



ANNUAL REPORT 2013/14

N11 (Primary Mobo)

R24 - Maseru Rd (Secondary Mobility Route)

FREE STATES PROVINCE

LEGEND

1000

500

0



NEWCASTLE MUNICIPALITY

Education Profile	35
INCOME Profile	36
Household Expenditure	36
EMPLOYMENT.....	38
Economically Active Population.....	41
Human Development Index.....	41
Dependency ratio	42
Poverty Levels.....	42
Spatial Analysis	43
District Context	43
Regional and Local Road Network	44
Settlement Pattern	45
Impact of Post-Apartheid Spatial Planning.....	48
LAND USE MANAGEMENT	48
Spatial Trends and patterns.....	48
LAND REFORM Programme And Rural Development.....	49
Natural Environment	54
WATER QUALITY	55
GROUNDWATER	56
Biodiversity Assessment	57
SWOT Analysis	59
POLITICAL AND ADMINISTRATIVE GOVERNANCE.....	61
Functional Analysis	61
Analysis of meetings	62
COUNCIL REPRESENTATION.....	62
EXECUTIVE COMMITTEE MEMBERS AND THEIR PORTFOLIOS.....	63
EXECUTIVE COMMITTEE MEMBERS for 2013/14	63
ADMINISTRATIVE GOVERNANCE	65
POWERS AND FUNCTIONS.....	66

SERVICE DELIVERY OVERVIEW	68
1.1.1 General Access to basic Services	68
1.1.2 Water	75
1.1.3 Sanitation	79
1.1.4 Electricity and Power Supply	80
1.1.5 Roads, STORMWATER and Public Transport	81
1.1.6 Solid Waste Management	82
1.1.7 Education Facilities	83
1.1.8 Health Institutions	84
1.1.9 Sports facilities	86
1.1.10 Police Stations	86
1.1.11 Libraries	86
1.1.12 Community Halls	87
1.1.13 Cemeteries	87
1.1.14 Sustainable HUMAN SETTLEMENTS	87
CORPORATE GOVERNANCE	97
RISK MANAGEMENT	97
AUDIT COMMITTEE	100
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	100
PUBLIC PARTICIPATION	101
WARD COMMITTEE STRUCTURES	101
SPECIAL PROGRAMMES	103
INFORMATION TECHNOLOGY	105
IT Vision	105
IT Mission	105
IT Steering Committee	106
IT Policies and Procedures	106
IT RISK MANAGEMENT	107
IT Performance and Oversight Report	107

Capital and operational Programmes	108
ICT Strategy implementation report.....	111
CHAPTER 3	121
ANNUAL FINANCIAL STATEMENTS 2013/14	121
FINANCIAL DIAGNOSTIC ANALYSIS	122
CHAPTER 4	122
ORGANISATIONAL DEVELOPMENT OVERVIEW	142
SKILLS DEVELOPMENT	145
CHAPTER 5	148
ANNUAL PERFORMANCE REPORT 2013/14	149
ORGANISATIONAL SCORE-CARD 2013/14 ANALYSIS.....	152
SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS(SDBIP) 2013/14	153
CAPITAL PROGRAMME PERFORMANCE 2013/14	156
FINANCIAL vs NON-FINANCIAL PERFORMANCE 2013/14.....	159
OVERALL COMMENT	160
GENERAL RECOMMENDATIONS FOR IMPROVEMENT	162
ASSESSMENT OF SERVICE PROVIDERS 2013/14	164
ASSESSMENT OF ENTITY – UTHUKELA WATER (PTY) LTD 2013/14	165
CHAPTER 6	166
AUDITOR GENERAL REPORT	166
REPORT ON THE FINANCIAL STATEMENTS	166
OTHER REPORTS	171
CORRECTIVE ACTION TAKEN OR TO BE TAKEN IN RESPONSE TO AUDIT ISSUES	172
CHAPTER 7	189
AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014.	189
CHAPTER 8.....	192
ANNUAL REPORT OF THE MUNICIPAL ENTITY	192
CHAPTER 9	192

ASSESSMENT BY THE ACCOUNTING OFFICER OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES	192
THREE YEAR CAPITAL PLAN FOR ADDRESSING INFRASTRUCTURE BACKLOGS IN TERMS OF THE MUNICIPAL INFRASTRUCTURE GRANT (MIG) FRAMEWORK.....	195
CHAPTER 10.....	198
DEPARTMENTAL HIGHLIGHTS 2013/14.....	198
BUDGET AND TREASURY OFFICE	198
COMMUNITY SERVICES.....	203
CORPORATE SERVICES	231
DEVELOPMENT PLANNING & HUMAN SETTLEMENT	239
ELECTRICAL AND MECHANICAL SERVICES	256
OFFICE OF THE MUNICIPAL MANAGER PERFORMANCE HIGHLIGHTS.....	264
TECHNICAL SERVICES	286
APPENDIX 1 – Audited Annual Financial Statements	
APPENDIX 2 – Organisational Score-card 2013/14	
APPENDIX 3 – Service Delivery Budget Implementation Plan 2013/14	
APPENDIX 4 – Capital Status Report 2013/14	
APPENDIX 5 – Assessment of Service Providers	
APPENDIX 6 – Annual Report of UThukela Water (Pty) Ltd	

PREFACE

Legislative

Section 121 of the Local Government : Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that “

Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is-

To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;

To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity

The annual report of the municipality must include-

- ✓ *The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126 (1);*
- ✓ *The Auditor General report in terms of section 126 (3) on those financial statements.*
- ✓ *The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act;*
- ✓ *The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.*
- ✓ *An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;*
- ✓ *An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue sources and for each vote in the municipality's approved budget for the relevant financial year;*
- ✓ *Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)*
- ✓ *Any explanation that maybe necessary to clarify issues that in connection with the financial statements;*
- ✓ *Any information as determined by the municipality;*
- ✓ *Any recommendations of the municipality's audit committee; and*
- ✓ *Any other information as may be prescribed.*
- ✓ *The annual report of a municipal entity must include-*

- ✓ *The annual financial statements of the entity as submitted to the Auditor General for audit in terms of section 126 (2) on those financial statements*
- ✓ *The Auditor General's audit report in terms of section 126 (3) on those financial statements;*
- ✓ *An assessment by the entity's accounting officer of any arrears on those financial statements;*
- ✓ *An assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality*
- ✓ *Particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);*
- ✓ *Any information as determined by the entity or its parent municipality;*
- ✓ *Any recommendations of the audit committee of the entity or its parent municipality; and*
- ✓ *Any other information as may be prescribed."*

ABBREVIATIONS

AG	-	Auditor-General
BEE	-	Black Economic Empowerment
CBD	-	Central Business District
CBP	-	Community Based Planning
CIF	-	Capital Investment Framework
COGTA	-	Co-operative Governance and Traditional Affairs
DBSA	-	Development Bank of South Africa
DAERD	-	Department of Agriculture, Environmental Affairs and Rural Development
DLTGA	-	Department of Local Government and Traditional Affairs (Now Cogta)
DME	-	Department of Minerals and Energy
DOE	-	Department of Education
DOH	-	Department of Housing
DORA	-	Division of Revenue Act
DOT	-	Department of Transport
DWAF	-	Department of Water Affairs and Forestry
EIA	-	Environmental Impact Assessment
EPWP	-	Extended Public Works Programme
EXCO	-	Executive Committee
GGP	-	Gross Geographical Product
GIS	-	Geographical Information System
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICT	-	Information Communication Technology <i>also referred to as IT</i>
IT	-	Information Technology
S		
IDP	-	Integrated Development Plan
IDP RF	-	Integrated Development Plan Representative Forum
IWMP	-	Integrated Waste Management Plan
KPI	-	Key Performance Indicator
KZN	-	KwaZulu-Natal
LED	-	Local Economic Development
LGTAS	-	Local Government Turn Around Strategies
LRAD	-	Land Redistribution for Agricultural Development
LUMS	-	Land Use Management System
MEC	-	Member of the Executive Council (Local Government and Traditional Affairs)
MDB	-	Municipal Demarcation Board
MFMA	-	Municipal Finance Management Act No. 56 of 2003

MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee
MTCF	-	Medium-term Capital Framework
MTEF	-	Medium-Term Expenditure Framework
MTSF	-	Medium-Term Strategic Framework
NHBRC	-	National Home Builders Registration Council
NNTAS	-	Newcastle Turnaround Strategy
NSDP	-	National Spatial Development Perspective
NWMS	-	National Waste Management Strategy
PSEDS	-	Provincial Spatial Economic Development Strategies
PGDS	-	Provincial Growth and Development Strategy
PMS	-	Performance Management System
PIMS	-	Planning, Implementation and Management System
PMS	-	Performance Management System
PMU	-	Project Management Unit
PPP	-	Public-Private Partnership
PSEDS	-	Provincial Spatial Economic Development Strategy
PTP	-	Public Transport Plan
RDP	-	Reconstruction and Development Programme
RSC	-	Regional Service Centre
SADC	-	Southern Africa Development Community
SCOPA	-	Standing Committee on Public Accounts
SEA	-	Strategic Environmental Assessment
SDF	-	Spatial Development Framework
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Site Development Plan
SMME	-	Small, Medium and Micro Enterprise
TA	-	Tribal Authority
TLC	-	Transitional Local Council
VTC	-	Voluntary Testing and Counseling
WSB	-	Water Services Backlog
WCDM	-	Water Conservation and Demand Management
WSDP	-	Water Services Development Plan

BIBLIOGRAPHY

1. IDP 2013/14
2. National Treasury website (www.treasury@gov.za)
3. Local Government Turn Around Strategy
4. Newcastle Municipality Annual Financial Statements 2013/14

5. Report of the Auditor-General for the Newcastle Municipality for 2013/14
6. UThukela Water Annual Report 2013/14
7. Newcastle Municipality Annual Performance Report 2013/14
8. Annual Report of the IT section 2013/14
9. All relevant policies and frameworks
10. All relevant legislation

ACKNOWLEDGEMENT

Special Thanks to :

- ✓ *Councillors and officials of the Newcastle Municipality*
- ✓ *Officials of the Office of the Auditor-General*
- ✓ *Officials of CoGTA*
- ✓ *Audit Committee of the Newcastle Municipality*
- ✓ *Officials of Uthukela Water (Pty) LTD*

CHAPTER 1

MAYOR'S STATEMENT ON POLICY AND COMMITMENT



Mr Speaker, when Council considered the Annual Report last year, there were only 2 reservations, viz. the Qualified opinion of Auditor-General and Debt Collection.

I want to at the outset therefore, address these 2 issues as unrelenting interventions that my Executive Committee and the Administration are working towards. As Newcastle Municipality, we have actioned the audit findings of the past years with progress reports submitted quarterly to the Audit Committee. We have implemented various solutions and control measures; one of this was the engagement of experts to assist in creating a more sustainable finance function. The 2013/14 financial year saw us employing 3 qualified Chartered Accountants – for the first time in the history of our municipality, and we are hoping to attract even more officials that are highly qualified. We now also have fully functional Internal Audit and Risk management Units that contribute towards addressing compliance and governance related issues , but most importantly working towards our Clean Audit aspiration as a municipality. I am also pleased to announce that

transfer of skills from the KPMG appointment has resulted in our Interim Financial statements being now compiled in house.

Somblomo, we have made significant progress in addressing the qualification items for the 2012/2013 financial year. We have addressed all the items besides one, that being the qualification in respect of Property, plant and equipment. However it must be mentioned that the qualification relates to amounts that cannot be verified in respect of previous years thereby giving assurance that the internal controls that have been implemented in the current year are functioning efficiently and effectively. These controls will ensure the accuracy and completeness of our financial information. Furthermore, irregular expenditure has reduced by 16% from R79.5m in 2012/13 to R68.4m in 2013/14.

Notwithstanding our efforts made in the 2013/14 financial year, we have received yet another qualified opinion from the Auditor-General. Mr Speaker, this in itself shows that the challenge is far bigger than we ever anticipated. Our next step is to obviously continue on our road to clean audit focusing on creating capacity and knowledge within the municipality, to drive value for the public and to move toward better governance in so far as this is concerned. I call upon the Administration, Municipal Public Accounts Committee and the newly established Audit Committee to ensure that all governance systems are fully functional and effective for this purpose. The Audit Committee is therefore tasked with the responsibility of ensuring that all systems are in place to turn-around the opinion of the Auditor-General in the short-term.

In respect of Debt Collection – you will note Somblomo- that in the year under review , the Newcastle municipality was owed R816 123 112 by debtors. . The payment factor has also declined by 2% to 74% which is also rather disturbing. Debt escalation has been controlled to a certain extent by the implementation of the Council’s Policies; however the systems currently in place need to be enhanced in order to address the continual growth of debtors. As highlighted in the financial analysis, it is necessary for us to collectively work towards the development and implementation of a robust and effective revenue collection strategy. The Administration is already in the process of recruiting critical staff for this purpose, and we anticipate some improvement in the new financial year.

Mr Speaker, despite the negative audit opinion by the Auditor-General, we do have a **“Good Story”** to tell for the year under review– and this in celebration of our 20 years of democracy , and in honour of our late Tata Nelson Mandela who singled out “five tenets” for the successful development of the African continent as being **“Democracy, Rule by the people for the people,**

the promotion of rights, the rule of law, and good governance". This has been the driving force for achieving our goals as encapsulated in our IDP .

Basic Service Delivery and Infrastructure :-

I am pleased to announce the following spending trends for 2013/14 :-

- Operating Budget (Expenditure) – 88%
- Capital Expenditure (VAT inclusive) – 94%

The excellent performance against our capital investment programme with 56% of projects completed and 43% of projects in progress at year end Mr Speaker, goes a long way in re-affirming our commitment to infrastructure development and addressing service delivery backlogs in Newcastle. In respect of our service delivery targets, I am pleased to also report that as at year end only 1% of planned targets were not met, with 99% of targets either met or in progress. This is not just on paper Mr Speaker – everywhere you drive or walk in Newcastle, some sort of development is happening on the ground. This is in keeping with the promises we have made to our people in our IDP.

The following achievements are highlighted through our Technical Services departments :-

- 13.106km of roads tarred (these include the Construction of Kwa-Mathukuza Road; Hillbrow Street , Kirkland/Hardwick Roads , MB6& MB 10 Roads ;Madadeni Johnston Link Road Portion A&B, MC1,MC2 & MC3 Roads; ME31,ME35,&ME38 Roads; Osizweni Urban Access Roads Phase II
- 22.4km of roads resealed
- 1886m² of sidewalks completed
- Panorama Storm water
- Rehabilitation of Ayliff Street
- Rehabilitation of Dongas
- Widening of Asiphephe Road Marconi to Clifford Manana
- Traffic Calming Devices
- One of our key catalytic projects along the Allen street Corridor is the Widening of Allen street – Commenced in 2014 and is in progress
- Construction of Ncandu River Bridge
- Construction Of Sesiwabonga Bridge
- The much awaited Dry-cut Cemetery Road
- Stormwater Piping: Amajuba Mall

- Staffordhill Waterborne Sewer Pump Station
- Madadeni Waste Water Treatment Plant
- Viljoenpark Reservoir and Hilddrop Reservoir contributing towards our housing programme
- Drilling and Equipping Of Boreholes, Spring Protection and Rudimentary Water Supply at Normandien Ward 1 ; Boreholes In Ingogo
- Staffordhill sewer reticulation (8000m of sewer main lines & Convert 2300 VIP to waterborne sewer)
- Installation of a water reticulation scheme in the Northern section of Charlestown community
- The construction of 120 VIP toilets in Ward 6, Ward 7, Ward 12, Ward 13, Ward 15, Ward 16, Ward 18
- VIP Toilets Osizweni E & F

We are also one of only a handful of municipalities to retain its Blue and Green drop status as determined by Department of Water Affairs. I am also pleased to announce that Newcastle Local Municipality was awarded with **3rd BEST** municipality in the country in the category of Local Municipalities for Water Conservation and Water Demand Management. As part of our WCDM programme, we have reduced water loss by 12% in the year under review.

In our efforts toward reaching Millennium Development goals, we have eradicated **water backlogs by 160 households** and **sanitation by 360 households**, leaving our **backlogs at 6.6% for Water and 26.5% for sanitation at year end.**

Electrical and Mechanical Services

Whilst the rest of the Country is plagued with load shedding, we continue to refurbish our network, making Newcastle the only town in South Africa that has managed to avoid load shedding because of the efficient manner used to manage our electricity usage. In this regard we have in the year under review completed the upgrade to the Earl Substation.

Mr Speaker, we continue to support the ESKOM electrification programme in areas licensed to ESKOM. We have **electrified 943 households** through our Rural Electrification programme in the following areas :-

- Ingogo , Dicks Halt ; Bosworth ,Normandien ,Amajuba Forest & Rooi-point .

We continue to invest in the safety of our communities by installing an additional **22 High-Mast Lights And 120 Street Lights** in the year under review. We have also **lit up the P483, main road to Madadeni and Osizweni**, ensuring better visibility for pedestrians and cyclists.

DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS

Our spatial integration strategies and the introduction of both rural development and urban renewal programmes, have made great inroads to ensuring our Vision of **“Fana, Fana”** becoming a reality. I am also proud to announce that together with being recognised as the Municipality with the Most credible IDP in the Province for the year under review, the Newcastle Spatial Development Framework is also ranked within the top 5 in the Province.

We can now also boast another mall in less than 3 years in our second primary node being the highly acclaimed Theku Mall which opened to the public on the 26th July 2013. This is partly an implementation of the JBC Primary Node where the municipality and National Treasury invested 7.6 million as leverage for private sector investment.

The approval of 36 PDA applications, 40 Special consent applications and 435 building plans in 2013/14 is indicative of a growing city with a huge potential to stimulate economic growth.

The shrinking lifespan of the existing landfill is indicative of the household growth experienced by this growing City. Following a laborious process of the acquisition of land and examination of various sites with primary intent to establish a new landfill, the municipality celebrated an imperative milestone in 2013/14. The detailed investigations favoured a privately owned site identified for landfill. Preliminary designs and environmental impact assessment are now being set in motion in the establishment process and should be finalised during 2014/15 financial year.

We have also finalised the Dicks, Mdonzo Local Area Development Plan and will continue with further plans for other rural development nodes.

As part of the **CBD Regeneration programme, the Osizweni CBD** regeneration has seen the development of a taxi rank and upgrading of the CBD Main street – with further road upgrades planned for 2014/15 financial year as part nodal redevelopment by National Treasury (NDPG) to leverage for public and private sector investment further.

The Madadeni taxi rank and Hawker shelters is another project that was implemented as part of this programme specifically targeting the Improvement of transportation infrastructure and support to informal sector.

As part of our revenue enhancement strategies and, In line with national tenure programme - we continue to make land available for home owners (first time home owners being given preference as prescribed by the Land Disposal Policy) , for housing tenure - and I am pleased to announce that the sale of land next to St Dominics is finalised, with further service infrastructure in Victoria street in progress, where after this will also be advertised for disposal.

We have also had the approval of expropriation of JBC land (farms) by the MEC on the 04th of June 2014 , which paves the way for our key housing catalytic projects in the area as well as other infrastructure and economic development opportunities.

The approval of the first FLSIP (Finance Linked Individual Subsidy Programme) for Newcastle Municipality scheme by the Provincial Department of Humans Settlements is a milestone indeed - as it will allow aspiring home owners to purchase a home, supporting their application to a bank for finance to buy their own home. This subsidy caters for that section of the community that earns too little to qualify for mortgage finance to buy their own home, or if they earn too much to qualify for the Government's free basic house under their RDP Housing Subsidy Scheme, they may apply for the subsidy.

In the year under review Somblo, I am excited to report that our housing programme has seen some acceleration with 360 New housing units completed in the Osizweni phase II, Khathide and Emawozeni housing projects. . The Emawozeni Housing Project caters for predominately disabled residents and perhaps boasts the best houses that this Municipality has produced so far. The Khathide housing project is a rural project meant to assist residents who do not have houses in Ward 6 and Ward 12, some of these residents have never had a house of their own and they now are happy occupants of new RDP Houses.

Another milestone in respect of housing delivery is the long awaited construction of 1240 housing units at Osizweni Section "E" Phase II in July 2013. This project caters for some of the community members whom have lived in shacks , was initially conceptualized in 2002.

I will re-iterate what I said in my budget speech last year- that *"We are serious, Honourable Speaker, about tackling the high amount of homeless people in this town and winning that war"*, I am confident that we are well on our way in doing so.

LOCAL ECONOMIC DEVELOPMENT

The following LED initiatives were facilitated during the 2013/14 financial year :-

- Newcastle Small Business Week which is an initiative between Newcastle Municipality, SEDA and DEDT - to promote small businesses within Newcastle.
- Newcastle/NPC Khulanathi contractor development workshop **which is a** skills development initiative between NPC, SEDA and Newcastle Municipality that assists block makers to improve the quality of their blocks and ensure that they meet SABS and building standards.
- Newcastle/Arcelor Mittal contractor development workshop **is a** Partnership between Arcelor Mittal and Newcastle Municipality. SEDA has also come on board to provide the services of a mentor with the aim to incubate 4 contractors over a period of three years and allows a closed competitive bidding process.

- The Poverty Alleviation Programme renders support to 25 projects which are emerging businesses that have a strong business case in agriculture, manufacturing, tourism and service sectors.
- 12 Hawker Stands were built in Jordan Park with another 22 to be completed in the 2014/15 financial year
- Advisory assistance where rendered to 79 SMME 's

Mr Speaker, our success in creating job opportunities through the Expanded Public Works Programme have resulted in **2539 jobs created** through municipal capital and operational programmes. We continue to lobby for private sector investment and the retention of business in Newcastle in line with our approved LED strategy , and have a few exciting initiatives being pursued in the 2014/15 financial year that will contribute towards our Vision of becoming an ***“Economically Vibrant and Sustainable City Region that affords its citizens a high quality of life”***. The upgrading of our airport and scheduling of flights remain one of our key catalytic economic interventions for this City – thus endorsing Newcastle as a Provincial Economic Development Node.

Whilst, the national economy continues to be stuck in recession mode, this trend is replicated at the both the provincial and local level. However, Newcastle has experienced slightly stronger growth than the national average. On a positive note the town has seen an increase in the value of approved building plans particularly industrial and commercial building plans, during the financial year which is indicative of positive growth in inward investments into the town and bodes well for job creation.

One of the biggest investments into the town during the financial was the investment of R1.2 billion by Arcelor Mittal in their reline project. During this project over a thousand temporal jobs were created. Whilst this investment does not necessarily create permanent jobs - it signals a commitment by the company to stay in Newcastle for at least another 15 to 20 years which is good in terms of business retention and displaying the local economic environment.

The manufacturing sector continues to be the anchor of the local economy. Our big industries in the chemicals sector play a significant role in the global market and the weakening of the Rand increases the demand and competitiveness for their output in the global market. Given the structure of the local economy and the nature of unemployment found in our town it remains important to focus at the labour intensive sectors to ensure absorption of our people into gainful employment. Our EPWP programme has created over two thousand job opportunities and we shall continue to drive the job creation agenda through ensuring that local people are employed in all the housing projects and other projects that the municipality is implementing.

Community Services

The growth in our population is good news, reflecting the unique qualities of the municipality and confidence in what lies ahead. Of course, it also places Council under much pressure to cater for the recreational needs and addressing backlogs in so far as this is concerned. We continue to work toward creating sustainable communities within a sustainable environment , and our **“going Green”**, is our commitment towards climate change and global cooling. Mr Speaker, We are indeed proud of the fact that we remain the cleanest town in KZN for 7 consecutive years and the second cleanest in the country for 2 years. We are proud of the hard work and dedication of specifically the waste collection team, notwithstanding the unprotected strike that has seen our town trashed by angry workers in the year under review.

We will continue our efforts of retaining this title in the interest of creating a greener future for our future generations.

