-	-	216,661,113	201,266,817	-	(15,394,296)	93 %	111 %
Total revenue (excluding capital transfers and contributions)	1,253,643,989	25,578,249	1,279,222,238	-	-	1,279,222,238	1,260,329,928	-	(18,892,310)	99 %	101 %
Employee costs	(325,141,735)	(3,864,589)	(329,006,304)	-	-	(329,006,304)	(333,876,574)	-	(4,970,270)	102 %	103 %
Remuneration of councillors	(11,003,414)	1,235,685	(9,767,729)	-	-	(9,767,729)	(9,684,105)	-	83,624	98 %	88 %
Depreciation and asset impairment	(225,282,422)	36,309,815	(188,972,607)	-	-	(188,972,607)	(184,593,329)	-	4,379,278	98 %	82 %
Finance charges	(34,930,633)	(3,598,658)	(38,529,291)	-	-	(38,529,291)	(35,701,142)	-	2,828,149	93 %	102 %
Inventory consumed and bulk purchases	(318,580,364)	(10,817,712)	(329,398,076)	-	-	(329,398,076)	(328,888,074)	-	510,002	100 %	103 %
Transfers and grants	(1,122,870)	(11,047,935)	(12,170,805)	-	-	(12,170,805)	(1,661,040)	-	(440,235)	14 %	148 %
Other expenditure	(312,687,370)	28,844,415	(283,842,955)	-	-	(283,842,955)	(272,000,475)	-	11,842,480	96 %	87 %
Total expenditure	(1,228,728,808)	37,261,041	(1,191,467,767)	-	-	(1,191,467,767)	(1,166,604,739)	-	24,863,028	98 %	95 %
Surplus/(Deficit)	24,915,181	62,839,290	87,754,471	-	-	87,754,471	93,725,189	-	5,970,718	107 %	376 %

Knysna Municipality
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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	65,521,652	5,481,391	71,003,043	-	-	71,003,043	46,705,808		(24,297,235)	66 %	71 %
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	850,425		850,425	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	90,436,833	68,320,681	158,757,514	-	-	158,757,514	141,281,422		(17,476,092)	89 %	156 %
Surplus/(Deficit) for the year	90,436,833	68,320,681	158,757,514	-	-	158,757,514	141,281,422		(17,476,092)	89 %	156 %
Capital expenditure and funds sources											
Total capital expenditure	88,818,853	30,664,091	119,482,934	-	-	119,482,934	63,522,700		(55,960,234)	53 %	72 %

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Appropriation Statement

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	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	212,703,002	4,663,174	217,366,176	-	-	217,366,176	203,676,578		(13,689,598)	94 %	96 %
Net cash from (used) investing	(87,818,583)	(16,064,082)	(103,882,665)	-	-	(103,882,665)	(63,740,212)		40,142,453	61 %	73 %
Net cash from (used) financing	(50,503,435)	(1,906,211)	(52,409,646)	-	-	(52,409,646)	(57,544,117)		(5,134,471)	110 %	114 %
Net increase/(decrease) in cash and cash equivalents	74,380,984	(13,307,119)	61,073,865	-	-	61,073,865	82,392,249		21,318,384	135 %	111 %
Cash and cash equivalents at the beginning of the year	20,357,727	3,251,028	23,608,755	-	-	23,608,755	23,608,758		1	100 %	116 %
Cash and cash equivalents at year end	94,738,711	(10,056,091)	84,682,620	-	-	84,682,620	106,001,005		(21,318,385)	125 %	112 %

APPENDIX A - Unaudited
KNYSNA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2025