Our Paperless environment project is reaping good results over the past 2 years, such that it has been extended further to staff and other functions such as electronic filing - which is in the pipeline with the centralization of our records system. The project was piloted in the BTO section to address records gaps as identified by the Auditor-General – and has already shown some success in that no issues were raised by AG relating to document management in the current year as compared to previous years.

We have also rolled out innovative recreational projects in the form of Futsal Courts in Osizweni and Madadeni this year, and have built 7 new play parks and Eco Parks in Lennoxton, Ncandu, Arbor Park, Mzamo Blaauwbosch, Vuyisile Thwala Osizweni, Section 6 Madadeni and Charlestown. Our Eco parks boast outdoor gym facilities, outdoor table tennis and beach volley ball all combined in one fully functional Eco Park and is confirmed to be the first of its kind in the Province. Not only are the parks assisting with the reduction of crime, illegal dumping and ensuring healthier communities through active sport, but the equipment installed in the eco – parks work without electricity therefore the eco – park is a 100% environmentally friendly.

Contributing to healthier environments, we rolled out many waste management initiatives which include amongst others :

- Receiving 500 Recycle Bins to start up the Reduce, Re-use, Recycle campaign of Council
- Clean Up Projects Using EPWP Workers
- Purchase Of Waste Vehicles to sustain existing serviced areas and to address backlogs in waste collection – targeting Blaauwbosch in 2014/15
- Launch Of Ncandu River Clean Up Project

- Purchase Of Bulk Containers And Pole Litter Bins

Other completed projects include :-

- Establishment of a Pound
- Establishment of Ablution Facilities
- The much awaited fencing of Cemeteries at Rooi-point and Charlestown
- Purchase of Grass Cutting, Plant & Equipment
- Fencing of Library and Community Hall
- Maintenance of Library Rooms

2013/14 also saw the delivery of the much anticipated delivery of specialized fire disaster management vehicles to complement the existing fleet. This will go a long way in improving the disaster management service to our community.

CONSTRUCTION OF THE TOWER BLOCK

The Construction of the one-stop tower block for the housing of all municipal staff – although incomplete – has already changed the landscape of Newcastle forever. The last phase of the project is anticipated in the 2014/15 financial year. Whilst concerns are raised regarding the impact this has on the municipal finances, be rest assured that the project is being managed without affecting the long term sustainability of the municipality. On the contrary, the benefits of this building will be reaped for many generations to come.

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT

In the year under review, 92 budgeted for vacancies were filled and 31 Critical positions as identified and approved by the Municipal Manager as budgeted for were filled. This is in line with Council's strategy to create capacity in house and to ensure a fully functional organisational arrangement. The position of CFO remained unfilled in the year under review, with the recruitment process underway in the new financial year. It was necessary as part of the intervention, to acquire the relevant expertise from KPMG until the post is filled. The filling of the said post is imminent.

The year under review also saw the transfer of the water reticulation function from UThukela water, thus the transfer of 300 employees from the Entity. A plan of action was prepared to ensure continuity in service delivery- and I am pleased to announce that with the exception of a few minor operational issues, the transfer of the function has been deemed to be successful.

The Human Resources Development (HRD) Division in line with its mandate of capacity building in the organisation was able to enrol 680 employees across Departments on skills Development programmes that are aimed at sharpening skills, career development and multi-skilling.

The year under review saw the graduation of 57 employees and Councillors for the qualification of Municipal Finance Management Programme through the University of Pretoria. Although this is mainly covering the Municipal Manager and SED's and relevant finance officials, the programme was extended to 40 more employees – ensuring increased capacity in complying with minimum competency standards.

The municipality will continue to comply with both employment equity and skills development requirements as per the approved plans of Council.

STRENGTHENING OUR COMMUNITIES

Encouraging people to become more involved in their local community is important to Council. We have many groups and organisations that make a wonderful contribution to our community and they help to make Newcastle the great municipality it is. It was an exciting year for festivals and public events. Council joined the rest of the County in celebrating our 20 years of democracy. It also saw enhanced functionality of the 31 Ward Committees and the war rooms established to fight against poverty in partnership with other government departments.

We also through our Special programmes intervention celebrated the extraordinary contributions of our senior citizens, the disabled, people living with HIV/AIDS, youth development and others. 8 such relevant forums in line with the National Framework on Special Programmes are established and are functional. Council and its employees also participated in International Mandela Day - with each department adopting a needy family by building a house and rendering social support.

Other standout events included the Annual Amajuba Winter festival and Airshow which attracts hundreds of tourists to our beautiful City.

Our social interventions include supporting 18 870 registered Indigent households with subsidized municipal services through the equitable share. These are households with a household income not exceeding R3500 per month. Through the Mayoral Bursary Scheme, I am pleased to announce that in the year under review – 230 bursaries were issued to historically disadvantage needy students to further their studies. A further 50 students were supported for studies through the Newcastle Municipality/Amajuba FET partnership.

Mr Speaker, it is always a daunting task to provide a complete account on the responsibilities conferred upon us by the electorate. Most significantly, we do so being quite conscious of the fact that the general public deserves its rightful place at the apex of the 'accountability chain'.

Accordingly, this report is intended for all those who ***“Work, Play and Stay”*** in our municipal area by providing them with an insight into our approach to governance and service delivery and the mandate conferred upon us by this very electorate. This Annual Report 2013/14 is a culmination of the implementation of the Council's adopted Integrated Development Plan (IDP), Budget and Service Delivery and Budget Implementation Plan. It therefore in essence is an account of our challenges and achievements in the year under review. This report also attests to the collective efforts of the administrative and political arms of the Municipality to progressively address the expectations of our people.

It remains true that for some time to come that the challenges of poverty, underdevelopment and the historical legacy of neglect will remain with us beyond the term of office of any elected political office-bearer or top management official. This clearly qualifies the fact that **‘development is not an event but a process’** which requires multiple resources and effective leadership.

I have no doubt that this will be a useful document for Councillors, Staff and Stakeholders as we strive to continuously improve our services to the people of Newcastle.

As Mayor of ***“MY HOME, MY NEWCASTLE”***, I remain committed to working together with my Executive Committee, the whole Council and the Municipal Administration in realising our Vision and making it a practical reality. I am positive Somblo, that our Municipality's future holds the promise of a better managed and financially viable institution which delivers excellent services to the communities. I trust that every reader who studies this report from a balanced and fair perspective will concur with this impression.

Looking back on the events of the past year, it is important to acknowledge the efforts of my fellow Councillors including our late Councillor Ntombela who served on the Exco with a passion for the development of our City and its people. I wish to thank the Municipal Manager, Mr Masange and his team for their unwavering commitment to improving the lives of our communities – sometimes through difficult and trying circumstances, and in some instances beyond the call of duty. I acknowledge also the faith that the Council have entrusted in me as Mayor, and for their leadership. I trust that going forward, we can collectively combat our service delivery and governance challenges in ensuring that we become ***“the Model City”***.

Mr Speaker , As someone who has lived my whole life in Newcastle, and who lives and breathes Newcastle.... I am proud of the way our Council served the local community in this

financial year. It is indeed a privilege for me to present to you the Annual Report for the financial year ended 2013/14.

Mayor, Cllr Afzul Rehman



Kebone Masange

The Newcastle Municipality served the community well during the 2013/2014 financial year. This annual performance report bears testament to this and clearly demonstrates the commitment of the Council and the Administration to ensure that the local community have access to their basic needs and retains levels of services it renders in line with its constitutional mandate.

Investment in capital and social infrastructure remains a clear focus area when projects are identified in the IDP. This report further demonstrates the ability of the Newcastle Municipality to adapt to the ever changing social and economic needs of the local community, and within the limited resources available to the municipality to render services in an effective and efficient manner.

The above the norm budget spend of 94% (Vat incl) on capital infrastructure, and 88% on operational expenditure against an consolidated budget of almost R2b, clearly indicates that the municipality has taken great strides in ensuring service delivery. The 2013/14 financial year saw a drastic improvement in spending in relation to the previous financial years.

Only 1% of the planned strategic targets could not be met at all on strategic goals set for the 2013/14 financial year. 67% of targets were met, with the remaining 32% being in progress at year end. Recommendations on corrective action on these are specified in this report for follow up in the new financial year, to ensure that the IDP 5 year targets are achieved.

The year under review was not void of challenges. These included drastic labour unrests by municipal employees, cutting back expenditure to resolve cash flow challenges experienced, delays in acquiring an external loan for the capital programme to mention but a few. Despite these challenges that were endured, the municipality managed to achieve both provincial and national accolades and awards.

The management have also focused on key interventions on governance issues, primarily due to a qualified audit opinion from the Auditor-General for a few years now. I am pleased to report, that the internal controls and improvement in the institutional arrangements to address this challenge -have shown improvement in governance holistically as reflected in this report. The management remains committed to achieve a Clean Audit in the near future, and will persist with implementing recommendations of the Audit Committee, MPAC and other governance structures.

For the year under review the municipality has made significant progress in extending water services to households, providing refuse removal services, supporting households in accessing housing, supporting and eradicating electricity backlogs in ESKOM license areas, greening the urban space through planting trees, providing effective environmental health services, supporting the police to reduce incidences of crime, providing effective emergency and firefighting services, ensuring that Council and its Committees provide effective oversight, facilitating empowerment of staff, upgrading of social amenities (parks, recreational areas, Taxi ranks, sporting facilities).

The municipality has taken great strides in creating and maintaining an environment conducive to stimulating economic growth as will be seen in this key performance area further in the report. I am pleased to report that through its own programmes, the municipality has created 2539 jobs during the 2013/14 financial year , and will continue to network with both the public and private sector to ensure economic sustainability for this growing city where unemployment is a critical intervention area.

Importantly, the municipality is also on course to implement bulk water and sanitation projects that would provide the requisite services and support future growth and development in respect of eradicating housing backlogs and supporting tenure for middle income citizens of Newcastle, being only 1 of 3 accredited municipalities in Kwazulu-Natal with a Level 2 accreditation from the Department of Human settlements.

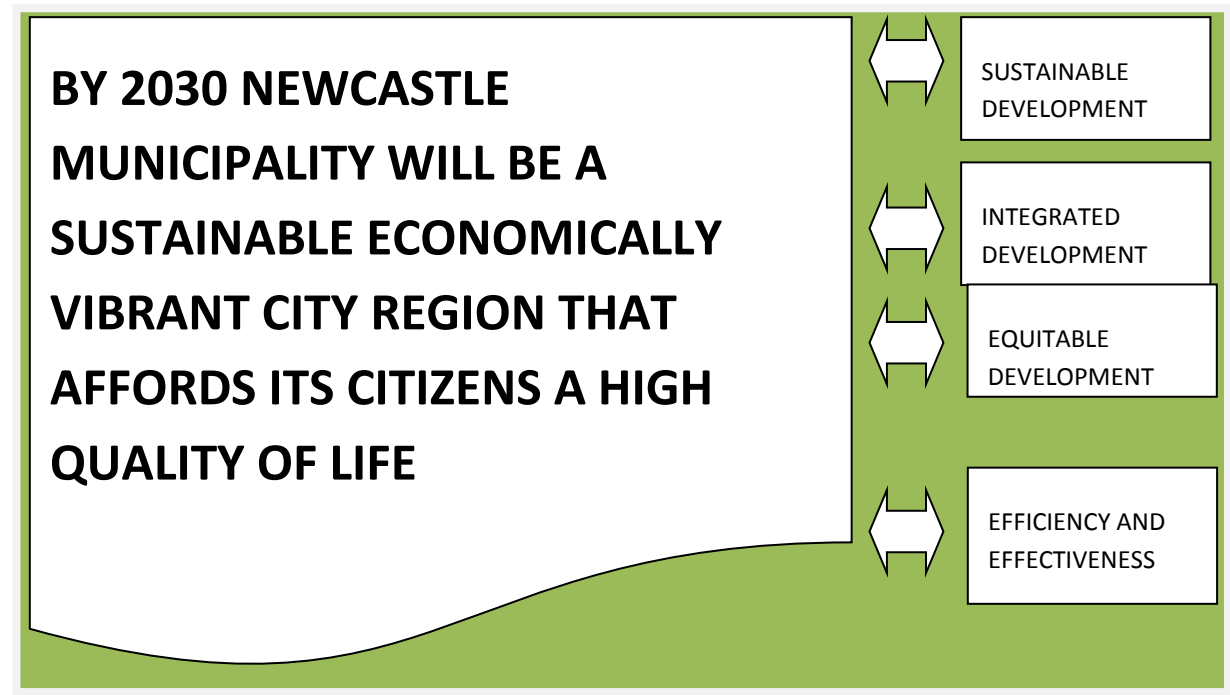
The municipality will continue to accelerate revenue enhancement strategies to ensure financial viability. This will include amongst others, enforcing policies to reduce outstanding debt. I urge the community and relevant stakeholders to support the municipality in this initiative.

In conclusion, I wish to extend my gratitude to the Municipal Council, Executive Committee, Management Team as well as to all the employees of the Newcastle Municipality who continually assist to ensure that Newcastle Municipality is well on its way to becoming “ **A Model City**” . Lastly and certainly not least, the achievements reported will not be possible without the co-operation and support of all stake-holders and the community - we cannot thank you enough for this.

MR K MASANGE(Mr)
Municipal Manager

VISION

The Vision of the Newcastle Municipality is :



MISSION STATEMENT

The Mission of the Newcastle Municipality is:

Newcastle Municipality commits to the following mission Statement:

- **Render sustainable services**
- **Creating an environment conducive to economic growth.**
- **To become the Regional Centre for Investment attraction for Northern KZN.**
- **Improve service delivery.**
- **Offer good governance and public participation.**
- **Best ITC municipality in the local government sphere**

HIGH LEVEL STRATEGIES

The Development strategy for the NLM is designed to fit-in and give effect to the intention of both the national and provincial development strategies. This includes at a national development plan (Vision 2030) and various government programs. NLM IDP also fits within the provincial development framework as set out in the PGDS. The NLM strategy covers the following:

- ☛ Strategic fit (alignment with national and provincial development strategies).
- ☛ NLM long-term strategic direction and organizational culture.
- ☛ NLM short to medium term strategies and action plans.

ALIGNMENT WITH NATIONAL AND PROVINCIAL STRATEGIES

STRATEGIC FIT: NATIONAL

The strategic approach is meant to highlight the impact that the municipality seek to create in the short to long term period. As indicated in the IDP, in addition to outcome 9, the NLM will contribute to the attainment of outcomes 2, 4, 5, 6, 8, 9, 10 and 12 with the 5 KPA as the strategic areas for intervention. As such, the development strategy for the NLM is designed to address issues that are specific to the NLM while also contributing to the attainment of the national and provincial priorities.

LOCAL GOVERNMENT TURN AROUND STRATEGY

In line with the National Turnaround strategy, the Newcastle Municipality also strives to address the turnaround priorities as identified below. The PMS of the municipality caters for the monitoring of targets set against these activities as included in the IDP.

The outcomes of meeting these objectives as identified by the Local Government Turnaround Strategy include:

- ☛ The provision of household infrastructure and services
- ☛ The creation of live-able, integrated and inclusive cities, towns and rural areas
- ☛ Local economic development
- ☛ Community empowerment and distribution

Accordingly Newcastle Municipality has prioritised the following as part of the municipal turnaround strategy:

- ☛ Service Delivery (Maintenance existing levels, Rehabilitation of infrastructure and backlogs)
- ☛ Fast Track Sustainable Human Settlements through Housing and Rural Development Program
- ☛ Develop Consolidated Infrastructure Plan and Capital Investment Plan for implementation
- ☛ Debt Management – increase payment factor

- ✓ Revenue enhancement
- ✓ Debt Control
- ✓ Revenue Collection
- ✚ Integration and Co-ordination (Establishment of Economic Forums)
- ✚ Clean Audit by 2014
- ✚ Intergovernmental relations
- ✚ Identify infrastructure that support economic development
- ✚ Development of Communication Strategy
- ✚ Halving poverty and unemployment by 2014

LOCAL GOVERNMENT OUTCOME 9

The national government has adopted an Outcomes Based Approach to development as a means to focus government initiatives and manage public expectations. Based on the Medium Term Expenditure Framework (MTEF), Outcome 9 deals with local government and affects Newcastle Municipality directly. It moves from a premise that local government is a key part of the reconstruction and development effort in South Africa, and that aims of democratizing society and growing the economy inclusively can only be realized through a responsive, accountable, effective and efficient local government system that is part of a developmental state. The Newcastle Municipality PMS also supports Outcome 9 and specific KPI's aligned to outputs specified below are included in both the Organisational scorecard and SDBIP's.

The government has identified the following outputs for Outcome 9:

- ✚ Output 1: Implement a differentiated approach to municipal financing, planning and support.
- ✚ Output 2: Improving access to basic services
- ✚ Output 3: Implementation of the Community Work Programme
- ✚ Output 4: Actions supportive of the human settlement outcome
- ✚ Output 5: Deepen democracy through a refined Ward Committee Model
- ✚ Output 6: Administrative and financial capability
- ✚ Output 7: Single window of coordination

PRIORITY ISSUES AS IDENTIFIED IN THE 3RD GENERATION IDP

- ☐ Delivery of human settlements – housing
- ☐ Upgrading and expansion of existing infrastructure
- ☐ Inefficient spatial integration and poor land use management.
- ☐ Poverty and unemployment.
- ☐ Rural development and Urban renewal
- ☐ Public participation and Governance
- ☐ Insecurity of land tenure
- ☐ Infrastructure investment Program

- ☐ Debt collection and management

CHAPTER 2

MUNICIPAL OVERVIEW

LOCALITY AND BACKGROUND

Newcastle is the third largest urban center in KwaZulu-Natal South Africa, and is categorized as a Secondary city and is the biggest municipality within the Amajuba District. Newcastle is located in the North West corner of the province along the Ncandu River and is moderately industrial. The upper part of the Drakensberg mountain range curls along the west side of the town. The town was strategically placed in 1854 by the Surveyor General of the Natal Colony, Dr PC Sutherland. The town was later known as the Waterfall River Township because of the Ncandu River. In 1864, the town of Newcastle was founded on the site, becoming the fourth town to be established in Natal. The Town was named after the British Colonial Secretary, the Duke of Newcastle.

Newcastle functioned as a major transport junction and popular stopover for wagons and post chaises during the late 1800s. In 1890, the first train arrived in Newcastle. In 1891, Newcastle was declared a borough. The discovery of coal brought a new era of prosperity to the town and several ambitious building projects were planned for Newcastle in the late 1900's.

DEMOGRAPHIC PROFILE

POPULATION SIZE AND GROWTH PATTERNS

The official government figures reflected in the 2011 census data estimates the total population of the NLM to 363 237 people. This marks a net population increase of 0.87% per annum between 2001 and 2011. It is estimated that the population has grown further to 334 001 people between 2011 and 2012. It is noted that between 1996 and 2001, population increased by 2.93% per annum.

Table 1: Population Growth and Density

DISTRICT	POPULATION SIZE	% SHARE OF KZN POPULATION	% SHARE OF AMAJUBA POPULATION	AREA IN SQUARE KM	POPULATION DENSITY (PPL/KM ²)
KwaZulu-Natal	10 267 299			93 378	110.8
Amajuba	499 839	4.9		6 921	72.9
Newcastle	363 237	3.5	72.7	1 689	197.7

Emadlangeni	34 440	0.3	6.9	3 714	18.3
Dannhauser	102 162	1.0	20.4	1 518	67.5

Source: Stats SA, 2011 Census Data

This trend is characteristic of the whole district with municipalities such as Dannhauser recording a negative growth rate between 2001 and 2011. Population growth rate in Newcastle is above district average of 0.66% making Newcastle the fastest growing municipality in the district in terms of population.

Newcastle accounts for 73% of the district population. 20% of the district population resides in Dannhauser while only 7% is found in Emadlangeni Municipality.

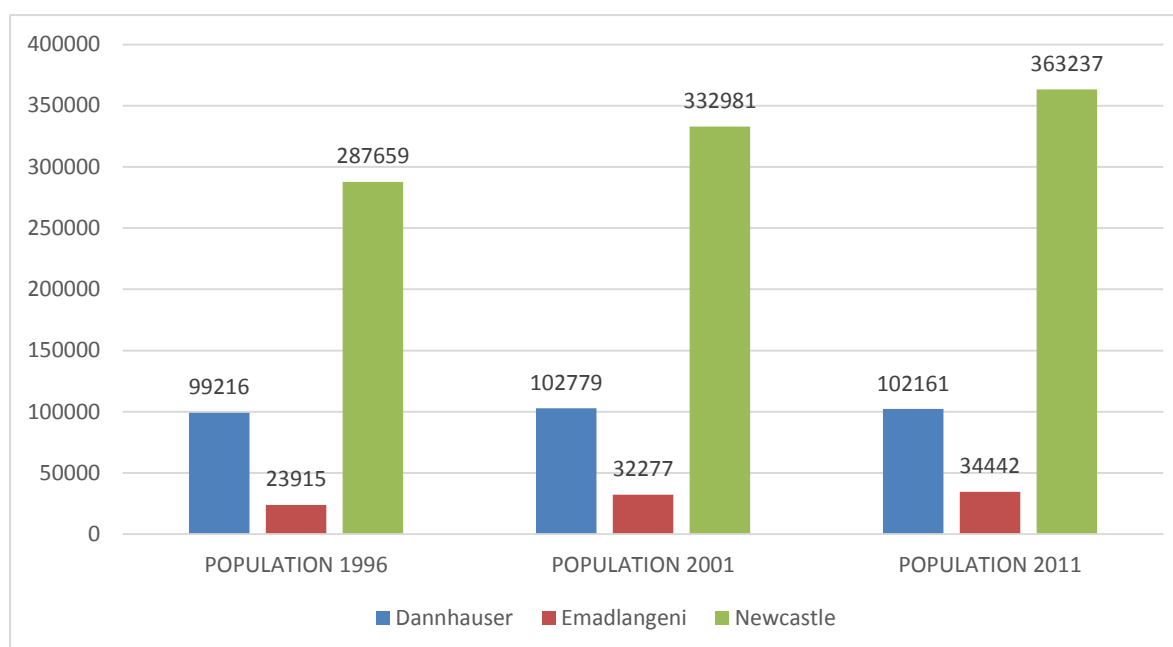
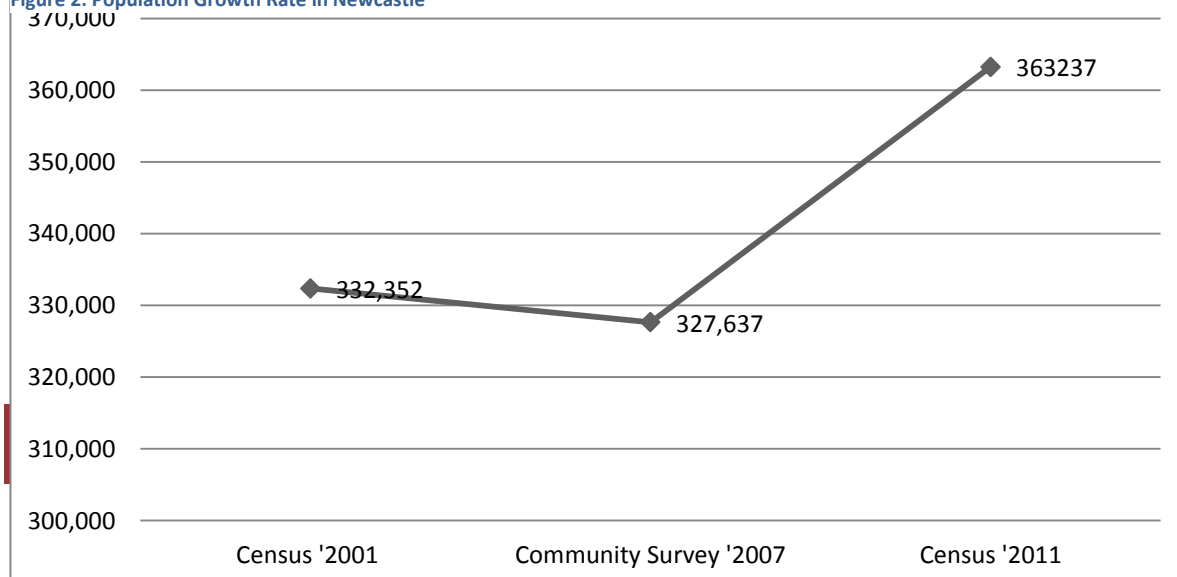


Figure 1: Population Growth in Amajuba District

Source: Stats SA, 2011 Census Data

Figure 2: Population Growth Rate in Newcastle



Source: Stats SA, 2011 Census Data

As indicated

ted in Figure 2 and 3 below, population growth rate in Newcastle is in an upward trajectory with the majority of the growth occurring mainly in the eastern areas – around Madadeni and Osizweni Townships. These are largely underdeveloped areas occupied mainly by low income and poor communities. Current population movement patterns in the region suggest that the urbanization phenomenon continues with factors such as natural growth rate, breakdown in extended families and in-migration being the main drivers. In-migration arises mainly from perceived urban opportunities and prospects for a better life, poor access to services and lack of employment opportunities in the rural hinterland and general decline in employment opportunities in the agricultural sector. Over the last ten years, Newcastle agricultural regional has registered a net decline in both production and employment opportunities.

HOUSEHOLD SIZE

Similarly, Newcastle accounts for the majority (84 272) households found within Amajuba District. This is consistent with the population distribution which suggests that the majority of the population within the district resides in Newcastle Municipality. Average household size is 4.3 people which suggest a slight decline in average household size from recorded in 2001.

Figure 3: Households in Newcastle Municipality and Amajuba District

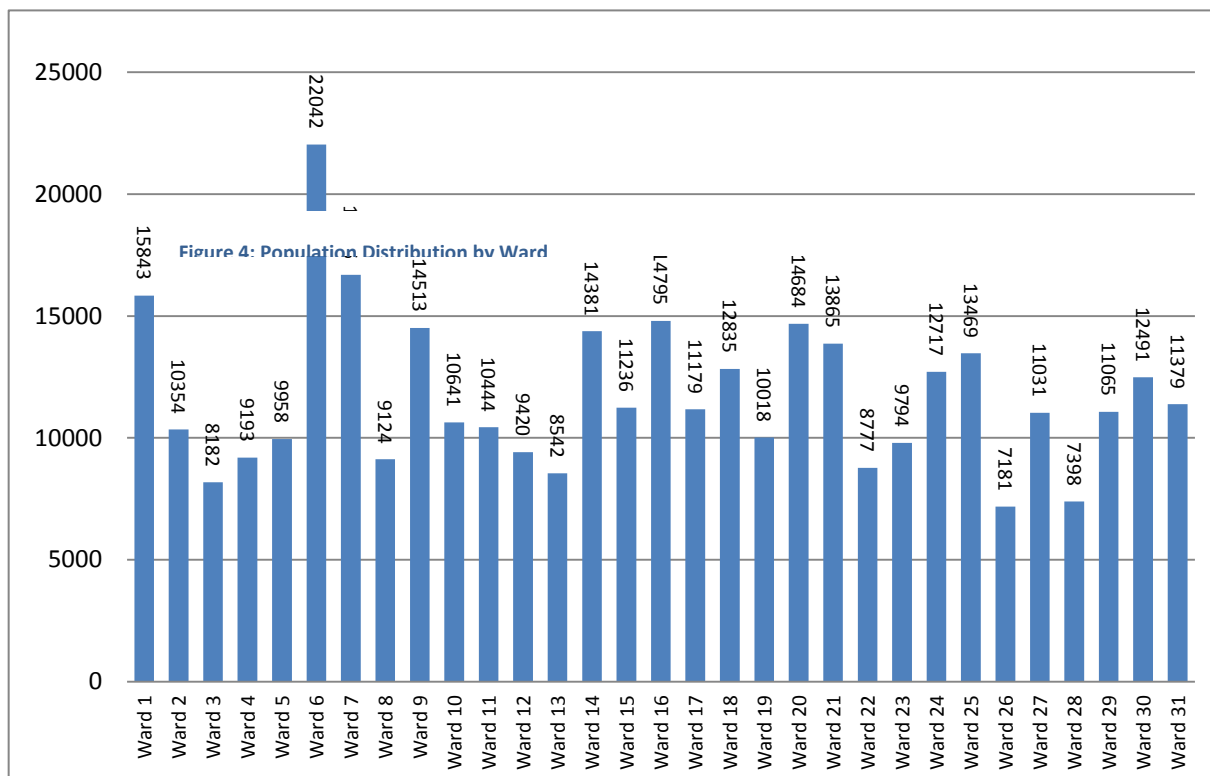
DISTRIBUTION OF HOUSEHOLDS BY MUNICIPALITIES	NUMBER OF HOUSEHOLDS		AVERAGE HOUSEHOLD SIZE		FEMALE HEADED HOUSEHOLDS %	
	2001	2011	2001	2011	2001	2011
Newcastle	71164	84272	4.6	4.3	45.1	47.5
Emadlangeni	6187	6252	4.8	5.5	32.2	38.8
Dannhauser	19320	20439	5.3	5.0	48.6	50.7
Amajuba	96670	110963	4.8	4.5	44.9	47.6

Source: Stats SA, 2011 Census Data

The number of households headed by women has increased from 45.1% in 2001 to 47.5% in 2011 in line with the district average of 47.6%. This read together with the relative decline in population growth rate suggests an increasing level of circular migration coupled with an increasing breakdown in extended and compounded households.

POPULATION DISTRIBUTION BY WARD

The population is spread unevenly amongst thirty one (31) municipal wards, with ward 6 being the most populated ward followed by ward 7 and ward 1. The main settlement areas that are found in ward 6 include Ncandu Park, Riverside Industrial Area and Arbor Park. Ward 7 comprises of the Airport, Industrial Area, KwaMathukuza Township and parts of Madadeni Township. Ward 1 is rural with settlements such as Kilbarchan, Ingagane and farmlands with different rural



sett
lem
ent

S.
Sour
ce:
Stats
SA,
2011
Cens
us
Data

AGE STRUCTURE

Newcastle population is relatively young with 46% of the population being younger than 19 years of age, while the age group between 20 and 34 years accounts for 27% of the population. This puts pressure on the provision of educational facilities, social welfare, health services and the stimulation of the economy to provide job opportunities and economic development. In-

migration of the youth and economically active population implies an increasing need for recreation, educational facilities and employment opportunities.

Figure 5: Population Distribution by Age

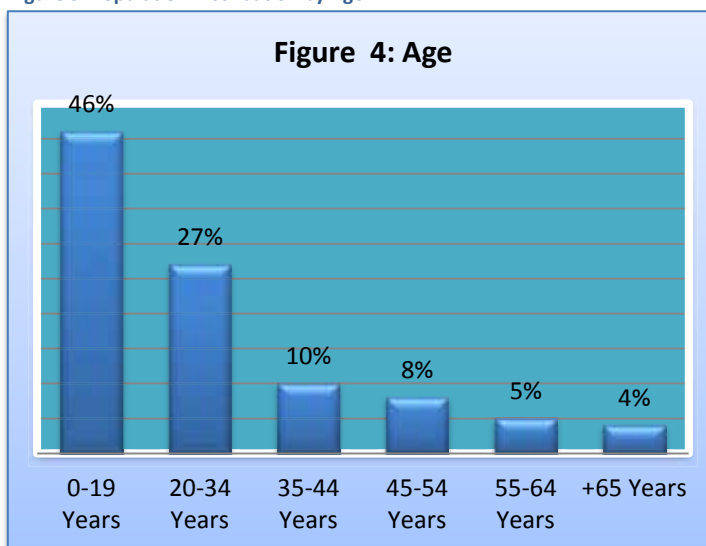
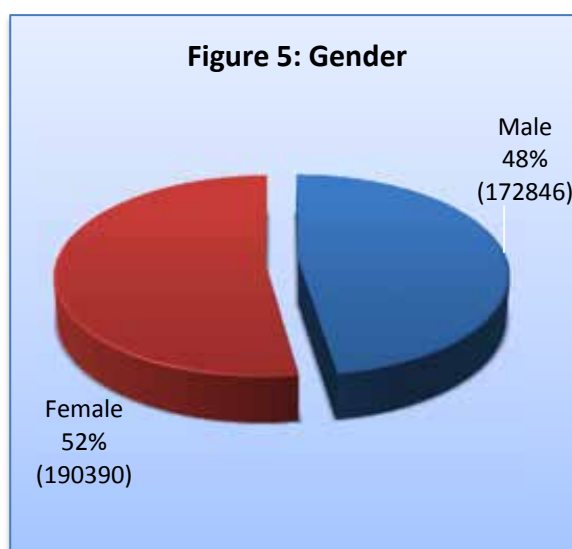


Figure 6: Population Distribution by Gender

GENDER

52% of the population is female while males account for the remaining 48%. This gender distribution conforms to the National norm. Thus the need for programmes specifically targeted to gender equity is critical. In response to this, the Newcastle Municipality has prioritized Gender issues as part of its Special Programmes. Specific projects and programmes aligned to the National Program should be developed and rolled out in line with the municipal program of action.



HIV AND AIDS

HIV and AIDS have had a major impact on both the quality of life of communities and families and on the economy. Number initiatives have been implemented through the National Department of Health to combat the current epidemic however major challenges still remain. Within Newcastle, the number of HIV positive persons has increased at an average annual growth rate of 2.9% between 2000 - 2010, bringing the percentage of the population with HIV to almost 17% of the total population. The number of AIDS related deaths has increased at an average annual growth rate of 8.7% between 2000 – 2010, with AIDS deaths accounting for about 62% of total deaths in the municipality. This highlights the severity of the current situation and the need for interventions that target and attempt to address these HIV/AIDS challenges.

SOCIO-ECONOMIC PROFILE

EDUCATION PROFILE

Education profile of the population shows significant improvement since 2001. The number of people who do not have any formal education declined from 13% in 2001 down to 7.8% in 2011. This was coupled by a substantial increase in the number of people with secondary education (Metric) from 25.8% to 32.8% during the same period. However, a low representation of people with higher education is worrisome as this category has recorded a remarkable decrease from 8.2% in 2001 to 4.4% in 2011. This phenomenon could be attributed to the general lack of tertiary institutions and employment opportunities in the area. It limits the ability of the area to attract and keep highly qualified people.

Table 2: Education Profile

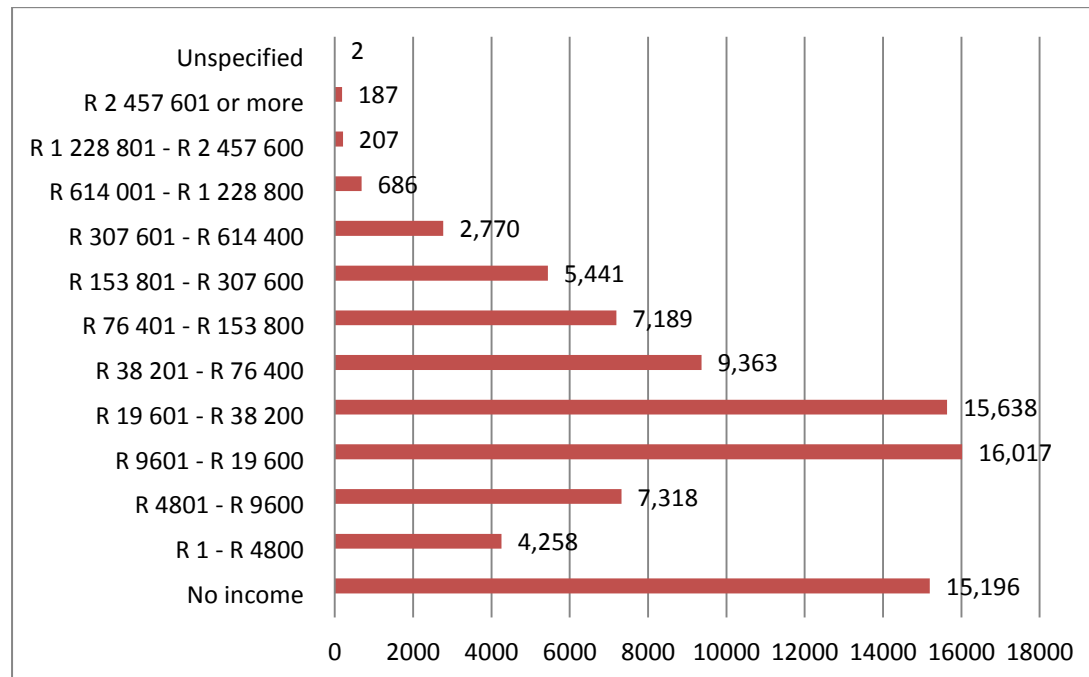
MUNICIPALITIES	NO SCHOOLING		HIGHER EDUCATION		MATRIC		PRIMARY EDUCATIONAL ENROLMENT AGED 6-13	
	2001	2011	2001	2011	2001	2011	2001	2011
Amajuba	16.1	7.8	7.0	3.7	23.1	30.5	91.0	94.6
Newcastle	13.3	7.0	8.2	4.4	25.8	32.8	90.9	94.7
Emadlangeni	25.2	14.0	4.4	2.6	11.6	18.8	87.3	93.0
Dannhauser	22.8	8.9	3.4	1.3	17.1	25.3	92.2	94.9

Source: Stats SA, 2011

The number of children between 6 and 13 years of age enrolling for primary education has increased from 90.9% in 2001 to 94.7% in 2011.

INCOME PROFILE

Figure 7: Annual Household Income



Source: Stats SA, 2011

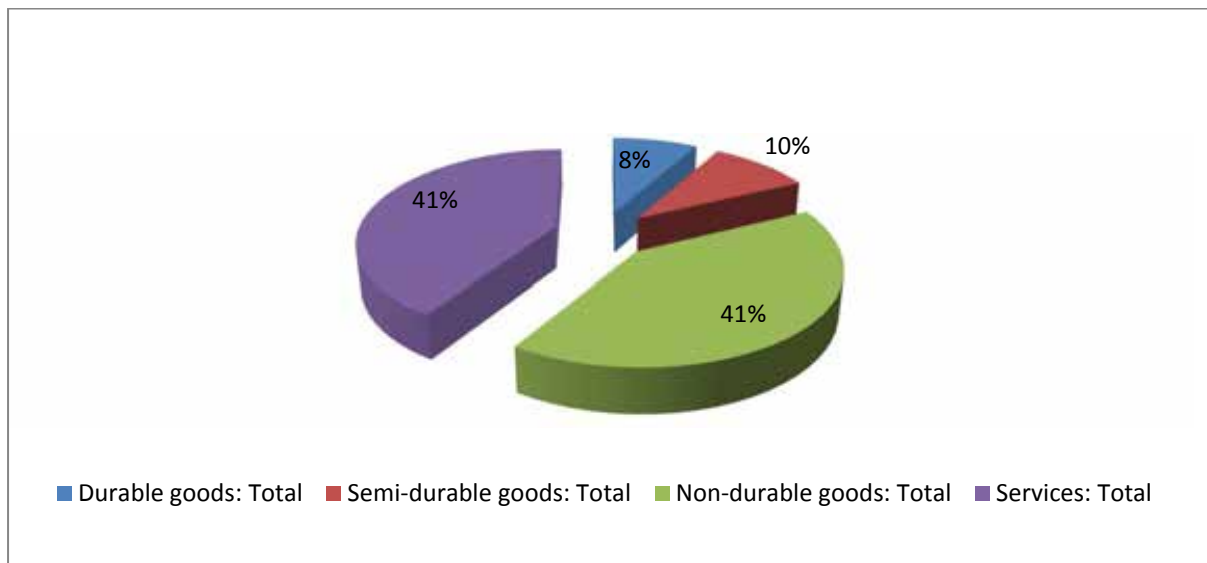
Newcastle Municipality has a generally low income population with a large number of people (R15 196) living in abject income poverty as they do not have a reliable source of income. Those who earn some income earn less than R38 200 per annum or R3 183.33 per month. Dependence on grants funding such as welfare grants and pension is also relatively high. As indicated figure 6 above, the level of representation drops sharply as income brackets increases. As a result, affordability level is generally low while dependency on social grants is high. 22000 people applied to be registered on the indigent list for the municipality in 2010.

HOUSEHOLD EXPENDITURE

Total household income in 2010 was approximately R7.8 billion in Newcastle, of which 69.2% is remuneration (R5.4 billion) and 30.8% is unearned income (R2.4 billion). Of the total household income, 93.7% is household expenditure, which consists of the purchase of goods and services. Savings were negative in 2010 suggesting that an additional R250 million worth of credit is being utilised in addition to

total expenditure. The graph below displays the breakdown of expenditure into the major purchase categories.

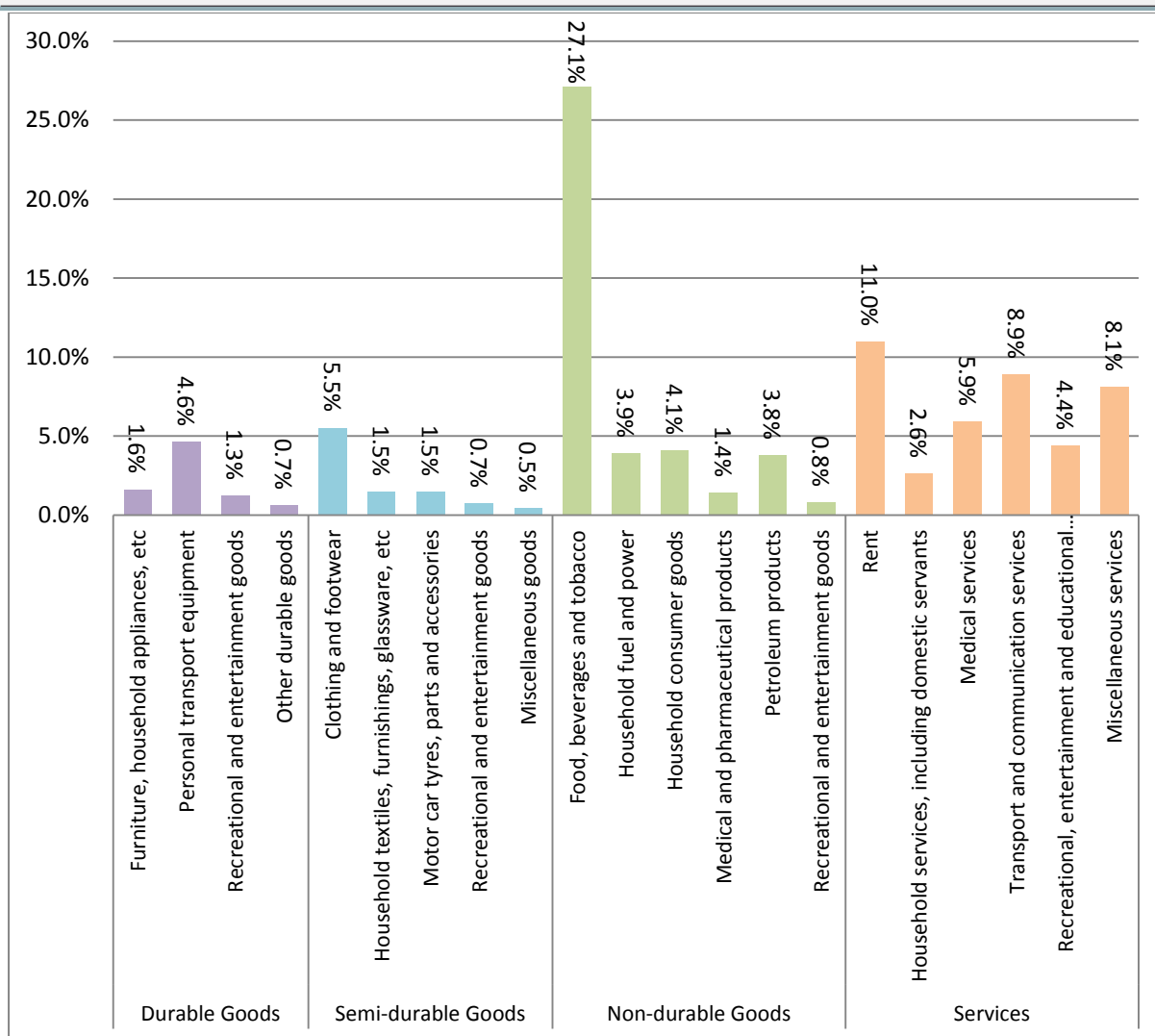
Figure 8: Household Expenditure



Source: Urban-Econ calculations based on Quantec Data (2012)

The largest sub-category of expenditure is food, beverages and tobacco contributing just over 27% to total expenditure within Newcastle. This is followed by rental (11%), transport and communication (8.9%), miscellaneous goods (8.1%), medical services (5.9%), and clothing and footwear (5.5%). This indicates that a large portion of expenditure is being used for basic necessity items such as food and clothing, as well as rent, transport and communication, with little left over for items such as household furnishings, transport equipment, recreation and entertainment, as well as luxury items.

Figure 9: Sub-category Contribution to Total Expenditure (2010)



Source: Urban-Econ calculations based on Quantec Data (2012)

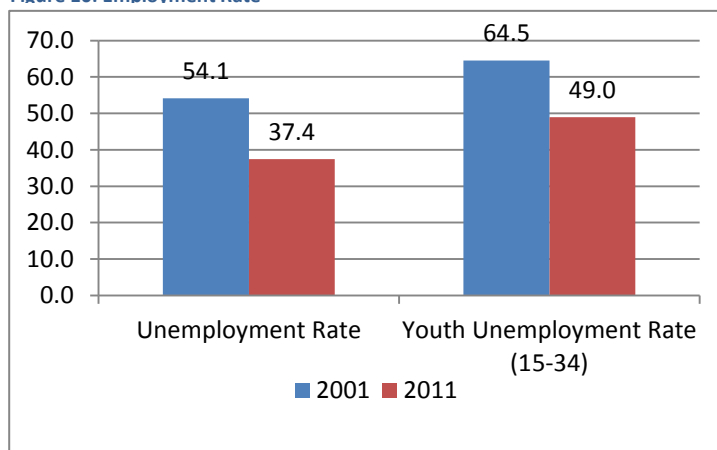
EMPLOYMENT

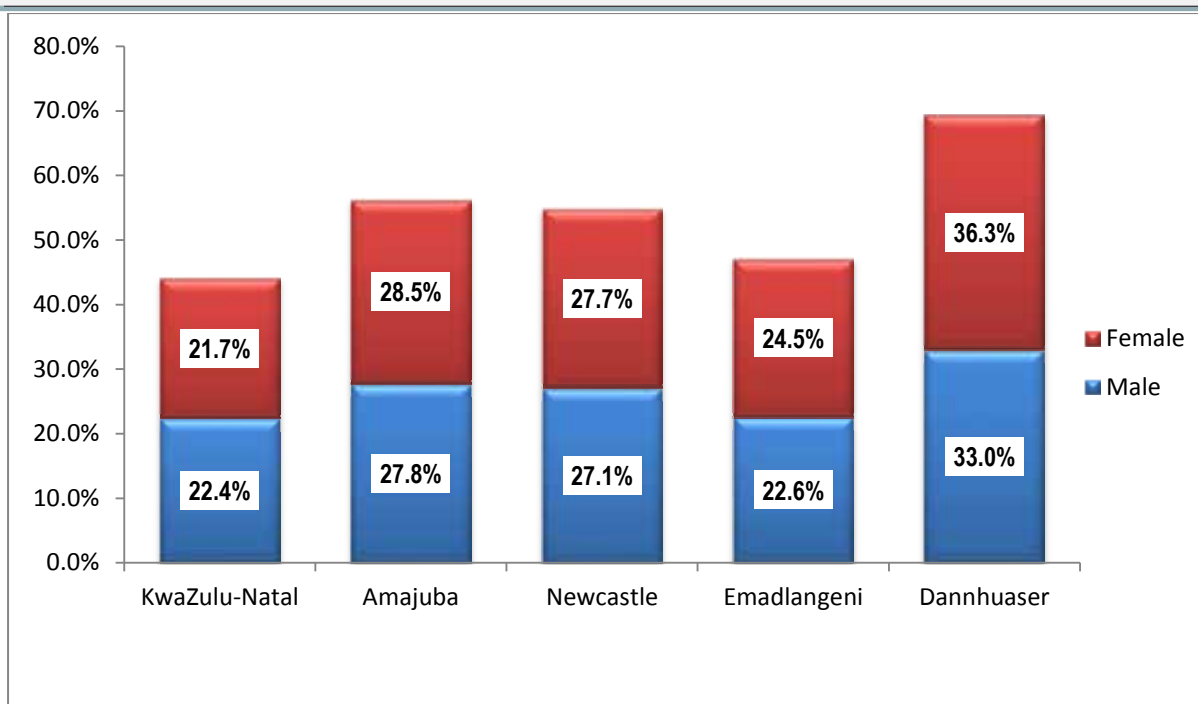
UNEMPLOYMENT RATE

As indicated on Figure 8, unemployment rate in Newcastle Municipality is estimated at 37.4%. This marks a slight decline from 54.1% recorded in 2001. Unemployment among the youth (15 to 34 years of age) has also declined from 64% in 2001 down to 49% in 2011.