EXTERNAL LOANS	Rate	Loan Number	Original Loan Amount	Redeemable	Balance at 30 JUNE 2024	Received during the period	Accrued interest	Redeemed during the period	Balance at 30 JUNE 2025
ANNUITY LOANS									
ABSA	11.00%	Knysna Municipality 1	19,000,000.00	03/05/2020	5,229,932	-	-0.00	(1,295,308)	4,932,154
ABSA	10.00%	Knysna Municipality 2	7,910,000.00	23/05/2018	3,064,338	-	-34,343.85	(549,817)	2,584,546
ABSA	10.42%	Knysna Municipality 3	7,000,000.00	01/10/2018	3,277,258	-	-92,303.06	(566,138)	2,619,151
ABSA	9.54%	Knysna Municipality 4	19,575,000.00	30/05/2019	8,837,198	-	-	(1,433,351)	7,397,835
ABSA	9.57%	Knysna Municipality 5	1,130,000.00	01/10/2022	-	-	-	-	-
ABSA	10.33%	Knysna Municipality 6	9,650,000.00	24/01/2017	4,166,798	-	-51,765.72	(1,193,583)	2,901,335
ABSA	9.75%	Knysna Municipality 4 802	4,110,000.00	03/04/2017	2,161,752	-	-1.10	(615,146)	1,546,611
ABSA	9.04%	Knysna Municipality 5 814	83,190,500.00	31/04/2018	72,634,337	-	693.82	(6,888,405)	66,138,535
ABSA	9.76%	Knysna Municipality 8 803	6,550,000.00	01/10/2017	4,594,816	-	-0.31	(1,311,320)	3,282,893
ABSA	9.96%	Knysna Municipality 6 124	58,190,445.00	01/10/2013	53,027,101	-	5,985.75	(5,673,443)	47,159,654
DBSA	10.57%	100008/1	8,594,867.19	03/05/2014	226,179	-	0.09	(228,176)	-
DBSA	10.07%	101481/1	9,530,258.62	01/10/2015	1,734,491	-	-47,596.00	(343,547)	246,849
DBSA	9.92%	102328/1	6,396,431.22	03/05/2015	978,832	-	-39,062.97	(593,932)	385,820
DBSA	11.44%	61001833	8,345,000.00	01/10/2016	2,335,612	-	-115,855.02	(1,058,886)	1,276,880
DBSA	9.32%	61007564	57,480,000.00	31/04/2013	32,167,996	-	-	(5,797,822)	26,369,164
DBSA	10.30%	61007564	6,335,967.60	24/05/2015	1,517,615	-	-	(1,517,615)	-
DBSA	12.55%	61007564	65,940,881.00	47/04/10	47,368,482	-	-	(6,619,816)	43,259,665
FNCA	9.76%	KNYS-00-0003	19,637,000.00	15/02/2017	5,705,836	-	-	(1,799,148)	3,907,697
Firstbank	10.55%	95/891030611003	12,197,000.00	20/06/2018	6,051,131	-	240,801	(643,111)	5,951,062
Firstbank	9.01%	30/7331030611004	2,950,000.00	20/06/2018	157,386	-	-	(157,386)	-
Firstbank	8.06%	7321309911008	6,930,000.00	20/03/2020	-	-	-	-	-
Firstbank	10.35%	7831350811005	28,424,087.00	20/06/2016	3,160,834	-	-	(3,063,811)	8,127,336
Firstbank	10.21%	7001	63,490,225.00	20/06/2011	44,449,458	-	-	(6,524,894)	37,924,574
Firstbank	10.62%	591	6,310,340.00	20/05/2013	3,324,527	-	-	(2,493,343)	831,185
Standard Bank	10.73%	82961568	3,630,000.00	20/01/2019	-	-	-	-	-
Standard Bank	11.00%	82963438	8,750,000.00	20/06/2019	2,816,558	-	-	(812,953)	1,745,700
Standard Bank	11.36%	82963616	14,340,000.00	20/01/2019	7,675,733	-	-	(6,593,497)	6,716,267
Standard Bank	9.06%	01N5083751-591_201819	2,800,000.00	20/01/2019	-	-	-	-	-
Standard Bank	11.11%	LHR52722	3,905,000.00	20/02/2013	3,905,000	-	-	(761,300)	3,124,000
Standard Bank	9.67%	LHR52738	21,100,000.00	20/02/2013	21,100,000	-	-	(2,119,300)	18,980,000
Total Annuity Loans			456,627,901.63		261,704,093	-	(106,604)	(66,614,464)	204,082,135
TOTAL EXTERNAL LOANS					261,704,093	-	(106,604)	(66,614,464)	204,082,135

APPENDIX B – Unaudited
KNYSNA MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 JUNE 2024	Contributions during the year	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Year end Adjustment	Balance 30 JUNE 2025
	R	R	R	R	R	R
UNSPENT/UNPAID) GOVERNMENT GRANTS AND RECEIPTS						
Nat. Grant - Equitable Share	-	-130 575 000	130 575 000	-	-	-
Nat. Grant - Local Government Finance Management Grant	-	-1 800 000	1 800 000	-	-	-
Nat. Grant - Municipal Infrastructure Grant	-2 457	-28 487 000	3 754 327	16 858 243	-	-8 846 387
Nat. Grant - Expanded Public Works Program (EPWP)	-	-1 279 000	1 279 000	-	-	-
Nat. Grant - Water Services Infrastructure Grant	-63 466	-8 937 000	1 150 295	7 735 258	-	-110 922
Nat. Grant - Neighbourhood Development Partnership Grant (NDPG)	-	-20 417 000	1 922 202	12 814 581	-	-5 740 117
Nat. Grant - Energy Efficiency and Demand Side Management Grant	-56 884	-	-	-	-	-56 884
Nat. Grant - Disaster Recovery Grant	-2 600 000	-114 000	310 731	2 071 539	-	-331 731
Nat. Grant - Integrated National Electrification program (NER)	-	-9 900 000	140 629	936 858	-	-8 822 514
Prov. Grant - Integrated Housing & Human Settlement (LocGov&Hsg)	906 740	-	-	3 014 650	-	3 921 390
Prov. Grant - Library	-	-9 663 348	9 663 348	-	-	-
Prov. Grant - Community Development Worker (Operat)	-	-57 000	57 000	-	-	-
Prov. Grant - Main Roads Subsidy	77 458	-	-	-	-	77 458
Prov. Grant - Other	-793 740	-10 361 000	910 974	3 753 848	54 740	-5 395 178
District Grant - Other	-	-170 000	-	170 000	-	-
Other Organisational Grants	-89 882	-113 5625	573 529	-	71 737	-578 211
Other Organisational Grants: Nedbank: SMME Incubal	-22 904	-	-	-	-	-22 904
Total	(2 651 106)	(222 953 973)	152 176 923	46 395 078	126 477	(26 966 399)
CONSTRUCTION CONTRACTS AND RECEIVABLES						
Prov. Grant - Integrated Housing & Human Settlement (LocGov&Hsg)	6 817 521	-21 657 615	23 032 395	-	-	8 292 301
Grand Total	4 266 415	(244 611 588)	175 209 219	46 395 078	126 477	(18 614 299)

Difference