Figure 11: Unemployment Rate

Figure 10: Employment Rate





However, an analysis of the unemployment rate using the official expanded definition of unemployment reveals a slightly different picture. Average rate of unemployment in Newcastle Municipality is comparable to the Amajuba District, but is higher than the provincial average of 21.7% and 22.4% among the females and males respectively.

EMPLOYMENT RATE

The Newcastle Municipality accounts for 82.9% of the total informal and 76% of the total formal employment within Amajuba District Municipality (refer to Table 3). This confirms the role of Newcastle as the main economic hub within the district.

Table 3: Employment Profile

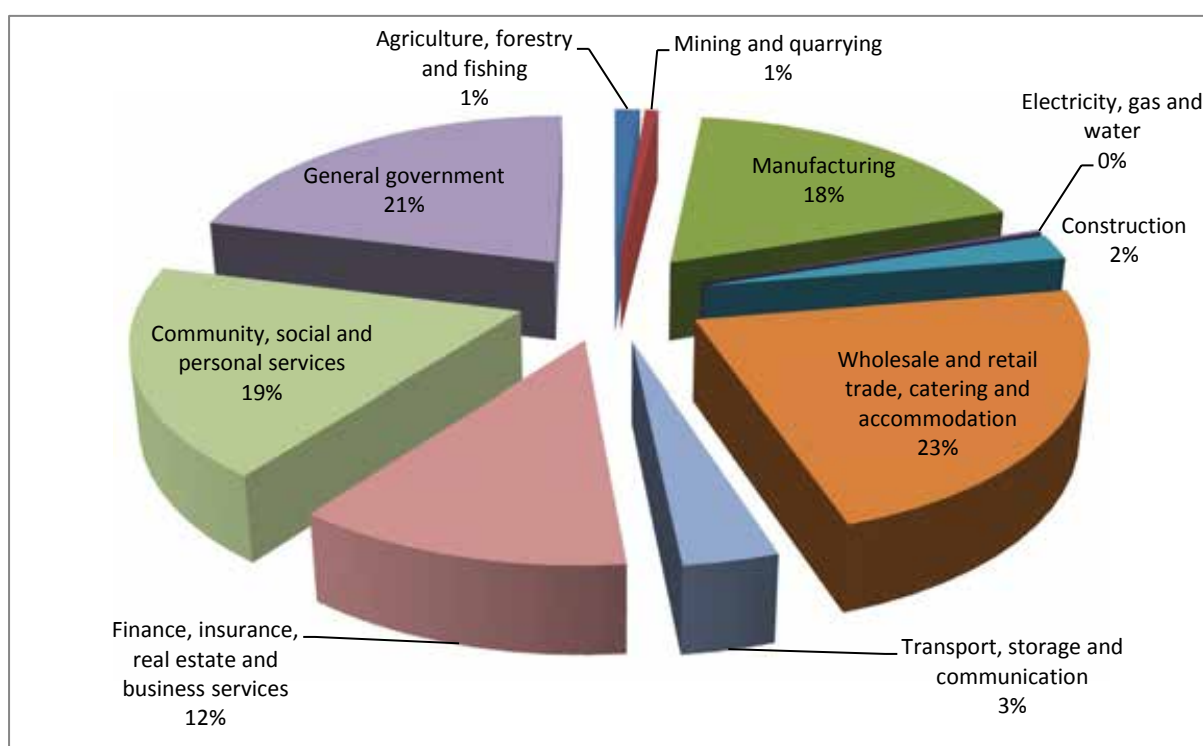
	Formal Employment	Informal Employment	Total Employment	% Share of KZN Formal Employment	% Share of KZN Informal employment	% Share of Amajuba Formal Employment	% Share of Amajuba Informal Employment
KwaZulu-Natal	1 503 482	550 992	2 054 474				
Amajuba	61 393	34 259	95 652	4.1	6.2		
Newcastle	46 661	28 397	75 058	3.1	5.2	76.0	82.9
Emadlangeni	8 918	3 838	12 756	0.6	0.7	14.5	11.2

Dannhauser	5 814	2 023	7 837	0.4	0.4	9.5	5.9
------------	-------	-------	-------	-----	-----	-----	-----

FORMAL EMPLOYMENT BY INDUSTRY

There is an almost equal share of skilled and semi/unskilled persons within Newcastle, consisting 44% and 43% of those employed in the formal economy, respectively. Only 13% of those employed in the formal economy are classified as highly skilled. The graph below displays the distribution of those employed in the formal economy by industry.

Figure 12: Formally Employed by Industry in Newcastle (2010)



Source: Urban-Econ calculations based on Quantec Data (2012)

The primary sectors of the economy only contribute 2% to total employment within Newcastle, with agriculture contributing 1.3% (800 people) and mining 0.7% (426 people). Of concern is the average annual growth rate of employment within the agriculture and mining sectors, which have declined by 16% and 7.5% per annum since 2000 respectively. The manufacturing sector contributes 17.9% to total employment (11,453 people) within the municipality, and has also experienced negative growth with an average annual decline in employment of 5.2% since 2000. These trends are alarming as they highlight the decline in employment within the primary and secondary sectors, which form the foundation of the economy, and are generally more labour intensive than tertiary sectors. Major intervention will be

required to ensure that the agricultural and manufacturing sectors are regenerated to absorb more labour and stimulate economic activity.

The wholesale & retail trade and catering & accommodation sector is the largest employer with 22.6% of total employment (14,426 people), and has declined at a much lower rate of -0.4% on average per annum. The finance, insurance, real estate and business services sector contributes 11.9%, while the community, social and personal services contributes 18.6%, and general government services 21.1%. All these sectors have experienced a low level of positive growth. The entire tertiary sector contributes 77.6% to total employment, which again is concerning given that the service sector relies on growth within the primary and secondary sectors to generate wealth.

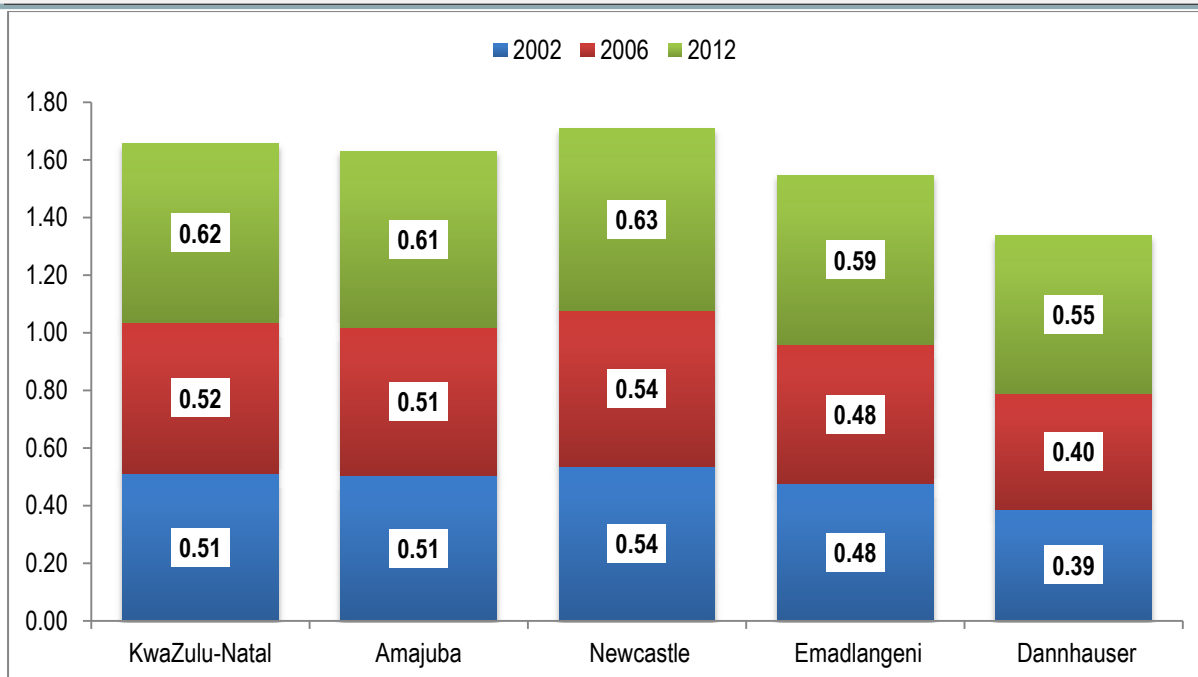
ECONOMICALLY ACTIVE POPULATION

Of the total population of Newcastle, 61% are within the working age bracket (16-64 years). Approximately 55% of those within the working age bracket are not-economically active. In terms of the strict definition of unemployment (those who are unemployed, and have given up looking for employment), 29.2% of the labour force (those willing and able to work) are classified as unemployed. This is in line with the district unemployment rate of 29.7%, but is higher than the provincial average of 23.2%. Of those employed, 79.7% are employed within the formal market, while the remaining 20.3% are employed in the informal market. The graph below displays the level of skill of those employed in the formal employment market.

HUMAN DEVELOPMENT INDEX

The Human Development Index (HDI) for Newcastle has improved significantly since 1996 (refer to table 12). This is symbolised by the net decrease in representation of people living in poverty from 45% in 1996 and 2001 down to 39% in 2007. This is however, below the provincial average of 33% in urban areas. Most of the poverty-stricken households of Newcastle are located in the East as well as the Traditional Authority areas. The urbanized population is generally better off than the rural communities affordability levels are significantly low and access to basic services is a major challenge. The provision of sustainable basic and essential services to these communities is to be one of the greatest challenges of the Newcastle Municipality and innovative service delivery options is encouraged.

Figure 13: Human Development Index

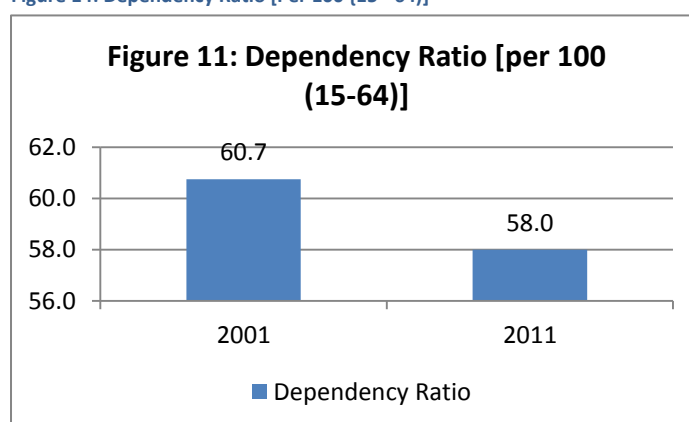


Source: Global Insight

DEPENDANCY RATIO

The dependency ratio indicates the number of young people (under 16) and older people (over 64) who depend on people of working age (16 to 64). As indicated on Figure 9, dependency ratio in Newcastle has declined from 60.7% in 2001 down to 58% in 2011.

Figure 14: Dependency Ratio [Per 100 {15 - 64}]



POVERTY LEVELS

The table below compared the number of people living in poverty in Newcastle with that of KwaZulu-Natal, Amajuba District and other local municipalities within the district. Newcastle Municipality has the least (44.4%) number of people living in poverty within Amajuba District which has an average of 50.9%. The provincial average is 45.7%. 72.1% of the population in Dannhauser Municipality lives under poverty conditions.

Table 4: People Living in Poverty

Districts	2002		2006		2012	
	People living in poverty	Percentage of people living in poverty	People living in poverty	Percentage of people living in poverty	People living in poverty	Percentage of people living in poverty
KwaZulu-Natal	5 586 644	58.1%	5 224 176	52.8%	4 729 241	45.7%
Amajuba	301 878	64.4%	287 427	59.4%	256 987	50.9%
Newcastle	170 620	56.0%	162 113	51.0%	148 150	44.4%
Emadlangeni	43 787	69.1%	43 273	64.6%	34 941	51.3%
Dannhauser	87 471	86.8%	82 041	82.6%	73 896	72.1%

Source: Global Insights

SPATIAL ANALYSIS

Newcastle Municipality boundaries were delineated in terms of the Municipal Demarcation Act taking into account a number of factors including physical features of the area, population movement patterns, economic trends and social organisation of communities. As such, the boundaries are not simple administrative, but also provide a framework for regional economic development planning. This section provides a broad spatial analysis and should be read together with the Spatial Development Framework.

DISTRICT CONTEXT

Newcastle is by far, the largest economic hub within the administrative boundaries of Amajuba District. It is located on the north-western side of KwaZulu-Natal province and shares the borders with the neighbouring Provinces. Newcastle Local Municipality has a geographical coverage of ±1854.6 km² land; it is bounded by Utrecht Municipality to the east, Dannhauser to the south, Free State Province (Thabo Mofutsanyane District Municipality) to the west and Mpumalanga Province (Gert Sibande District Municipality) to the north. The city of Newcastle is a

service centre serving a wide, mainly rural hinterland with the CBD being the primary economic and social node for the city itself as well as the surrounding Newcastle also serves a number of small settlements which surround it.

Newcastle is well placed to benefit from regional economic growth given its strategic location at the nexus of major tourism, logistics, farming and industrial routes, and as the seat of government in KwaZulu Natal. Newcastle is centrally located in the northern region, of KZN halfway between Johannesburg and the harbours of Durban and Richards Bay, contributes to the export of manufactured goods, as well as for distribution to the Gauteng market. Newcastle is also provided with good access infrastructure to these areas, which includes road and rail networks. It is situated on the national rail route between the Durban Container Terminal and City Deep in Gauteng, and has within its confines, major rail exchange yards, supporting railway stations and extensive goods conversion/warehousing facilities. Previous reviews of the local economy have identified manufacturing, tourism and agriculture as the three main economic sectors in the area. In Newcastle, there are 34 sectors that contribute to the GVA-R¹, of which metal products, machinery and household appliances products is the largest contributor, followed by the education and land and the land and transport sector. The GVA-R of Newcastle has experienced a significant increase over the last 12 years.

REGIONAL AND LOCAL ROAD NETWORK

Movement within Newcastle can be divided into two categories, that is:

Movement that traverses the Municipal Area not having any settlement within the Municipal Area as a destination;
and

Movement that takes place between destinations or settlements within the Municipal Area.

With regard to the former, movements along the national road apply. For example, the N11 is used as the connecting route between Northern KwaZulu-Natal and Mpumalanga.

LOCAL ACCESS AND MOVEMENT

With regard to internal movement, a number of prominent routes can be identified. Firstly, there is a strong movement of people between Madadeni and Osizweni, the latter being the core area of the Municipal Area. Secondly, a strong movement axis exists between Madadeni and Osizweni along the MR483. Thirdly, a movement axis is found between the Newcastle CBD on other smaller settlements, such as Memel to the west and Ingogo, Charlestown and Volksrust to the north.

¹Gross Value Added by Region (GVA-R) is a measure in economics of the value of goods and services produced in an area, industry or sector of an economy

REGIONAL ACCESS AND MOVEMENT

Newcastle Municipality enjoys relatively good access at a national and regional scale. North-south linkages are facilitated by the N11 and east west linkages by the P483 and R34. The N11 is a primary movement and mobility corridor. It runs in a north-south direction from the N2 in Ermelo to the N3 in Ladysmith through Newcastle Town thus making the area highly accessible and well connected to the national, provincial and regional road network.

Although the SDF identifies this route a primary corridor, access to it is governed in terms of the South African National Roads Agency Limited (SANRAL) regulations. This includes limitations imposed on the number and location of direct access points and location of uses, which may be viewed as having potential to interrupt traffic flows.

Secondary corridors are the R34 which runs east from Newcastle to Utrecht and beyond to Vryheid and Richards Bay and west to Memel and Vrede as well as the R621 linking to Dannhauser. These routes all originate from the CBD. The Madadeni-Osizweni section of the road to Utrecht (MR483) has been identified as a mixed-use corridor and is to be developed with nodes of services and economic opportunities. Regional access routes are subject to the rules and regulations of the Department of Transport.

SETTLEMENT PATTERN

Settlement pattern in the NLM has largely followed access routes thus forming an economic system with definite interdependencies between and among various elements. However, it has also been highly influenced by the past apartheid planning and segregationist policies. The current settlement pattern reflects a continuum of settlements from a highly urban Newcastle town through peri-urban settlements in the JBC to extensive commercial farmlands with small isolated farm-dweller settlements.

URBAN AREAS

The urban component of the NLM comprises three distinct sections, namely:

- ✓ Newcastle West;
- ✓ a central industrial area; and
- ✓ Madadeni and Osizweni to the east.

An urban edge has been determined around this entire complex within which it is proposed that all future urban development takes place in order to integrate, density and diversify it as well as to limit the loss of high yield agricultural land.

NEWCASTLE WEST

The CBD is located in Newcastle West on the southern side of the confluence of the Ncandu and Jordan Rivers. Newcastle West is predominantly residential with the northern section being the most affluent. Ribbon development runs south-eastwards from the CBD along the R34 and includes a new shopping

centre, restaurants, garage and car showroom, hotels and lodges. The northern portion of Newcastle West also accommodates the show-grounds, Monte Vista Casino and Conference Centre, a golf course and technical college.

Immediately south of the CBD are the original residential areas of the town also laid out in the same gridiron pattern and home to the Newcastle Private Hospital and Newcastle Provincial Hospital, the police station and a number of home offices which have spread outwards from the CBD. South-west of the CBD are further residential suburbs.

Newcastle CBD is currently going through a process of spatial transformation. This involves three main processes, namely:

Decentralisation of commercial and office space;

Redevelopment; and

Expansion of town area.

Decentralisation of commercial and office space occurs in the form of nodular development at both eastern and western entrances/gateways into Newcastle CBD. Newcastle west development includes a number of service industries, a community commercial centre, hotels and a number of associated developments. The area is earmarked for further commercial development.

Rights have been granted for the development of regional shopping centre next to the new Casino. A new office complex has also been developed in the area while infrastructure has been laid for mixed land use development. Other developments expected in this node in future include motor-showrooms, restaurants, etc. Redevelopment on the other hand, involves refurbishment of buildings vacant or under-utilised, because of economic downturn and relocation of offices to the new office node. This process also includes intrusion of office use, particularly professional offices, into residential areas that abut into the CBD. A number of dwelling units have been granted office use rights or are being used as offices.

Newcastle Municipality has accordingly developed strategic responses to these trends. These include Newcastle West Precinct Plan, CBD Development Plan and Newcastle South Spatial Development Plan (SDP). The latter provides for a range of residential products, mixed land use and commercial nodes. The net effect of these plans is the extension of the town built-up area, shifting of the urban edge and opening of new interface zones. In view of its strategic location in northern KwaZulu-Natal, Newcastle is likely to remain a regional service centre unchallenged by other nearby town in the foreseeable future. Its market threshold is relatively secure but its economic and social vitality remains dependent on the state of its regional hinterland. The CBD itself has remained relatively stable.

CENTRAL INDUSTRIAL AREA

East of the CBD lies large industrial areas, the N11 and Iscor facility as well as an airfield and landfill site. The Amcor Dam and Recreation Area are also located in this area. The area occupies approximately 516ha of land zoned for industrial use, of which only a small portion is developed. While the area accounts for a significant amount of employment opportunities in the NLM, it historically developed as a buffer between

the former white only areas in the Newcastle West and the former black only townships of Madadeni and Osizweni.

MBO COMPLEX

MBO is located along P483 and comprises of the Townships of Madadeni and Osizweni, and the JBC area. Madadeni and Osizweni were laid out in the 1970s on the basis of a Master Plan developed in 1975, and reviewed in June 1985. The plan was based on the dominant planning doctrine and highly influenced by the political regime. It gave rise to a compact linear urban form with rectilinear road network based on 3 to 4 km grid spacing of major arterials. The JBC area, which joins the Madadeni and Osizweni areas, has a more peri-urban character, consisting mainly of informal settlements. This area developed as a result of “shack farming” thus transforming the area from agriculture into an urban slum, with no formal planning. This has given rise to a complex set of land legal issues including title adjustment, beneficial occupation rights, tenancy and freehold ownership rights.

The MBO complex is characterised by poor condition of services and general lack of amenity and pleasant appearance. This robs the area of private sector investment and perpetuates dependency on Newcastle town. Urban renewal programmes being initiated in the MBO complex will address the upgrade of the public realm and improve the quality of life of the previously disadvantaged. It will also promote both public and private sector investment in the area. Access to public facilities and a safe environment are the other important aspects of quality of life that should be addressed in these areas.

RURAL SETTLEMENTS

The rural component of the municipality is dominated by expansive commercial farmland, which is used mainly for livestock farming and crop production. Some of the farms are affected by land reform, particularly land restitution and labour tenant, program that may lead to the creation of new settlements and erosion of agricultural land.

However, there are few established settlements on commercial farmlands. These include smaller rural settlements such as Charlestown and Ingogo. Charlestown provides basic services and functions to the surrounding agricultural areas and is identified as a tertiary node in the SDF, together with Lennoxton. Ingogo, on the other hand, is a purely rural settlement based on its low population numbers, and is classified as a rural node, as is Leokop.

Other rural settlements are located within Ubuhlebonzinyathi Community Authority area and include settlements that generally fall within the traditional leadership of AmaHlubi in the Drycut area and Khathide along the northern boundary of the NLM.

FORMER MINING AREAS

A number of settlements are also located in the south-eastern portion of NLM. These settlements are scattered throughout the area and are mainly as a result of mining activity, which is concentrated along a

mining belt that runs from the centre of the municipal area towards the south east. The mines have stimulated the development of numerous smaller settlements, such as Kilbarchan, Ingagane and Ballengeich. It has however impacted negatively on the spatial structure of the Municipal area by preventing development of an integrated urban structure. Higher standards of housing and access to infrastructure are found in these formal settlements. The settlement pattern can mainly be ascribed to the mining activities and the Ingagane power station in the area, which caused the discrete pockets of settlements. These are mostly around or close to mining activities. Some of the mining activities have however been downscaled or closed down.

IMPACT OF POST-APARTHEID SPATIAL PLANNING

Past apartheid policies had a profound impact on the structure and functionality of the Newcastle Municipality. It fragmented communities, marginalised their economic activities and undermined their participation in the economy. It located people in areas with poor access to urban services and facilities, and effectively entrenched the philosophy of unequal development. Spatial fragmentation was implemented to effectively separate the urban complex of Newcastle west and the former dormitory suburbs of Madadeni and Osizweni. These two areas are situated at least between 15km and 35km from Newcastle central business district (CBD) in line with apartheid spatial engineering. Spatial fragmentation, referring to separate blobs of development with no linkages, has the potential to undermine the role of Newcastle in its regional context and impact negatively on its ability to perform its functions effectively and efficiently.

LAND USE MANAGEMENT

In terms of the Municipal Systems Act, a Land Use Management System is a legal requirement that Newcastle Municipality is obliged to meet. In response, Newcastle municipality has developed a wall-to-wall scheme as part of a comprehensive review of the existing Newcastle Town Planning Scheme, and a process towards the introduction of land use controls in areas hitherto not covered by the scheme. However, this document has not been implemented as due process is being followed to amend the Newcastle Town Planning Scheme as provided for in the KwaZulu Natal Planning and Development Act, 2008 (Act No. 6 of 2008). The Newcastle municipality has taken an incremental approach toward the implementation of the town-planning scheme in all areas, except the agricultural land. At present, Newcastle town is the only area that is covered by a Town Planning Scheme within the municipality.

SPATIAL TRENDS AND PATTERNS

The urban part of Newcastle Local Municipality is characterized by a highly inefficient and fractured spatial pattern inherited from the apartheid past. Historically, the town of Newcastle was divided along racial (now class lines), with the poorer communities situated away from job and economic opportunities, and excluded from the social fabric of the town. The main residential areas for the poor – Madadeni, Osizweni and JBC area located approximately 20 to 35km from the CBD.

The following are some of the key structural elements of the MBO complex:

Explosive low density sprawls in the form of informal and traditional settlements that have developed within the MBO area. Some of this occurs on privately owned land in the JBC complex. The direction of this development is not controlled, but accommodates people who either cannot afford formal housing in legally designated areas or who seek location closer to the urban opportunities while wanting to maintain a rural lifestyle.¹⁹⁷⁵.

Loose character of the urban fabric epitomised by the single storey house on a plot type of development. Nearby housing projects have reproduced the same type of settlements albeit with lower level of services. High space standards applied in the provision of public facilities also contribute to the loose character of the urban fabric.

Urban rural interface as the outer boundaries of the area adjoins onto agricultural land and rural settlements located on Ingonyama Trust land.

Inwardly oriented discreet pockets of mono-functional developments operating in isolation. Creating separation of different land uses, particularly between residential, commercial and industrial areas.

The net effect of this situation is an inefficient disintegrated spatial system, characterised by an enormous amount of movement between the Node and surrounding areas and especially between the Newcastle CBD and the JBC complex on a daily basis.

LAND REFORM PROGRAMME AND RURAL DEVELOPMENT

The Newcastle Area has long been grappling with the land issues and has been involved in the implementation of the land reform since its inception. Land issues in the area cover both urban and rural areas, and cuts across the various elements of the land reform programme. Despite this, the area still lacks a common and coordinated vision for land and agrarian reform. Attempts by the Department of Rural Development and Land Reform, in association with Amajuba District to develop an Area Based Plan dealing comprehensively with the land issues in the area has not made any significant impact in this regard.

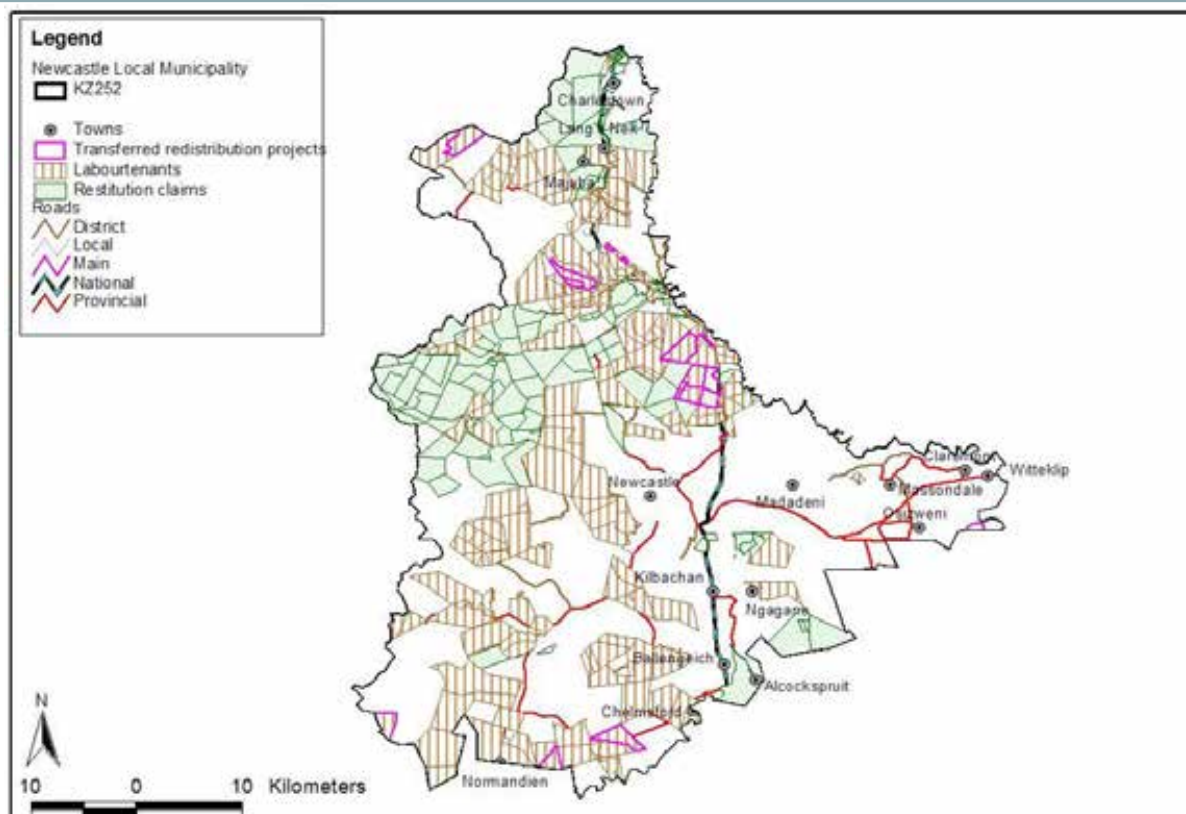
STATUS OF LAND REFORM PROGRAMME

According to Amajuba District Municipality Area Based Plan, the Department of Rural Development and Land Reform is implementing the following projects within Newcastle Municipality:

Land Redistribution (LRAD): There are 15 completed land restitution projects where 5,097ha of land has been transferred to 283 households (1456 individuals).

Land Restitution: There are 130 claims on farms in the Newcastle area, totalling 53,000ha. Of this, 34 claims have been settled, making up 12,700ha.

Map 1: Land Reform Projects



Tenure Security (Labour Tenants): There are tenure security claims on 99 farms, making up a total area of 973ha.

The Amajuba ABP further notes that 73,212ha of land has been transferred under the land reform programme. An application of the 30% target suggests that 109,447ha is required in order to bring the programme in Newcastle in line with the national targets.

As indicated on the Map (figure 5) above, the programme will have significant economic and spatial impact in the area. Strategies should be devised to integrate the programme into the service delivery and economic development programme of the municipality. Careful management and support to beneficiaries is necessary to sustain the production potential of land in the area.

LAND TENURE UPGRADING

The need for land tenure upgrading in the NLM affects four types of communities, namely:

- People who hold Deeds of Grant to land
- People who require their title deeds to be adjusted
- Tenants in the JBC area
- Farm dwellers

MADADENI AND OSIZWENI TOWNSHIPS

The title upgrading process undertaken as part of the Extended Discount Benefit Scheme and involving areas where people held their properties through Deeds of Grants (eg. Madadeni and Osizweni Townships) has virtually been completed.

JBC AND CHARLESTOWN

Similarly, substantial progress has been made with the title adjustment process involving land owners in the JBC and Charlestown areas. The completion of this exercise is critical to unlocking privately owned land in these areas for the development of sustainable human settlements. In fact, a comprehensive scheme which involved the provincial Department of Human Settlements and the national Department of Rural Development and Land Reform should be initiated as part of the urban Renewal Programme to deal with the land issues in the JBC and Charlestown areas. This includes people who occupy the area as tenants whose land tenure remains insecure.

UBUHLEBOMZINYATHI

Communities occupying the area that falls under the jurisdiction of Ubuhlebomzinyathi Community Authority should also be considered for land tenure upgrading. These include Khathide, Dicks, Mndozo, etc. At present, these communities enjoy beneficial occupation rights protected in terms of the Interim protection of Informal Land Rights (IPILRA). These areas require careful management as they are fast deteriorating into urban slums. Densities are increasing and accounts for some of the huge urban service backlogs in the NLM.

AMAHLUBI SETTLEMENT

The land occupied by AmaHlubi Community in the vicinity of Drycut Cemetery should be investigated as it may fall outside the proclaimed area of Ubuhlebomzinyathi Community Authority. The land has been subject of a court case between Ingonyama Trust and AmaHlubi Traditional Council. Other areas that require attention in terms of tenure security are the settlements located to the north of Osizweni Township and JBC area.

LABOUR TENANT CLAIMS

As indicated on the Map above, a number of labour tenant claims were registered against various farms within the Newcastle Municipality Area. The process towards the resolution of these claims has been frustratingly slow. It is critically important for the municipality to follow this process closely as it may result in the establishment of small isolated settlements. A rural development strategy is required to guide this process and ensure that settlements do not encroach onto agricultural land in an uncontrolled manner.

LAND RESTITUTION

A number of land restitution claims were lodged against various properties in the Newcastle Area. The majority of these are large in size and riddles with complexities. Charlestown which involves dairy farming, timber plantations, crop production and livestock farming has been resolved successfully with the community obtaining access to more than 10000ha of good agricultural land. The challenge is now to develop the farms, sustain productivity and create employment opportunities. The process towards the resolution of the other land claims such as Ingogo is progressing slowly. In view of the size of these claims and potential for agricultural development, it is critically important for Newcastle Municipality to ensure that they are integrated into the economic and service delivery programmes of the municipality.

IMPACT OF THE LAND REFORM PROGRAMME

As indicated on figure 5 above, the land reform programme has a significant spatial impact in the area. Other impacts are as follows:

The loss of productive agricultural land to residential development, resulting in reduced contributions by agriculture to the local economy and loss of job creation opportunities

Land reform resulting to the loss of productive agricultural land. If operations on productive land are unsustainable, this will “virtually destroy the agricultural sector, result in massive unemployment and poverty and a loss of food security”

Provision of adequate water supplies. An adequate and sustainable supply of water is critical to the long term development of agriculture. Threat includes climate change, invasive alien plants and pollution.

SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">▪ Newcastle is a city that is resilient and adaptive.▪ It is organized around mobility and development corridors with complete transportation network (Road, Rail, and Air)▪ It is anchored by its natural resources which make it unique and desirable with good potential agricultural land.▪ The N11 route bisects the eastern and western halves of the Municipal urban Area respectively. The road is also used as an alternative route from Durban to Gauteng▪ It is the anchor city within the northern Natal region and 2nd order node in KZN.▪ Located on boundaries of Free State and Mpumalanga provinces which allow for capital spent in Newcastle Municipal area.	<ul style="list-style-type: none">▪ Higher densities are found close to established nodes.▪ Urban sprawl lead to Infrastructure backlogs and new informal settlements mushrooming▪ Fragmented spatial structure with limited future spatial growth options which lead to shortage of residential land▪ Industrial sector stagnated with very few new industrial developments▪ Poor management of open spaces and large tracks of undermined areas that cannot be utilized within the built-up areas.▪ Poor accessibility due to mobility function of corridors being compromised and undefined road network towards MBO areas while the railway lines and airport been underutilized.

OPPORTUNITIES

- Clustering of social and community facilities around development nodes and corridors including Service Delivery Centres which in turn contribute to land use and transportation integration.
- Tourism is growing and drawing tourists investment to the town
- Mining, a growing demand on resources such as coal.
- The Road infrastructure, Railway lines and airport which provide connectivity.
- Informal sector can become long term economic reality while private investment also on the increase
- Open spaces with densification potential

THREATS

- Investments-private investments patterns remain in nodes of Newcastle west and general decline in investment
- Natural Environment, lack of environmental assessment
- Urbanisation made it difficult to formalize settlements which are time consuming.
- Lack of personnel and resources, issue of unregistered planners.
- Unplanned Informal Settlements and developments creeping onto natural resources and neighbouring municipalities
- Urban decay in major nodes

NATURAL ENVIRONMENT

TERRAIN

The terrain of NLM is relatively flat. Elevation is the lowest in the eastern portion of the municipality, with more elevated relief towards the western portion of the municipality. The most urban development and industry are located on relatively flat terrain. This generally refers to the urban complex of Newcastle town and MBO complex and the industrial area located in between. The elevated relief towards the west refers to the Drakensburg range to the west and the Amajuba Mountain to the north.

CATCHMENTS

Newcastle is located in the catchment of the Ngagane River with Ncandu River being one of the major tributaries. The Ngagane River flows into the Buffalo River which is one of the major rivers in the Thukela Water Management Area (WMA).

Five main catchments areas form part of NLM. This includes the larger Buffalo River catchment, which ultimately forms part of the Tugela River system. These include:

the Ngagane River where it meets the Incandu River (Ngagane Catchment);

the Incandu River where it meets the Ngagane River (Incandu Catchment);

the Ngagane River where it meets the Buffalo River (Additional Ngagane Catchment, which includes the upstream Incandu and Ngagane River Catchments);

the Buffalo River at its confluence with the Ngagane River (Buffalo Catchment); and

the Buffalo River to where it intersects with the Newcastle LM boundary (Additional Buffalo Catchment, which includes the upstream Ngagane and Incandu River Catchments).

Two significant dams were identified within the study area, namely that of the Chelmsford Dam, also known as the Ntshingwayo Dam, located to the south of Newcastle within the Ngagane River catchment, and the Zaaihoek Dam located to the north east of Newcastle within the Buffalo River catchment. In addition to this, two significant wetland systems were identified, namely the Wakkerstroom Wetland located just outside Wakkerstroom and the Boshoffsvlei Wetland located to the north east of Newcastle Town. It should be noted that legislation dictates (as per the National Water Act 36 of 1998) that wetland areas are protected and therefore development within 30 m of the wetland is prohibited.

The total flow and Mean Annual Runoff (MAR) per quaternary catchment located within the study area and above-mentioned catchments is expected to exit the Buffalo River at the south-eastern boundary of the LM boundary.

The majority of water abstracted (85%) is used for irrigation. The total area registered for irrigation is equal to 55 124ha within the NLM. The total water abstracted compared to that which is available (as per the MAR) is equal to 10.5 %.

WATER QUALITY

SOURCES OF WATER CONTAMINATION

The land cover indicates that a large expanse of the municipality is natural grassland with isolated thickets, natural forest, agriculture and forestry. Urban settlement is centred on the town of Newcastle, which is sited across the boundaries of the Buffalo Ngagane, Buffalo LM and the Ngagane catchments. The residential land use comprises informal land use as well as well-established medium to low cost housing.

Noxious industry is primarily situated within the Ngagane Catchment and the Additional Buffalo River Catchment where it intersects with the Newcastle LM. The industry comprises of ore beneficiation, power stations, steel manufacturing and chemical manufacturing. Mining is largely inactive in the area and isolated in the Ngagane and Buffalo LM catchments.

The potential contaminants associated with the non-point source land-use in the Newcastle LM are limited given the extensive natural grassland. The isolated nature of agriculture practises, which could have impacts such as excessive nutrient loading and suspended particles, is not considered to be significant other than in the Buffalo River.

Industrial land use is likely to be the significant impact on water quality in the region. The potential contaminants include:

heavy metals;

particulate matter;
organic contaminants;
soluble salts which translates into low oxygen levels;
high turbidity;
increased levels of trophic sensitivity; and
elevated toxicity of water.

Furthermore, the issue of Acid Mine Drainage in the Ballengeih area deserves the urgent intervention of authorities and a concerted effort involving relevant parties. This is noted as a possible source of both surface and ground water pollution both now and in years to come.

The resultant impact is the applicability of water for agricultural, domestic and ecological use. Increased water treatment costs would also be realised to facilitate potable water.

QUALITY OF WATER

The DWA results within the Newcastle LM indicate good water quality; however the river water quality is impacted by poorly performing WWTW or urban run-off by total coliforms and faecal coliforms. The industrial impact is not evident and seems to manifest through fluctuating levels of Fe, Mn, TDS and sulphate. This assessment of water quality is based on the current water quality data, however, following discussions with DWA and based on the potential contaminant sources it is suspected that the impact may be more pronounced should additional variables be analysed especially along reaches of the Ngagane River.

The Ngagane River experiences the majority of the industrial impact with several noxious industries located within this catchment. Monitoring data from DWA suggests that an impact is occurring at sampling site 188866 (immediately downstream of Siltech operations). This is evident from TDS values deviating from upstream results and is likely associated with increased sulphate (494mg/l) content of the river from the ash dump or colliery yard in that area. These levels decrease downstream to an average of 235mg/l downstream of ArcelorMittal Steel. The sulphate and TDS levels increase again following the confluence with the Ncandu River suggesting an impact, from either the Ncandu River, or a point source on the Ngagane River in this area.

GROUNDWATER

Groundwater quality is generally moderate to poor and often exceeding Class 1 of the Kempster Classification and this renders this resource mostly suitable for short-term use without sophisticated and costly treatment. There are a number of contributing factors to poor water quality, and based on the determinants exceeding Class1, the more probable sources are:

Poor or low rates of recharge;
Mining activities, particularly coal mining;

Local industry;

Farming activities.

Based on first order harvest potential calculations, groundwater has the potential to service the whole of the Newcastle LM basic water needs, and thus should be considered a valuable resource. Areas of particular sensitivity are all existing groundwater resources in relation to the potential yield they may deliver, geological structures (faults, dykes and lineaments) that may act as preferential groundwater flow paths, areas of high potential production and zones of potential recharge. Groundwater quality is typically moderate to poor, however, treatment may be required and costs to purify determinants (calcium, iron, and manganese) requiring treatment are typically manageable.

Sources of increased quantities of particular determinants have not been established with any conviction, however, major sources of concern are mining activities, heavy industry, and urban areas have a high probability of altering pristine groundwater conditions in a significant manner. It is evident that there are instances of very significant groundwater supply potential when located in geo-hydrological favourable locations, and this figure is potential inflated. Data deficiencies are a concern and meaningful statistical analysis is restricted. A full and comprehensive hydro-census study should be implemented for the whole of the Local Municipality.

BIODIVERSITY ASSESSMENT

STATUS OF VEGETATION

Transformed land is mostly associated with cultivation, mining, urban and dense rural development, and the spread of alien trees. Although many of the 'natural' areas have been degraded to some extent, these could be classified as untransformed, i.e. the loss of biodiversity was likely to be minimal. In all, approximately 50% of the area could be classified as transformed.

Land that has been transformed is likely to have lost a large number of plant species, as well as most of the larger mammals that previously occurred in the area. Conversely the man-made irrigation dams and the wetlands that feed them might still contain a significant number of species, including some of high conservation significance. The wetlands are also likely to be important corridors for dispersal of many water-dependent species. As regards the terrestrial component, it is highly likely that the transformed land is no longer functional as a corridor.

BIODIVERSITY CORRIDORS

Aerial images were examined for assessing important ecological corridors, which are required for facilitating migration of fauna and flora in the long term. Emphasis was placed on untransformed land that spanned three or more of the Mucina & Rutherford (2006) vegetation types (The assumption in this exercise was that vegetation in good condition would have high floral diversity, thus having the potential to function as corridors and to support high faunal diversity).

While it was evident from the study that a number of areas with high levels of transformation were compromised as functional corridors, there were some contiguous stretches of vegetation that appeared to be viable. These spanned three or more vegetation types and were considered a priority for further investigation.

The only north-south axis that represented a viable corridor was along the western boundary, but was confined to one vegetation type, namely the Low Escarpment Moist. This area has maintained a relatively untransformed vegetation condition due to the high elevations of between 200 m and 1800 m above sea level, and relatively inaccessible terrain.

The assumption was that east-west orientation of corridors was likely to be more effective, as this would encompass a significant portion of the topographic diversity and resultantly, water catchments and habitat diversity. In the case of both the recommended corridors, altitude ranged from about 2100 metres above sea level in the west to 1500 metres in the east, over a distance of under 15 km.

Map 2: Biodiversity Corridors



PRIORITY MANAGEMENT AREAS

The condition of biodiversity in the Newcastle Municipality relative to the provincial ecological statistics suggests that almost 50% (approximately 42%) of the provincial vegetation type referred to as Low Escarpment Moist Grassland is located within the Newcastle Municipality. Although this vegetation type is relatively untransformed (20% transformation) in the municipality and is therefore least threatened, the fact that it houses a large percentage of the provincial vegetation type confers high management significance for this area of biodiversity. The

analysis also indicates that the endemic Northern KwaZulu Natal Moist Grassland, the near endemic Income Sandy Grassland, and the Northern Zululand Sourveld are significantly transformed in the municipality and thus all three vegetation types are recommended as critically endangered in the municipality. The biodiversity analysis results need to be translated into management areas on the ground and management actions. The key vegetation areas that are threatened are the Northern KwaZulu-Natal Moist Grassland, KwaZulu-Natal Highland Thornveld, and the Income Sandy Grassland.

SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Clusters of forests along Western cliff of plateau region • Agriculture contributes significantly to the LED, household income and food security. • Mining is a major contributor to GDP, LED income. • Large wetland areas with tourism potential. • Baseline Water Quality is relatively good. • Beautiful landscapes of scenic significance • Climate conditions favourable for agric-hub • Large water catchment area • Direct involvement of KZN Dept. of Agricultural and Environmental affairs in agricultural sector • Good system of open spaces 	<ul style="list-style-type: none"> • Large Scale of alien infestation. • Most abandoned coal mines are high risk areas. • Waste treatment infrastructure is under pressure and needs upgrading. • Landfill facility need better management and rehabilitation. • Some residential zones have developed in close proximity where air quality impacts are likely to be greatest. • Lack of environmental education • Lack of qualified environmental planners dealing with environmental issues • Lack of air quality study
OPPORTUNITIES	THREATS

<ul style="list-style-type: none"> • Eradicating alien plants and creating job opportunities at the same time. • Rehabilitation of degraded land in MBO area. • Investigate, rehabilitate and revert mining areas to alternative land uses. • Establishing biodiversity conservation corridors along Western highland plateau region. • Improve infrastructure to address infrastructure backlogs which might impact negatively on the environment. • Formalization and upgrading informal settlements. • Relocation of settlements located in high risk areas such as flooding. • Opportunities for small and emerging farmers 	<ul style="list-style-type: none"> • Large scale loss of biodiversity. • Settlement, industrialization & mining threaten biodiversity. • Loss of good agricultural land to settlement, mining & industry. • Mining impacts on water quality. • Need for new landfill site. • Illegal mines pose a health and safety risk. • Informal and illegal dumping sites. • Poor agricultural practises in some instances.
---	--

POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Newcastle Municipality is a Category B Municipality as determined by the Demarcation Board in terms of Section 4 of the Municipal Structures Act, 1998. The municipality functions under the Collective Executive system, consisting of 9 members. The Mayor is elected from the Executive Committee. The Council consists of 61 councillors of which 10 are full-time councillors. Of the 61 councillors, 31 are ward elected councillors with the remaining 30 elected as proportional representation councillors. The Council has five Portfolio Standing Committees, with members of the Executive Committee serving as a Chairperson and Deputy Chairpersons.

FUNCTIONAL ANALYSIS

In order to maximise administrative and operational efficiency, all powers subject to section 32 of the Local Government : Municipal Structures Act 1998, not otherwise delegated, have been delegated to the Executive Committee excluding the following :-

- ✓ Approval of an Integrated Development Plan
- ✓ Passing of by-laws
- ✓ Approval of budgets
- ✓ Imposition of rates and other taxes, levies and duties
- ✓ Raising of loans

The following councillors have been designated as full-time councillors :-

- ✓ Speaker
- ✓ Members of the Executive Committee
- ✓ Chief Whip

The Speaker is also Chairperson of the whips committee.



R. Mdluli (Deputy Mayor), A.Rehman (Mayor), M.Zikhali (Speaker)

ANALYSIS OF MEETINGS

	2011/12	2012/13	2013/14
Council meetings	10	9	11
Special Council meetings	6	2	5
Executive Committee meetings	10	10	11
Special Executive Committee meetings	27	23	21
Number of reports considered by Executive Committee	240	313	344
Number of resolutions formulated	189	261	290
Number of recommendations to Council	51	52	54

COUNCIL REPRESENTATION

The following table reflects the composition of Council in terms of party representation and gender representation over the 2013/14 term of Council. Note that with the National elections held in May 2014, 2 DA councillors vacated seats due to parliamentary seats. These figures below include these 2 councillors as the replacement councillors were only nominated in the new financial year.

PARTY NAME	NUMBER	%age	MALE	%age	FEMALE	%age
	2013/14					
ANC	33	54%	22	36%	11	17%
AZAPO	3	5%	3	5%	-	0
DA	5	8%	2	3%	3	5%
FCON	1	2%	1	2%	-	0
IFP	12	20%	8	13%	4	7%
NFP	5	8%	4	7%	1	2%
RLP	2	3%	2	3%	-	0
TOTAL	<u>61</u>	<u>100%</u>	<u>42</u>	<u>69%</u>	<u>19</u>	<u>31%</u>

The full time Chief Whip of Council is Councillor SM Thwala.

EXECUTIVE COMMITTEE MEMBERS AND THEIR PORTFOLIOS

The portfolio committees are aligned to the macro structure of the municipality as follows :

Portfolio Standing Committee : Finance

Portfolio Standing Committee : Community Services

Portfolio Standing Committee : Corporate Services

Portfolio Standing Committee : Development Planning and Human Settlements

Portfolio Standing Committee : Technical Services

Each Portfolio Committee is chaired and deputy chaired by a member of EXCO .

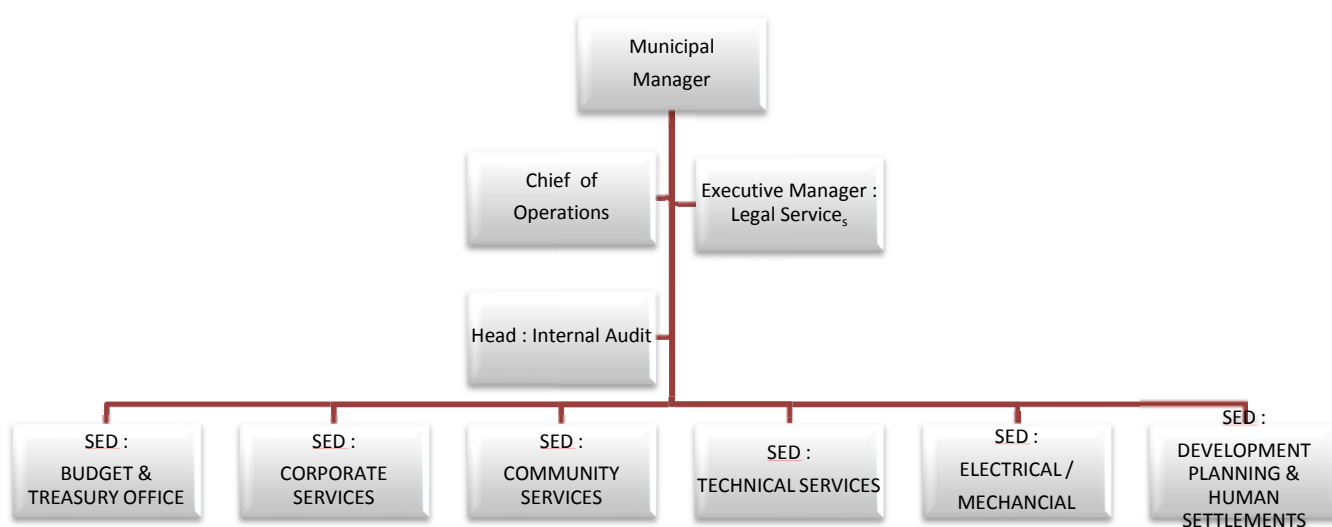
EXECUTIVE COMMITTEE MEMBERS for 2013/14

EXCO MEMBERS	PARTY	PORTFOLIO	DESIGNATION
Cllr A F Rehman -Mayor	ANC	Finance	Chairperson
Cllr R M Mdluli - Deputy Mayor	ANC	Technical Services	Chairperson
Cllr T Z Hadebe (July 2013 to May 2014)	DA	Community Services	Deputy Chairperson
Cllr N P Kunene	ANC	Community Services	Chairperson
Cllr S B M Lukhele	NFP	Development Planning and Human Settlements	Deputy Chairperson
Cllr R B Ndimma	IFP	Corporate Services	Deputy Chairperson
Late Cllr B S Ntombela	ANC	Corporate Services	Chairperson
Cllr M Shunmugam	ANC	Development Planning and Human Settlement	Chairperson
Cllr J A Vorster	IFP	Technical Services	Deputy Chairperson

ADMINISTRATIVE GOVERNANCE

The Newcastle Municipality underwent a restructuring process in the 2011/12 financial year. The new Macro Structure of the Newcastle Municipality was approved in June 2012 as indicated below.

The post of SED : Development Planning and Human Settlements was filled in the year under review.



The following top management positions were held as at the 30 June 2014 :

Municipal Manager	Mr K Masange
Chief of Operations	Mr B E Mswane
Executive Manager : Legal Services	Mr M Nkosi
Chief Audit Executive	Ms S Chenia
Strategic Executive Director : Budget and Treasury	Mr MJ Mayisela until 31 December 2013
Strategic Executive Director : Technical Services	Mr S Dube
Strategic Executive Director : Community Services	Mr M Sithole
Strategic Executive Director : Corporate Services	Mr E Hauptfleisch
Strategic Executive Director : Development Planning and Human Settlements	Ms N S Thusi

The SED : BTO position remained unfilled at 30 June 2014. A secondment from KPMG to the Acting position of SED : BTO is filled by Mr S Dube with effect January 2014. The recruitment process for the filling of this post is in progress.

POWERS AND FUNCTIONS

The following Local Government Powers and Functions as authorised to Newcastle Municipality were separated into core and non-core functions.

Core Functions	
Schedule 4 Part B	RESPONSIBLE DEPARTMENT
Storm-water Management systems in Built up areas	Civil Services
Water and Sanitation Services	Civil Services
Municipal Public Works	Civil Services
Fire Fighting Services	Community Services
Air Pollution	Community Services
Child Care facilities	Community Services
Municipal Airports	Community Services
Municipal Health Services	Community Services
Municipal Public Transport	Community Services
Building Regulations	Development Planning and Human Settlements
Municipal Planning	Development Planning and Human Settlements
Trading Regulations	Development Planning and Human Settlements
Local Tourism	Development Planning and Human Settlements
Electricity and Gas Reticulation	Electrical Services
Pontoons, ferries, jetties etc	N/a

Non-Core Functions	
Schedule 5 Part B	RESPONSIBLE DEPARTMENT
Municipal Roads	Civil Services
Control of undertakings that sell liquor to the public	Community Services

Non-Core Functions	
Schedule 5 Part B	RESPONSIBLE DEPARTMENT
Facilities for the accommodation, care and burial of animals	Community Services
Licensing of dogs	Community Services
Licensing and control of undertakings that sell food to the public	Community Services
Noise Pollution	Community Services
Pounds	Community Services
Public Places	Community Services
Control of public nuisances	Community Services
Local Sports facilities	Community Services
Municipal parks and recreation	Community Services
Cemeteries	Community Services
Cleansing	Community Services
Refuse Removal, refuse dumps and solid waste disposal	Community Services
Traffic and parking	Community Services
Billboards and the display of advertisements in public places	Development Planning and Human Settlements
Fencing and fences	Development Planning and Human Settlements
Markets	Development Planning and Human Settlements
Street Trading	Development Planning and Human Settlements
Street lighting	Electrical Services
Beaches and Amusement Facilities	N/A
Municipal Abattoirs	N/A

Non-Core Functions	
Schedule 5 Part B	RESPONSIBLE DEPARTMENT
Funeral parlours and crematoria	N/A

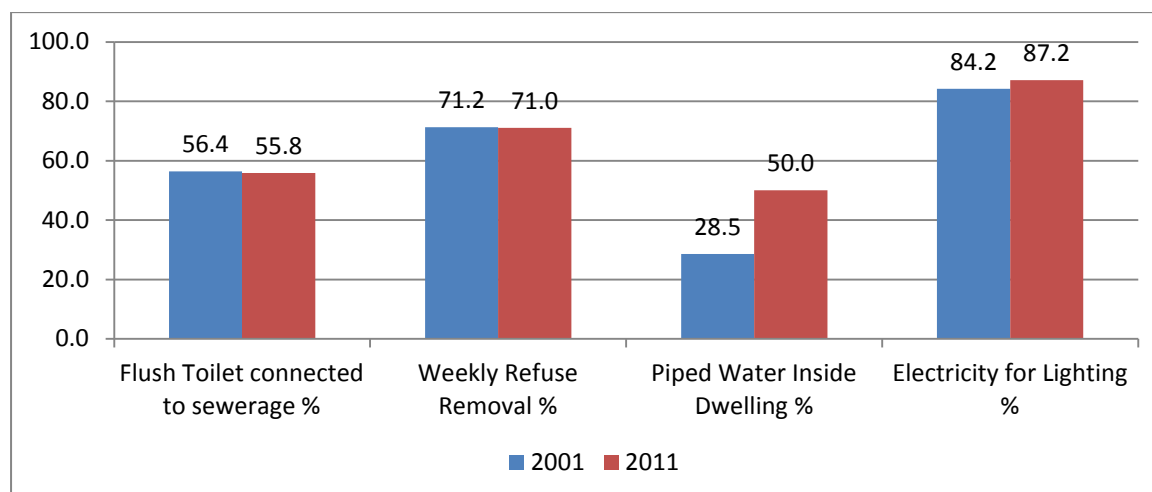
SERVICE DELIVERY OVERVIEW

The NLM is one of a few local municipalities that are having the responsibility to plan, provide and regulate infrastructure development throughout its area of jurisdiction. This includes both bulk infrastructure development and reticulation.

1.1.1 GENERAL ACCESS TO BASIC SERVICES

As indicated on Figure 12 below, access to basic household services in Newcastle Municipality has improved substantially since 2001 with more people (50% as opposed to 28.5% in 2001) having piped water inside their dwellings, and 87.2% having electricity for lighting marking an increase from 84.2% in 2001. The situation with regard to sewer connection and refuse removal remains largely unchanged reflecting the impact of population growth.

Figure 15: Household Services

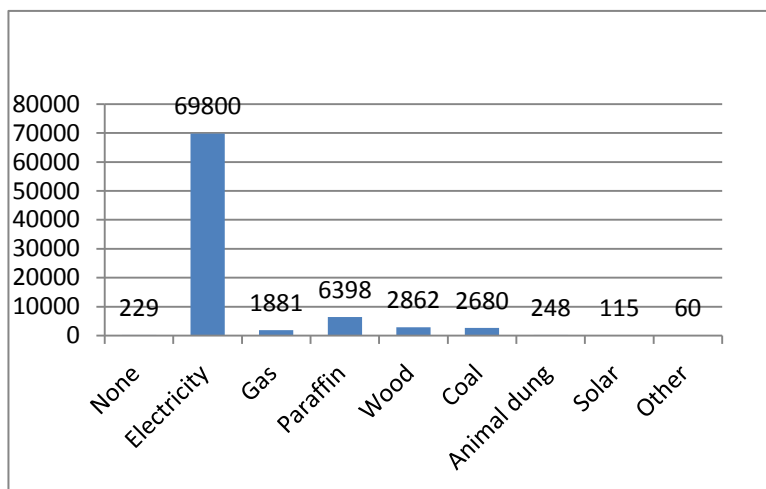


Source: Stats SA, 2011

However, the standard and level of service differ significantly among areas reflecting the impact of the past apartheid policies. The JBC area and the surrounding settlements are characterised by severe service backlogs and underdevelopment. Table 6 below indicated a summary of service backlogs for 2010.

1.1.1.1.1 SOURCES OF ENERGY

Figure 16: Sources of Energy for Cooking



The municipality with the assistance of ESKOM has made substantial progress with the provision of electricity throughout its area of jurisdiction. 69 800 and 73 449 households are using electricity for cooking and lighting respectively. The number of people using sources of energy such as paraffin, wood, gas, coal, etc has declined substantially.

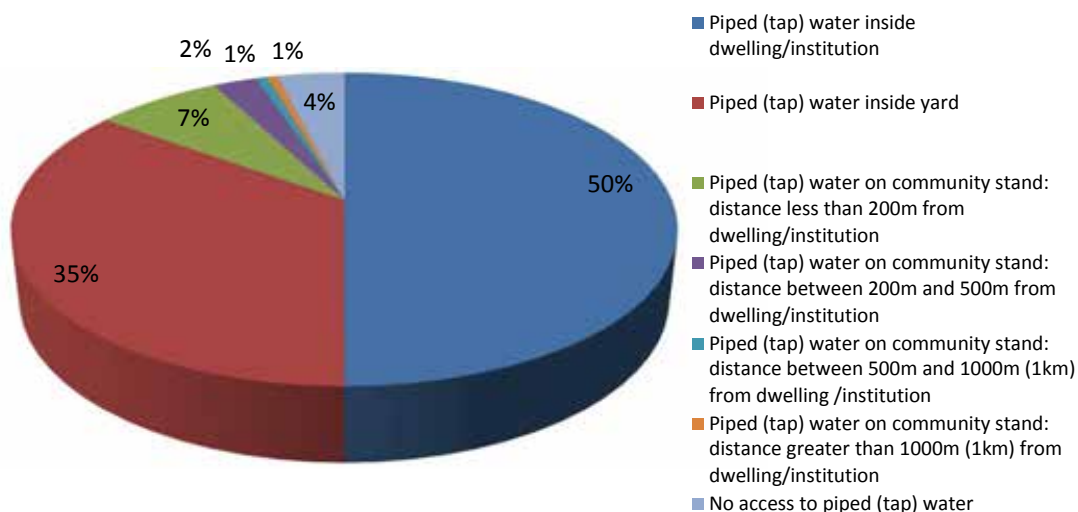
However, there is a few areas where lack of services has been reported.

These include informal settlements and areas that were settled after the settlement was electrified.

1.1.1.1.2 ACCESS TO WATER

Water supply infrastructure in Newcastle Municipality varies between areas reflecting the impact of separate development and urban bias of the past planning and development practices. Newcastle town is generally well provided with water while a few households in Madadeni and Osizweni Townships are experiencing shortage in this regard. Severe backlogs have been reported in rural wards where the level of backlog is high. A review of the 2011 census data reveals that 50% of the population has water inside their dwelling units. However, a significant number of people (more than 35%) still obtain water beyond a 200m radius of communal stand pipes. People who do not have access to piped water account for only 4% of the total population.

Figure 17: Access to Water



The Newcastle Municipality, in line with National policy on FBW, makes budgetary provision of 12kl per household for indigent families, funded through the Equitable Share. The recently updated Water Services Development Plan (WSDP) indicates that there has been a reduction of 18% in water backlogs between the 2002 and 2010 with an existing water service backlog of 24%. Breakdown of the level of access to water by municipal wards is indicated on the table below:

Table 5: Access to Sanitation

Source of water	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/ stagnant water	River/ stream	Water vendor	Water tanker	Other
Municipal Wards	851	933	452	93	94	258	20	341	87
Ward 1	3 242	6	1	2	1	1	5	5	20
Ward 2	2 294	16	1	3	9	12	8	7	34
Ward 3	2 789	6	-	7	3	1	8	13	9
Ward 4	2 873	7	1	1	3	1	6	4	8

Source of water	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker	Other
Ward 5	3 821	82	11	29	5	7	55	552	249
Ward 6	3 216	32	2	15	6	5	20	93	239
Ward 7	1 765	17	-	1	2	-	5	49	22
Ward 8	3 632	11	-	3	-	-	4	5	70
Ward 9	2 108	2	-	1	1	-	5	7	38
Ward 10	2 436	8	4	1	4	-	12	4	32
Ward 11	1 701	31	7	2	1	-	7	14	68
Ward 12	1 667	3	3	1	-	-	2	7	6
Ward 13	3 287	13	5	2	2	-	-	89	214
Ward 14	1 444	216	27	5	12	4	13	280	212
Ward 15	2 613	117	2	7	2	-	5	17	345
Ward 16	2 368	8	-	-	-	-	25	1	7
Ward 17	2 148	99	-	1	-	-	20	29	277
Ward 18	2 215	21	7	1	6	1	2	230	22
Ward 19	3 705	41	1	4	-	-	12	11	17
Ward 20	2 583	118	5	76	2	12	17	149	136
Ward 21	1 949	1	-	2	-	-	5	4	1
Ward 22	1 800	7	-	2	-	-	11	112	9

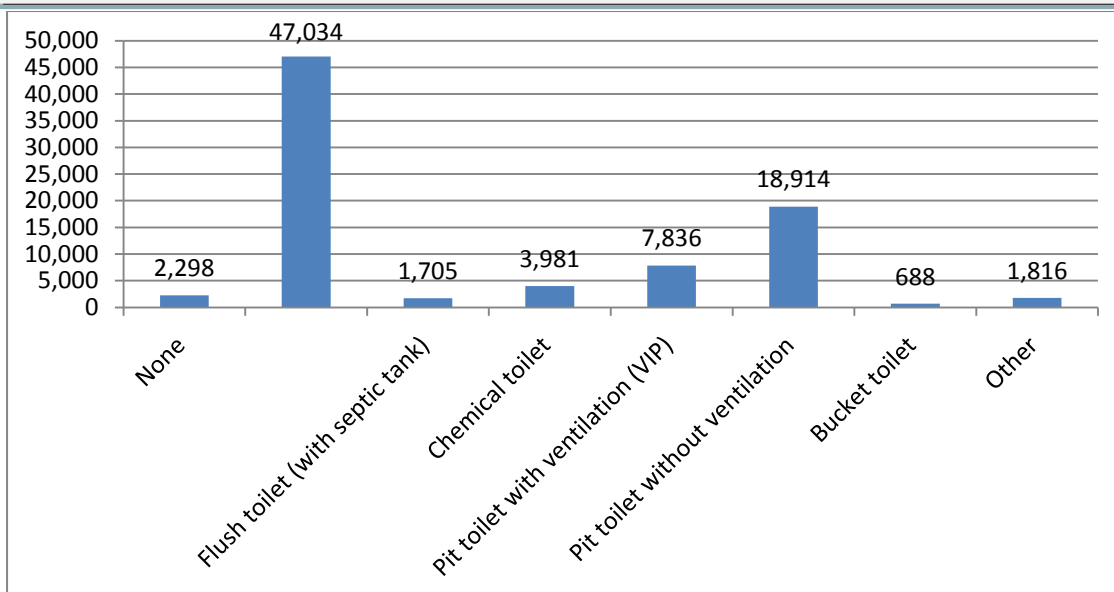
Source of water	Regional/local water scheme (operated by municipality or other water services provider)	Borehole	Spring	Rain water tank	Dam/pool/stagnant water	River/stream	Water vendor	Water tanker	Other
Ward 23	2 906	25	2	1	2	-	3	4	17
Ward 24	3 382	301	1	2	-	5	6	-	13
Ward 25	1 601	4	-	1	1	-	2	1	8
Ward 26	2 453	6	-	-	2	-	5	1	14
Ward 27	1 633	2	5	1	4	1	1	7	8
Ward 28	2 497	2	-	2	1	-	8	17	8
Ward 29	2 576	13	2	7	5	1	5	87	24
Ward 30	2 171	87	4	1	1	2	9	270	81
Ward 31	75 725	2 235	545	278	169	312	305	2 411	2 292
Grand Total	75 725	2 235	545	278	169	312	305	2 411	2 292

Source: Stats SA, 2011

The graph below illustrates the demand for water and indicates the crisis that might face NLM is water issues are not given priority within LM.

1.1.1.2 ACCESS TO SANITATION

Figure 18: Access to Sanitation



Source: Stats SA, 2011

Similarly, the peri-urban and rural areas with the JBC and rural settlements in the Khathide and AmaHlubi communities are characterised by high sanitation backlogs. The JBC node has no sewerage reticulation in place. The residents rely on over 15 000 ventilated improved pit (VIP) latrines. Most of the VIPs are full and the Municipality spends about R1, 0 million every month in de-sludging the VIPs. Plans are underway to formalize Blaauwbosch and considerable sewage flows are expected. A breakdown of level of access to sanitation by municipal wards is indicated in the table below. 688 people said to be on bucket system is a source of concern and will be attend immediately.

Table 6: Access to Sanitation by Electoral Wards

MUNICIPAL WARDS	NONE	FLUSH TOILET (CONNECTED TO SEWERAGE SYSTEM)	FLUSH TOILET (WITH SEPTIC TANK)	CHEMICAL TOILET	PIT TOILET WITH VENTILATION (VIP)	PIT TOILET WITHOUT VENTILATION	BUCKET TOILET	OTHER
Ward 1	168	456	343	87	136	1777	36	124
Ward 2	2	3259	14	-	2	-	2	2
Ward 3	19	2339	2	-	10	6	1	6
Ward 4	-	2802	9	-	15	4	-	5
Ward 5	2	2888	3	-	3	2	-	7
Ward 6	440	28	23	583	1577	1993	22	145

MUNICIPAL WARDS	NONE	FLUSH TOILET (CONNECTED TO SEWERAGE SYSTEM)	FLUSH TOILET (WITH SEPTIC TANK)	CHEMICAL TOILET	PIT TOILET WITH VENTILATION (VIP)	PIT TOILET WITHOUT VENTILATION	BUCKET TOILET	OTHER
Ward 7	329	804	38	170	1151	891	241	4
Ward 8	21	1673	99	4	53	2	4	7
Ward 9	337	1917	52	128	702	546	10	32
Ward 10	62	2075	19	-	2	1	1	2
Ward 11	18	1649	42	283	9	122	7	372
Ward 12	42	17	12	21	21	1580	2	137
Ward 13	7	1505	1	6	5	148	10	7
Ward 14	14	75	13	422	1180	1851	42	15
Ward 15	85	7	5	35	44	1868	7	163
Ward 16	156	18	12	28	91	2659	19	127
Ward 17	17	2169	17	1	3	138	28	37
Ward 18	65	333	49	160	143	1691	18	117
Ward 19	31	1006	20	559	253	617	3	17
Ward 20	68	3253	201	17	9	17	168	58
Ward 21	24	1970	240	127	88	620	4	25
Ward 22	2	1878	53	2	-	-	22	3
Ward 23	1	1608	270	2	1	12	6	39
Ward 24	17	2864	19	1	21	2	3	34
Ward 25	120	2444	10	4	14	1040	5	73

MUNICIPAL WARDS	NONE	FLUSH TOILET (CONNECTED TO SEWERAGE SYSTEM)	FLUSH TOILET (WITH SEPTIC TANK)	CHEMICAL TOILET	PIT TOILET WITH VENTILATION (VIP)	PIT TOILET WITHOUT VENTILATION	BUCKET TOILET	OTHER
Ward 26	11	1600	2	-	-	1	-	3
Ward 27	6	1651	19	139	481	6	6	173
Ward 28	5	1643	10	1	2	-	-	-
Ward 29	36	1325	71	186	675	230	3	8
Ward 30	78	1724	18	118	328	383	13	57
Ward 31	115	54	18	897	817	707	3	16
Grand Total	2298	47034	1705	3981	7836	18914	688	1816

1.1.2 WATER

1.1.2.1 PLANNING FOR WATER SERVICES DELIVERY

Although the NLM developed and adopted a Water Services Development Plan (WSDP) in 2009, planning for water infrastructure development has largely been project based and *ad hoc*. The WSDP and various other strategic documents identify a number of critical issues. These range from issues of service backlog through the capacity of the existing infrastructure to the sustainability of the infrastructure into the future. Critical issues that require attention in this regard include the following:

- ☛ Preparation of a long term plan to guide investment in water infrastructure in the short to long term.
- ☛ Maintenance of the existing infrastructure.
- ☛ Funding for maintenance and new water infrastructure projects.

1.1.2.2 RAW WATER SOURCES

The supply of raw water within the NLM is as follows:

- ☛ The Buffalo River Abstraction Works through a 32km long 800mm diameter steel pipe to the Ngagane Water Purification Works. The average supply is 10 MI/day;
- ☛ The Ngagane River Abstraction Works through a 1.5km long 600mm concrete lined steel pipe, which supplies and average of 20 MI/day and;

- ☛ The Ntshingwayo Dam through two pipes, an 800 mm concrete pipe 18km long and 700mm diameter steel pipe, 13km long, both supply a combined total of 92 ML/day.

Ntshingwayo Dam situated on the Ngagane River has a storage capacity of 194million m³. The dam was raised during 1982 and cannot be augmented further to increase the system yield. An excess firm yield of 21 million m³/a (57ML/d) is available at Ntshingwayo Dam for further allocation to Newcastle which should be sufficient until 2017 at the present demand without any water conservation and water demand management initiatives being implemented. If these initiatives are implemented, this horizon could extend to 2023.

However, the current available yield from the Ntshingwayo Dam is not sufficient to support a major irrigation-based agricultural development. As such, water augmentation in the upper Buffalo system would be required in the time horizon 2015-2025 without any agricultural development because of the domestic and industrial demand growth in Newcastle. Therefore, the proposed Ncandu River Dam is not just the only viable option for increasing the system yield in order to support agricultural development, but it is also the only viable option to ensure continued economic growth for the Newcastle industrial and commercial sector beyond 2015-2015. Table below indicates the expected peak demand for the next 25 years with the expected shortfalls.

Table 7: Demand Forecast

Year	Peak demand (MI/day)	Supply			Total	Surplus (shortage) (MI/day)
		Ntshingwayo Dam	Ngagane river	Buffalo river		
2011	104	70	18	15	103	(1MI/day)
2014	128	70	18	15	103	(25MI/day)
2020	153	70	18	15	103	(50MI/day)
2025	167	70	18	15	103	(64MI/day)
2030	190	70	18	15	103	(87MI/day)
2035	213	70	18	15	103	(110MI/day)

From the above table it is evident that the bulk raw water supply is creating a bottleneck resulting in the plant not being able to meet the demand. Noting that the installation of a new supply line will take at least 3 years at which time the expected shortfall will be in the order of 25MI/day, it is evident that the situation is serious. This could be a conservative figure as the supply line to Utrecht is completed; new bulk infrastructure is being provided to supply water to a planned development called Viljoen Park; the Stafford Hill area comprising of 8000 households is to be provided with water borne sanitation and plans are being finalised to commence a 3 phased high density development for JBC.

1.1.2.3 POTABLE WATER TREATMENT FACILITIES

During February 2013, Newcastle was awarded with a **BLUE DROP** water status (quality) accolade. The town of Newcastle has three WTWs with two plants having recently been decommissioned. The Ngagane WTW is the only plant that is currently operational, and which is supplying treated water to the area. The Ngagane Water Treatment Works is located next to the Ngagane River on the south-eastern side of Newcastle and is operated by uThukela Water (Pty) Ltd on behalf of Newcastle Municipality. The total peak hydraulic design capacity of the Ngagane WTW is 105 MI/d. The average annual flow rate of the WTW is estimated to be 103.3 MI/d.

The average annual capacity of the water treatment works is not sufficient to meet the future (from 2012) water requirements. An overall score of 95% is required to achieve a blue drop status. UThukela Water has achieved a score of 97% during 2010.

1.1.2.4 WATER SUPPLY AND RETICULATION

Six pumping mains supply purified water to two bulk storage reservoirs, the Braakfontein and Hilddrop reservoirs. A combination of a 600mm diameter steel pipe, 375mm diameter asbestos cement pipe and

600 mm diameter GRP pipe supply the 78 MI Braakfontein reservoirs. The 29 MI Hilldrop Reservoirs are supplied through a 700mm steel pipe and 375mm asbestos cement pipe. Water from the Braakfontein reservoirs then feeds the following;

- ☛ Stafford Hill and Madadeni through a combination of various pipe sizes ranging from 800mm diameter to 200mm diameter
- ☛ 6 MI Blaauwbosch reservoir that in turn feeds Blaauwbosch
- ☛ The Waterval Reservoir and Ngagane
- ☛ Osizweni Township through a 3.85km long 450mm diameter AC pipe. The pipeline splits into two lines, one serves the 6MI reservoir at Blaauwbosch and the other serves the 2MI tower at Osizweni.

The Hilldrop reservoirs feed the Newcastle CBD, the suburbs and industrial areas. The JBO Node is fed from the Braakfontein reservoirs. The average consumption for the whole of Newcastle is estimated at 75MI/day. The consumption figures from the Braakfontein reservoirs are about 46 MI/day. The Braakfontein reservoirs therefore have adequate capacity for future expansion. The total unaccounted for water is very high and averages about 36%. Once this is addressed, additional capacity can be realized.

The increase in demand for the townships of Madadeni, Osizweni, Stafford Hill and Blaauwbosch including the Newcastle West area is necessitating the need for an additional 20MI reservoir at the Hill drop reservoir site including an additional 45MI reservoir for the Braakfontein reservoir site.

1.1.2.5 THE CONDITION OF WATER INFRASTRUCTURE

The infrastructure in Newcastle East is in a fairly good condition which is more than what can be said about the condition of water infrastructure in the Newcastle West area which is mainly the CBD and surrounding suburbs. The area has aging asbestos networks which are resulting in high maintenance costs. The estimated capital investment required for this is in the order of R500 million rand. Investigations also need to be carried out in how to improve the pressure management in the Arbour Park, Lennoxton areas where low pressures are being experienced.

A new pumping main from Ngagane Plant to Braakfontein Reservoirs is needed. The existing two lines do have sufficient capacity for the medium term but require maintenance and to decommission one line to carry out repairs will result in inadequate supply owing to the insufficient storage capacity at Braakfontein reservoirs.

1.1.2.6 WATER LOSSES

A preliminary assessment of the level of water use efficiency and the level of Non-Revenue Water (NRW) in the Newcastle Water Supply Scheme area indicated that the total system losses are high. It was estimated that the total Non-Revenue Water (NRW) in the supply area is a staggering 65%. The main areas of concern are Madadeni and Osizweni where water losses mainly from onsite leaks are resulting in losses of at least 26MI/day. The average consumption per household in Madadeni is 44.6kl per month with almost zero payment and no credit control interventions. The situation is not any different in Osizweni where the total number of households is in the order of 27,200. An amount of R24 million has been

approved by MIG to reduce the non-revenue water in Madadeni although a R150 million will be required to complete the programme. The programme will include the repair of private leaks and install flow regulators to each household in Madadeni and Osizweni thereby creating an additional 26MI per day allowing a window period for the construction of the raw water supply line from Ntshingwayo dam to the Ngagane WTW and simultaneously increasing the capacity of the Ngagane WTW's. Without these interventions there will be insufficient water to supply for any new developments.

1.1.3 SANITATION

NLM face a number of challenges with regard to sanitation. One of the main problems is the need for a sewer master plan, which will enable the municipality to plan for future developments including addressing the backlogs in basic sanitation services. Other areas of concern are the lack of adequate sewer systems for 13 481 households that do not have waterborne sanitation. This need is especially evident in the MBO area.

1.1.3.1 CONDITION OF EXISTING INFRASTRUCTURE

The absence of a Sewer Master plan does not allow for effective forward planning with regards to the impact of new developments and future areas to be provided with water borne sanitation. The new areas to be developed include Blaauwbosch and Viljoen Park. Stafford Hill has been provided with sewer reticulation where 8,000 existing VIP toilets are to be converted to flush toilets. Madadeni has water borne sanitation for all 15,000 households although the structures of 5,000 households are dilapidated and flush into the old conservancy tank system with the overflow of the tank connected to the sewer connection. In many cases the contents of the tank is exposed and a health hazard. The existing networks are in a fairly good condition with infiltration into the groundwater not seen as a problem. The reticulation in the higher income areas such as Aviary Hill is operating at full capacity as the density of the area increases, exceeding the maximum design flows of the networks. Investigations revealed that there were two properties in Lennoxton being serviced by the old bucket system. Septic tanks have since been provided for these properties.

1.1.3.2 WASTE WATER TREATMENT WORKS

The waste water and sewage from the Newcastle Municipality is currently treated at three major plants:

- ☛ **Newcastle (KwaMathukuza) Waste Water Treatment Plant:** The works currently serves the Newcastle Central Business District, the industrial and surrounding areas. The works has a design capacity of 25 MI/day and is currently running at 20 MI/day Average Dry Weather Flow. The Works have a spare capacity of 5 MI/day and will serve future housing developments at Viljoen Park and Tuam Farm.
- ☛ **Osizweni Waste Water Treatment Plant:** The Works' catchment is the greater Osizweni Township and the surroundings. The current capacity of the Works is 14 MI/day and the current hydraulic loading is 15 MI/day. The Works is currently running at capacity in terms of hydraulic loading, but the biological loading is below design capacity.

Madadeni Waste Water Treatment Works: The catchment area for Madadeni WWTW is the Madadeni Township, Ithala Industrial area, and the surrounding areas.

The design hydraulic loading is 12 MI/day. The Works are currently operating at 15MI/day. However, during the wet season, the flows peak at between 25MI/day to 30MI/day due to high infiltration. Plans are underway to increase the hydraulic capacity to 35MI/day. The project is scheduled for 2010. It is envisaged that future flows from Blaauwbosch, Johnstown and Cavan will be directed to Madadeni WWTW.

1.1.4 ELECTRICITY AND POWER SUPPLY

1.1.4.1 SOURCES OF ENERGY

Eskom supplies in the order of 125,000 KVA per month. An alternative energy source is provided by International Power South Africa (IPSA) from gas turbines. IPSA has resumed operations at its cogeneration plant at Newcastle. The 18MW combined heat and power plant is now supplying electricity to the national grid under a medium-term power purchase agreement with Eskom dated 26 August 2010. IPSA has successfully restarted operations at its cogeneration plant at Newcastle, following a final agreement on a gas supply contract with Spring Lights Gas. According to ESKOM, there is limited capacity in the Newcastle East to accommodate the planned housing and commercial development.

1.1.4.2 RETICULATION

The municipality manages the electricity networks for the Newcastle West area (the CBD and surrounding suburbs). The outlying townships and rural areas are supplied by Eskom. The electricity backlog in NLM is estimated at 11.3%. In terms of electricity issues, the need to investigate pre-paid electricity in Newcastle license area is highlighted. Electricity metering and billing also needs to be addressed and is a priority for the municipality, as this will ensure the accuracy of consumer accounts. There is no electricity master plan and therefore long term planning is not in place from a capacity point of view. Electricity losses are currently estimated at 9%. Currently, Eskom is undertaking a study which will indicate the energy capacity required for NLM if we are to pursue with future developments. In addition, the Newcastle Municipality is investigating the viability of installing solar system in Normandien and some parts of Ingogo (portions where MV lines are far from houses). These areas were identified for non-grid electricity due to their locations and extreme high cost of building electrical infrastructure. The Department of Energy is keen to fund these projects.

The municipality sells about 93.5% of the bulk electricity that is purchased from Eskom while 6.5% run at a lost. In order to remedy the situation the municipality has begun with the auditing of electricity meters and the process is estimated to be completed by end of June 2012. Hence, the issue of smart-meters is envisaged as a catalytic solution into this electricity loss challenges. However, it must be noted that the installation of smart-meters will cost the NLM an estimated amount of 80 million. In an attempt to address electricity backlogs, there are a number of ongoing electrification projects in the municipality. There are also a number of housing development projects where the project is implemented by the local municipality but are situated in the ESKOM area of supply. As such, close coordination and cooperation

between these two entities are required. There are plans underway to take over the Eskom licensed areas in the East such as Madadeni and Osizweni in order to increase the revenue for the municipality. Provisions for capacity challenges are being addressed through the revised organogram in order to establish a new electricity department separated from Technical Services.

1.1.4.3 FREE BASIC ELECTRICITY

Another challenge is the roll out of Free Basic Electricity within the ESKOM license area, which is problematic due to systems compatibility with both electricity providers. Further to this, maintenance, upgrade and rehabilitation of electricity infrastructure through the ring-fencing of the function for the transfer to RED's, is identified as an important issue.

In terms of national government mandate, NLM is meant to provide 50Kw of free basic electricity to indigent households including areas licensed under Eskom. Currently, there are people registered as indigents who qualify for free basic electricity. This cost the municipality the estimated amount of over R5 million per annum.

There are a number of on-going electrification projects in the municipality especially in rural areas. These include Bosworth at about 379 households, Drycut which is about 573 households, Roypoint at about 100 households and Charlestown at about 115 households.

1.1.5 ROADS, STORMWATER AND PUBLIC TRANSPORT

1.1.5.1 ROADS

In terms of road infrastructure, 91% of all roads in Newcastle are in a poor state, of which 732km are unpaved. In an attempt to address this, the municipality has intensified their roads programs over the past 5 years, which addresses primary and secondary roads. The IDP also indicates that the operational budget has significantly increased during this time to ensure minor maintenance through grading and storm-water clearance. A total of 34kms was upgraded over the last five years. The MBO is a priority area for road upgrading.

1.1.5.2 STORMWATER

There is no storm water master plan resulting in *ad hoc* projects being identified where complaints are received. Problems are being experienced in the CBD area where concrete pipes are collapsing owing to fatigue from heavy traffic loads. Victoria Mall area has been identified as a problem area as flooding of private property is occurring at various low points. Magnolia Street has insufficient storm water infrastructure and also has been identified as a priority. Storm water damage to the environment is receiving little attention with soil erosion progressing unabated in certain area. Similarly, MBO has been identified as a priority for storm water development and upgrading given the lack of service in this area.

1.1.5.3 PUBLIC TRANSPORT

The majority of public transport facilities in the Newcastle Municipality area is informal and requires serious upgrading. Table 12 below provides a summary of the state of the existing public transport facilities audited in Newcastle.

Table 8: Taxi Ranks

FACILITY NAME – TAXI RANKS.	STATUS	OWNERSHIP	LOCATION
Osizweni Formal Taxi Rank	Formal	Municipal	Off Street
Makhanya Informal Taxi Rank	Informal	Municipal	On street
Top Rank Informal Taxi Rank	Informal	Municipal	On street
9 Mile Informal Taxi Rank	Informal	Municipal	Off Street
Moyomuhle Informal Taxi Rank	Informal	Municipal	Off Street
Madadeni Sec 4&5 Informal Taxi Rank	Informal	Municipal	Off Street
Madadeni Shoprite Checkers Informal Taxi Rank	Formal	Municipal	Off Street
Madadeni Court Informal Taxi Rank	Informal	Municipal	Off Street
Newcastle Formal Taxi Rank	Formal	Municipal	Off Street
Charlestown Informal Minibus-Taxi Rank	Informal	Municipal	Off Street
Ingogo Informal Minibus-Taxi Rank	Informal	Municipal	Off Street
Macadam Informal Bus Rank	Informal	Municipal	Off Street
Newcastle Formal Bus Rank	Formal	Municipal	Off Street

57% (203,9km) of roads in Newcastle being utilised by the public transport industry is unsurfaced. The highest number of vehicles in Amajuba is on the N11 south of Newcastle with high traffic volumes on the main provincial road P483 between Newcastle, Madadeni and Osizweni. The N11 between the P204 (turn-off to Dannhauser) and Newcastle carries in excess of 10 000 vehicles per day while the P483 carries between 5 000 and 10 000 vehicles per day. Specific recommendations regarding upgrading of facilities, development of transport corridors etc. to meet the demand of public transport is highlighted in the PTP.

1.1.6 SOLID WASTE MANAGEMENT

1.1.6.1 LANDFILL SITE

The refuse removal service caters for Newcastle West and Madadeni/Osizweni area. There is however a backlog of 25.6% affecting mainly the informal and rural settlements. According to Amajuba Integrated Waste Management Plan (IWMP) Newcastle west and Newcastle east produces generates about 113 tons and 87.9 tons per day, and this is projected to increase to 123.9 tons and 97 tons per day in 2015 respectively. The projected growth is linked to projected population growth, and emphasises a need for environmentally friendly waste management practices. The municipality has initiated a process towards the identification and establishment of a new landfill site, whilst simultaneously addressing the closure and rehabilitation of the existing site. An amount of R15m was set aside in the 2010/11 financial year, with a further R60m required in the next two financial years.

1.1.6.2 ILLEGAL DUMPING

The result of illegal dumping affects the other service sectors, as the illegally dumped waste blocks up storm water drains/manholes, which in turn results in damages to road infrastructure as water builds up at low points and causes flooding. The existing vehicle fleet managing waste of the municipality is satisfactory except for the vehicle used for the clearing of illegal waste which is old and has high maintenance costs. There is a need for law enforcement with regards to the illegal dumping and enforcement of bylaws.

1.1.7 EDUCATION FACILITIES

Access to education facilities seems to be generally good. The municipality is developed with about 118 schools including both primary and secondary schools. This can be broken down further as follows:

- ☛ 10 combined schools;
- ☛ 12 junior primary schools;
- ☛ 7 senior primary schools;
- ☛ 55 primary schools;
- ☛ 34 secondary schools.

The average size of schools, taking into consideration the amount of the population of a school going age, is 995. Planning standards for education facilities reveal that in terms of threshold, NLM should have between 90 and 120 primary schools to accommodate the population size. There is thus a need for additional primary schools.

Table 9: Planning Standards for Educational Facilities

Facility	Catchment population	Distance & Walking time	Location factors	Teacher/children ratio
Primary schools	3 000-4000	1.5km of 30min	Walking distance-1.5km	1:40
Secondary schools	6 000-10 000	5km	Located on public transport route	1:40

Source: Provincial Planning & Development Commission

The application of planning standards in respect of secondary schools indicates that between 36 and 60 secondary schools are needed. The number of schools in the area seems to be adequate, but the quality of

each facility and the teacher pupil ratio's are important aspects which must be borne in mind for future planning and development in the area.

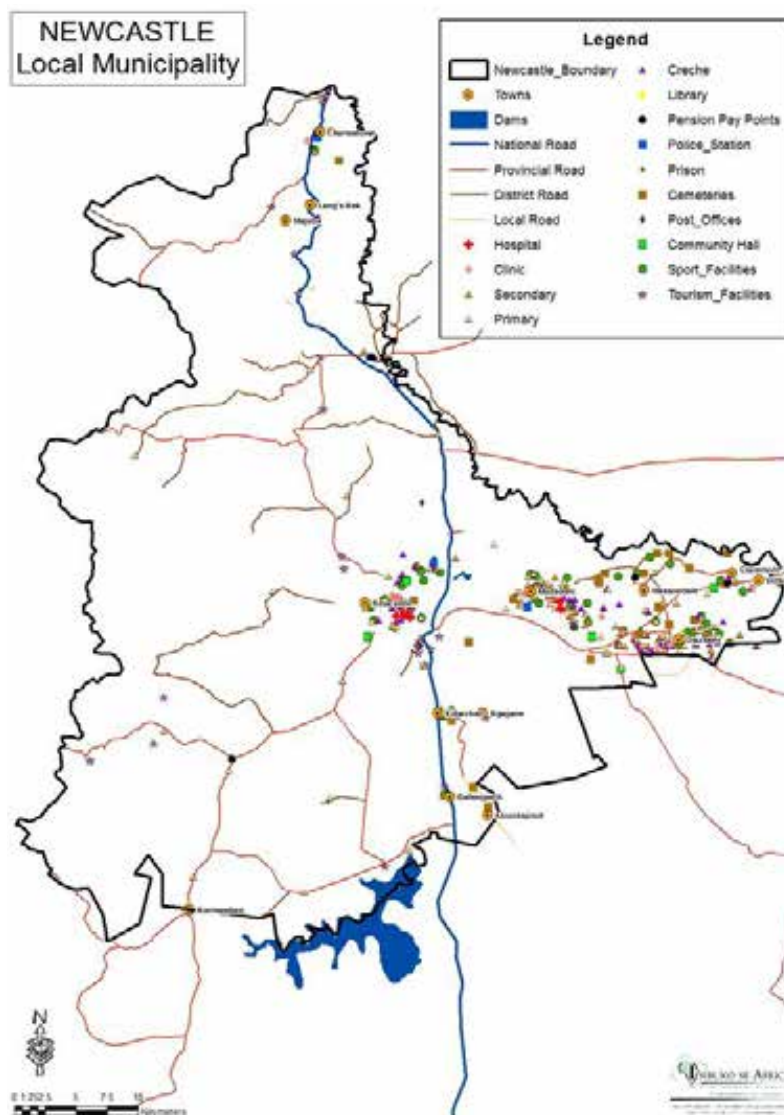
Tertiary education facilities include the old Madadeni College of Education (which is now used as a College for Further Education and Training), the Majuba FET (Newtech Campus), Majuba College FET, and Majuba FETC (MTC Campus).

There are approximately 48 early childhood educational facilities within NLM, which is spread throughout the municipal area. The crèches in the area operate from either a dedicated facility, community facility or a home.

1.1.8 HEALTH INSTITUTIONS

There are approximately twelve mobile clinics that serve the municipality and 10 permanent clinics. The backlog is mainly in the Newcastle East where the majority of the population lives. At least two hospitals are found within Newcastle Municipality. One is located in town while the other is in Madadeni Township. While Madadeni Hospital serves the district function, Newcastle Hospital is classified as a Provincial Hospital and provides service to the whole of Amajuba District and the surrounding areas.

Figure 19: Public Facilities



The spatial representation of these facilities clearly indicates that these facilities are concentrated in the urban complexes, in the central and eastern portions of the municipal area.

Emergency Rescue Services (EMRS) is located in Madadeni. The Newcastle Private Hospital is the only private hospital within the municipal area.

Table 10: Planning Standards for Health Facilities

Facility	Catchment population	Distance & Walking time	Location factors
Mobile clinic	<5 000	1km / 20min	Located on public transport routes and near taxi and bus ranks and shops.
Clinic	Small:5 000-10 000 Large: 30 000-50 000	1km / 20min	
Community health	70 000-100 000		

centre			
Hospital	10 000-80 000	2km(40min) 5km	

Source: Provincial Planning & Development Commission

1.1.9 SPORTS FACILITIES

Newcastle municipality has a total of 4 sports complexes, namely Paradise Playgrounds, Phelandaba Playgrounds, Fairleigh and Amajuba Sports Complex. In addition, there is the K.R. Rumelin Stadium, 18 sports fields and the Newcastle Swimming Pool. Newcastle East, particularly JBC and the surrounding settlements are poorly provided with sports facilities. Urban renewal programme in the JBC, and infrastructure upgrading in the MBO areas should prioritise the provision of adequate sports facilities. Parks and play lots should also be prioritised in these areas. The age structure of the population and the dominance of the youth support this assertion.

The municipality is in the process to revamp the Phelandaba sport field thereby providing a range of sporting codes including the soccer field, race track for athletics, volley ball and netball. This project has begun with the development of a swimming pool which will cater for the residents of Madadeni and surrounding areas. The same project will be done in Osizweni in the future years. It is anticipated that these kinds of projects will assist in attracting the youth into the sport while building the healthy communities.

1.1.10 POLICE STATIONS

There are seven permanent police stations in NLM and one satellite station. Services offered range from child protection, serving the community and domestic violence. Newcastle has four libraries, located in its area of jurisdiction, namely the Newcastle Public library, Osizweni, Madadeni and Fairleigh. Newcastle Municipality participates in crime policing forums through the Office of the Speaker. The NLM is in the process of installing the CCV cameras to the CBD, industrial areas, and suburbs and in the townships of Madadeni and Osizweni in order to fight against crime. Special attention is given to hot spot crime zones identified by the SAPS through the installation of high mast lights. These include Eskom licensed areas in the townships and rural areas. The objective is to have a free crime municipality whereby all residents enjoy their lives without fear or intimidation.

1.1.11 LIBRARIES

A main library is located in town while satellite libraries are found in outlying areas such as Madadeni and Osizweni. Provision of libraries in the Newcastle East should be prioritised given the structure of the population and lack of such facilities in the area.

Newcastle Municipality has a challenge of maintaining the CBD as a main administrative centre thereby catering sufficient facilities. A need has been identified to expand the main library or developed a cultural precinct which includes a theatre, museum and library next to the civic centre. Satellite libraries are also considered as a priority for the municipality especially in the rural areas like Charlestown and JBC area. The plans and consultation with the Department of Arts and Culture are underway in order to secure funding for these projects.

1.1.12 COMMUNITY HALLS

The municipal area has a total of nine community halls. Four of these are administered by the district municipality, while the other three is administered by NLM. There is a need for additional about 16 halls based on the size and geographic spread of the population. Development of multi-use community facilities which may serve as pension-pay-points, indoor sports facility and place of assembly should be investigated.

1.1.13 CEMETERIES

Access to burial facilities is one of the key challenges facing the Newcastle Municipality. There are 27 cemeteries (8 formal or registered and 19 informal burial sites). Registered cemeteries include 3 cemeteries in Charlestown, Roy Point cemetery, Cavan, (Drycut), Newcastle cemetery, Osizweni and Madadeni cemeteries. One of the unregistered cemeteries is Ngagane cemetery to the south of the Newcastle town. However, only two formal cemeteries are in operation, namely RoyPoint and Drycut cemeteries.

Although Drycut Cemetery was properly planned and laid out, it appears that the plan has not been followed. As a result, some graves are located in environmentally sensitive areas, and the facility remains poorly developed. This facility is currently the main cemetery that services the eastern parts of the NLM.

Similarly, the Roy Point Cemetery which serves as a regional facility for the whole of Newcastle and beyond is also fast approaching capacity clearly indicating a need for the identification and development of anew cemetery for the area. Cemeteries in Madadeni and Osizweni have been closed due to unfavourable geological conditions (high water table).

In response to the above cemetery challenges, the Newcastle Municipality commissioned an investigation of identifying new suitable sites for cemeteries. The project was initially setk to be completed by September 2012 and the planning exercise was to begin with the implementation of the Environmental Impact Assessment (EIA), and other processes.

1.1.14 SUSTAINABLE HUMAN SETTLEMENTS

According to the Vancouver Declaration (1976), 'Human Settlements' are defined as "the totality of the human community - whether city, town or village - with all the social, material, organizational, spiritual and cultural elements that sustain it. The fabric of human settlements consists of physical elements and services to which these elements provide the material support."

The physical elements entail the following:-

- Improved access to shelter (a house);
- Improved access to basic services;
- Upgrading of land tenure rights;
- Improved access to social facilities and services;
- Affirmation of the integrity and dignity of the settlement beneficiaries;
- Actions towards unlocking the economic development potential of the settlement; and
- Improved access to amenities.

The Newcastle Municipality Housing Sector Plan was adopted by Council in 2010. It provides an analysis of the housing situation within the municipality and outlines strategies to address the backlog and the associated housing problems. It clearly indicates the growth of the urban core and the need to accommodate the ever increasing demand for housing. The result of the ever increasing demand for housing has been the spawn of informal settlements or back-yard shacks. However, this plan is now outdated as it predates the introduction of a new national housing policy and does not provide sufficient guidance towards the development of sustainable urban human settlements.

1.1.14.1 HOUSING NEED

According to the 2011 census data, within the NLM jurisdictional area 88.64% of households reside in formal housing units. Traditional housing units and informal settlements account for 3.13% and 5.29% respectively. Households residing in a flat/room in backyard/caravan/tent and in other forms of housing make up 2.94% collectively. The census data does not provide information regarding the type and quality of houses. However it is evident that a large number of people in the eastern part of the NLM reside in houses that are substandard. The total number of households in the NLM is 84 270 and from the total number of households, 4 461 households are informal settlements that are in need of formal housing. A detailed analysis of the type of dwelling reveals a rather more complex picture. The number of people who live in a concrete brick structure has increased substantially from 45 665 in 2001 to 71 133 in 2011

marking an increase of about 35.81% (25 468 units). On the contrary, the number of people who reside in informal settlements, back yard shacks and other substandard housing units has declined substantially.

Furthermore, 95% of the total population resides in the urban part of the municipality. Nearly, 60% (195 216) of Newcastle Municipality's population resides within the eastern settlements along P483. These include the townships of Madadeni and Osizweni, the peri-urban settlements of Johnston, Blaauwbosch and Cavan, and the rural settlements of Khathide and AmaHlubi. Rural areas, dominated mainly by the extensive agricultural farms, account for only 5% of the population. It therefore, follows that the housing need in the Newcastle Municipal area is concentrated in the urban areas, and occurs as follows:

- ☛ Informal settlements located in close proximity to Newcastle Town: This entails settlements such as Siyahlalala which indicate a need to create housing opportunities close to areas with higher concentration of employment opportunities.
- ☛ Peri-urban settlements located in the JBC area: The area is poorly provided with basic services and public facilities, yet is one of the areas that have experienced high levels of population growth over the last few years.
- ☛ Settlements located within the Ubuhlebomzinyathi area: this area is rapidly degenerating into urban slums. The majority of these are located to the north of the Osizweni Township and the JBC area.
- ☛ Organized land invasion in areas such as Tuam Farm: Again this serves to highlight a need to create settlement opportunities closer to employment opportunities.

Other areas that require attention in terms of the development of sustainable human settlements include the following:

- ☛ Charlestown area which includes both tenants and informal areas.
- ☛ Small mining towns, the majority of which are located along the southern boundary of the municipality.
- ☛ Isolated settlements located on agricultural land such as Ingogo.
- ☛ Settlements being established in terms of various elements of the land reform programme.

According to the Housing Sector Plan the estimated housing backlog, based on the income profile of the population residing within the NLM jurisdictional area, is sitting at approximately 74 981 households (88.97%). These are basically the households that are eligible for a housing subsidy based on the 2011 Census Data. The housing sector plan further estimates housing backlog at between 19 000 and 30 000 units and a Housing Waiting list of 35 000 people. However, the waiting list has not been updated thus to cater for the changing circumstances of those who are in the waiting list. There's also a large number of forms which have not yet been captured into the database.

The current projects indicated in the HSP, suggests that the majority of housing need is in the Madadeni/Osizweni (MBO) and JBC complex, which is currently expanding outwards. The housing need is evident in the quality of the existing structure, poor access to basic services and unsecured land tenure. It also relates to the consequences and impact of urbanization and the inflow of people into the urban areas

of Newcastle. In order to address the housing need the MBO complex and Newcastle town need to be integrated and the quadrant between P483 and the N11 must be unlocked for housing development.

1.1.14.2 HOUSING DELIVERY

In stark contrast to the huge demand, Newcastle housing delivery was last done in the past 10 years and delays have been experienced to get housing projects approved and delivered timeously. However, concentrated efforts have been made by the municipality to deliver housing as per the constitutional mandate. The approved pipeline projects are as follows:

- ☛ Madadeni H39 – 890 beneficiaries.
- ☛ Charlestown Housing – 1500 beneficiaries.
- ☛ Siyahlalala Housing – 1200 beneficiaries.
- ☛ KwaMathukuza Storm damage – 1385 housing units.
- ☛ Madadeni storm damage 1 - 850 units.
- ☛ Madadeni storm damage (2) – 800 Units .
- ☛ Khathide Phase (2) – 2000 housing units.
- ☛ Blaauwbosch housing – 2011 housing unit.
- ☛ Osizweni Phase III – 670 housing units.
- ☛ Emawozeni Housing – 250 units.

Future housing projects should go beyond the delivery of housing units and focus on the creation of sustainable communities and settlements. This includes improving access to basic services, social/public facilities and creating opportunities for economic development. The municipality has submitted an application to the Department of Human Settlements for Community Residential Units in Fairley, Central along N11 and social housing next to the private hospital. It is hoped that these housing developments will play a significant role in assisting the municipality to alleviate housing shortages.

1.1.14.3 HOUSING RENTAL STOCK

The KZN Department of Human Settlements through the Social Housing Regulatory Authority has called in all municipalities in the province to submit proposals for the identification and delineation of Social Housing Restructuring Zones to facilitate the development of Social Housing units. Newcastle municipality has been identified as one of the municipalities to submit proposals for the identification of Social Housing Restructuring Zones for consideration for funding the development of Social Housing units in the Municipality's area of jurisdiction. The Department of Human Settlements is at the same time embarking on the establishment of Community Residential Units which cater for families earning an income of R3500 and less. This leaves a gap

in housing provision for income groups earning between R3501 and R7500. The Social Housing project seeks to close this gap and at the same time achieving the objectives mentioned in this report.

The project seeks to achieve the following objectives:

- ☛ Spatial restructuring by bringing lower income people into areas of economic opportunity;
- ☛ Social restructuring by promoting mixing of races and class; and
- ☛ Economic restructuring by promoting spatial access to economic opportunities and job creation through the building of medium density housing.

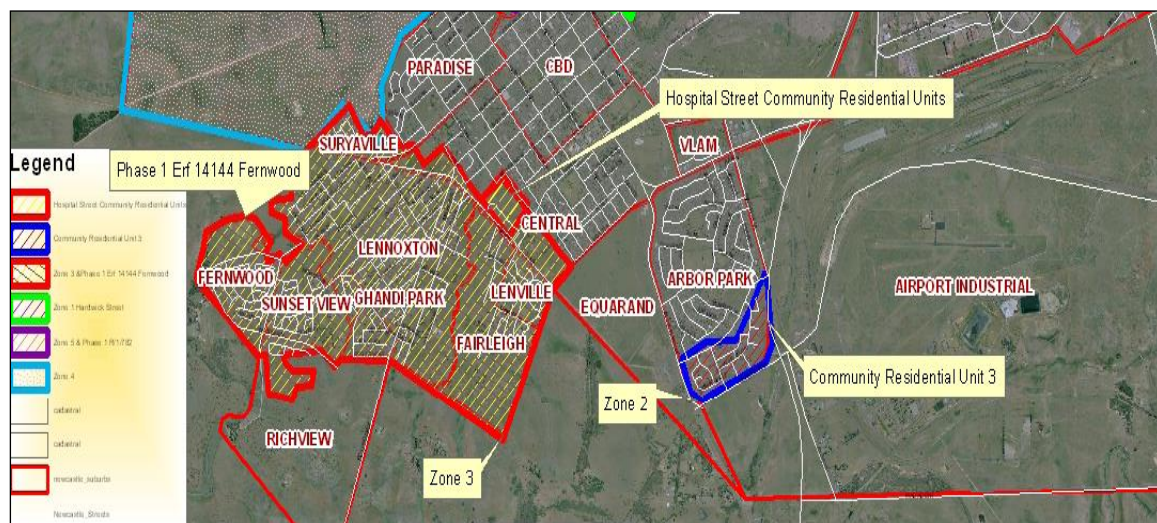
According to the Guidelines provided by the Department of Human settlements, for areas to be identified as Social Housing Restructuring Zones they should satisfy the following criteria:

- ☛ Social Housing Restructuring Zones should often coincide with development nodes (inner-city and decentralized) and corridors;
- ☛ They should not be about regeneration or renewal in townships but could be adjacent to nodes or within corridors linking townships to the city;
- ☛ Ideally restructuring should satisfy all 3 objectives above, but either economic access or mixing of race and class each, on its own can be sufficient motivation;
- ☛ A Restructuring Zone cannot however, be motivated solely on the grounds of creating change in spatial morphology of the city e.g. just for the sake of densification/compaction.

A total of six (6) Social Housing Restructuring Zones have been identified by the Department of Development Planning and Human Settlements of which two have been prioritised. The identification of the restructuring zones is in line with the set guidelines. The six zones are as follows:

- ☛ **Zone 1** – Hardwick Street Social Housing Restructuring Zone.
- ☛ **Zone 2** – Arbor Park Housing Restructuring Zone (**Prioritized**).
- ☛ **Zone 3** – Fairleigh, Lennoxton, Lenville, Fernwood, Restructuring Zone (**Prioritized**).
- ☛ **Zone 4** – Amiel Park, Hutten Heights, Pioneer Park, Aviary Hill, Schuinshoogte, Signal Hill, Sunny Ridge, Barry Hertzog Park, Amajuba Park and Ncandu Park.
- ☛ **Zone 5** - P483 Corridor Mobility Spine, Activity Spines and Activity Nodes.
- ☛ **Zone 6** – Future Development Zones (Erven 15048 and 15049, Newcastle).

Map 3: Prioritized Restructuring Zones 2 and 3



1.1.14.4 INFORMAL SETTLEMENTS

As indicated on table 15 below, informal settlement is one of the key challenges facing the NLM. The total demand for dwelling units (in informal settlements) can thus be calculated at approximately 19 000 units (this figure could however be much higher/lower depending on the number of households for the JBC Informal Settlement).

Table 11: Informal Settlements

SETTLEMENT NAME	NR OF HOUSEHOLDS	POPULATION SIZE	EXTENT	ROAD NETWORK	SANITATION	WATER	REFUSE REMOVAL	ELECTRICITY
Roy Point Informal Settlement	800	1000	50ha	None	Pit Latrines	None	None	None
Charlestown Informal Settlement	1500	6000	56ha	None	Pit Latrines	None	None	None
Bosworth Informal Settlement	500	3500	NA	None	Pit Latrines	None	None	None
Siyahlalala Informal Settlement (Fairleigh)	1000	5500	84ha	None	None	4 Stand Pipes	None	None
Soul City Madadeni Section 3	60	300	NA	None	VIP	Stand Pipes	Collected	None
Soul City : Madadeni Stafford Hill	3000	4500	NA	None	Pit Latrines	4 Stand Pipes	None	Eskom
Dry Cut Informal Settlement	500	2500	NA	None	Pit Latrines	4 Stand Pipes	None	None
Ingogo Informal Settlement	600	3000	NA	None	Pit Latrines	None	None	None
Ingqayizivele Informal Settlement	600	3000	NA	None	Pit Latriness	None	None	None

SETTLEMENT NAME	NR OF HOUSEHOLDS	POPULATION SIZE	EXTENT	ROAD NETWORK	SANITATION	WATER	REFUSE REMOVAL	ELECTRICITY
JBC Informal Settlement	NA	45191	2408ha	Access Roads	Pit Latrines	Stand Pipes	None	Eskom

1.1.14.5 URBAN RENEWAL

Madadeni and Osizweni are the two main townships located within Newcastle Municipality area of jurisdiction. The area, generally referred to as the MBO (Madadeni, Blaauwbosch and Osizweni areas) is the main focus of urban renewal initiatives by the municipality. To this extent, a regeneration framework has been developed as a means to provide guidance, coordination and alignment of sectoral activities to facilitate development of MBO complex. Key performance areas with their identified strategies identified for the MBO complex include:

- ☛ Quality Living Environment: this key performance area deals with strategies to improve the quality of the environment. It includes, amongst others, strategies for conservation, environmental health, rehabilitation and reclaim of degraded areas, air quality, water resource management, waste management.
- ☛ Access to Public Services and Amenities includes strategies for road maintenance, ensuring adequate and reliable bulk resources for all services over next 20 year period site and service strategies, etc.
- ☛ Functional Local Economy: this KPA identifies strategies for recycling programmes, encouragement of home enterprises, mixed activity Economic Opportunity Zones, multi modal transport interchanges at major nodes, secondary residential property market, land tenure upgrading as part of all housing projects, etc.
- ☛ Linkages and Integration: Strategies of importance are inter-neighbourhood linkages, extension of new road linkages towards improved integration, Investment Promotion Office dealing with specifically the former township areas (now economic opportunity zones).

1.1.14.6 UPGRADING AND FORMALISATION OF JBC AREA

The JBC Framework identifies six development units or precincts, and recommends that these form the basis of a housing development program in the area. Layout plans and development applications have already been packaged for some of these precincts. It further suggests the following initiatives for the area:

- ☛ Effective environmental management.
- ☛ Provision of bulk engineering services, particularly waterborne sewerage.
- ☛ Upgrading of main transport networks and the associated public transport networks. This includes walkways and pavements.
- ☛ Promoting local economic development through the development of a new town centre in the area.
- ☛ Introducing an effective land use management system.

It further acknowledges the importance of P483 as the primary development corridor running through the area, and a number of mixed use strips (activity streets). It also suggests at least three development nodes with the major node being the proposed JBC Town Centre.

1.1.14.7 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Well developed infrastructure network. ▪ Availability of bulk infrastructure and services to support the economy and meet basic needs. ▪ Relatively well-resourced Technical Services Department. ▪ Aerodrome with potential to develop as a regional airport. ▪ Relatively good road network. ▪ Good access to social facilities and infrastructure (schools and health facilities). ▪ Level 2 Accreditation for the delivery of housing projects. ▪ Blue Drop water status (quality) ▪ Spare capacity for electricity 	<ul style="list-style-type: none"> ▪ Lack of sector plans particularly Water Services Development Plan. ▪ Ageing infrastructure particularly in the CBD and Newcastle West generally. ▪ Bulk infrastructure working at capacity (water treatment works). ▪ Water loses due to old infrastructure. ▪ Limited capacity for future development. ▪ Huge housing backlog particularly in the JBC area and informal settlements. ▪ Gravel roads in Newcastle East. ▪ Slow pace of housing projects. ▪ Lack of bulk services in the JBC area. ▪ Poor storm water management, particularly in the vicinity of Victoria Mall. ▪ Poorly located landfill site. . ▪ Illegal dumping.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Urban renewal programme. • Municipal Infrastructure Grant and other conditional grants. • Informal Settlement Upgrading Programme. • Public private partnerships. • Development of the New dam (Ncandu) 	<ul style="list-style-type: none"> • Increasing rate of urbanisation in areas where there is inadequate bulk infrastructure. • Reduction in infrastructure grants from national and provincial government. • Old infrastructure in the Newcastle west

CORPORATE GOVERNANCE

RISK MANAGEMENT

Section 62 (1) (c) (i) of the Municipal Finance Management Act (MFMA) No. 56 of 2003 assigns an extensive responsibility to the Accounting Officer/Municipal Manager to take all reasonable steps to ensure that the Municipality has and maintains effective , efficient and transparent systems of risk management and internal controls. Risk management policy of Newcastle Municipality as approved by the council further extends responsibility to all Municipal officials to implement effective systems of risk management within their areas of responsibility. Accordingly the Risk Management Unit is established in the Office of the Municipal Manager.

In accordance with the requirements of the MFMA, the annual risk assessment was conducted during the month of May, 2013 through intensive door-to-door departmental sessions and risk assessment workshops. The annual risk assessment covered both strategic and operational risks of the Municipality, fraud and corruption risks were also identified in both strategic and operational levels.

A detailed risk register was developed comprised of both strategic and operational risks with the top 10 risks being prioritized by management. All identified risks were grouped into specific risk categories to get a more manageable risk register with greater possibility to overview risks, followed by the rating of the risks and controls. Intervention measures were incorporated into the Risk Register through actions plans with clear time frames and assigning of responsibilities to relevant process owners and risk owners.-

MONITORING OF THE IMPLEMENTATION RISK MANAGEMENT ACTION PLANS

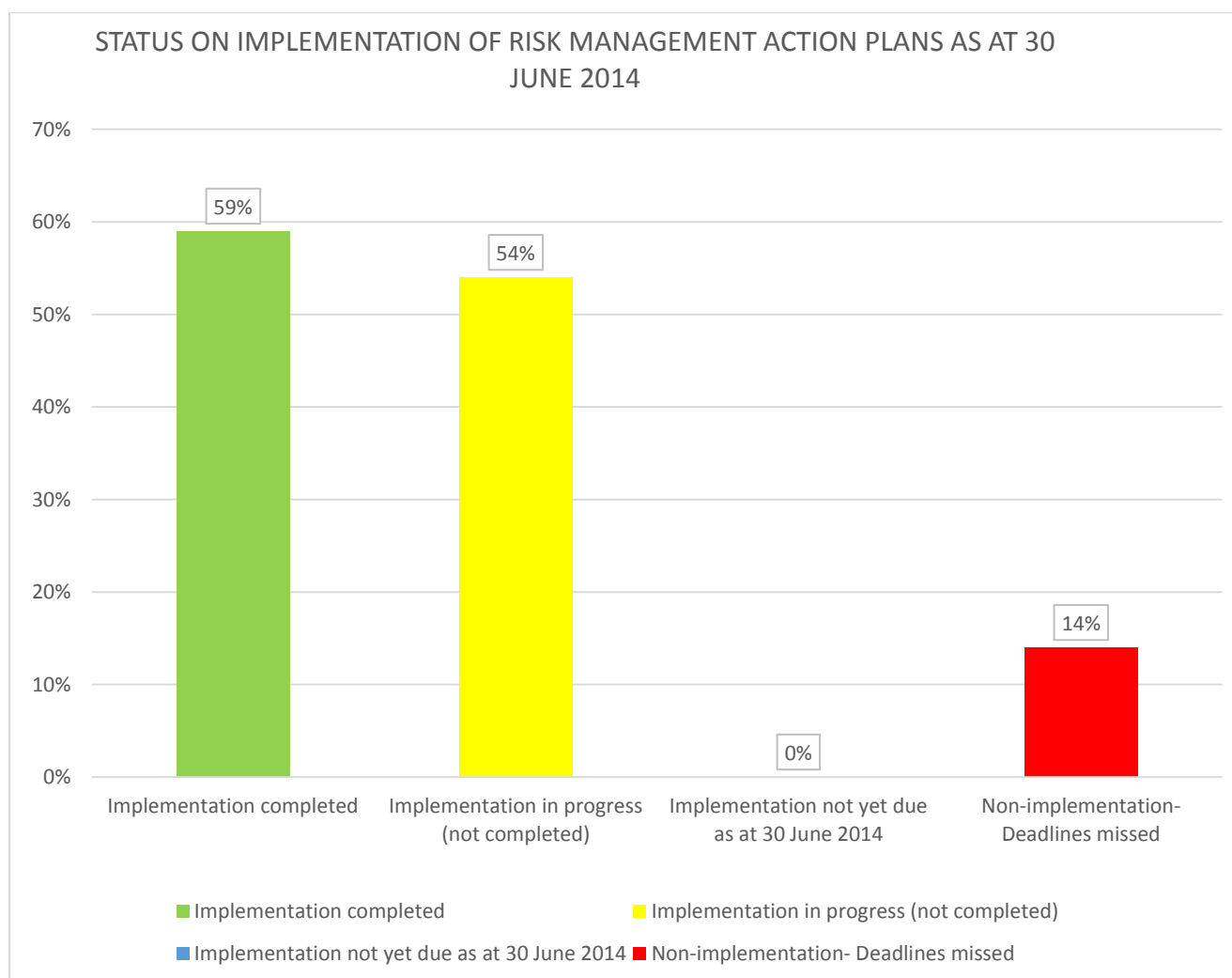
All departments of Newcastle Municipality submitted monthly progress reports on implementation of risk management action plans to the Chief Risk Officer for monitoring by the Accounting Officer through the Risk management Unit within the office of the Municipal Manager;

The Chief Risk Officer submitted quarterly reports to MANCO, Audit Committee and EXCO for oversight monitoring purposes.

THE STATUS ON IMPLEMENTATION OF RISK MANAGEMENT ACTION PLANS AS AT 30 JUNE 2014

The chart below depicts the status of implementation of risk management action plans as at 30 June 2014:





Non-implementation of risk management action plans were mainly due to financial constraints, however, in addressing this challenge, as from the new financial year (2014/15), all action plans shall be aligned to budget.

Apart from above, management shares the same sentiments with the audit committee that the implementation of risk management system within Newcastle Municipality is progressing very well, however there is still more room for improvement, and this will be addressed during the 2014/2015 financial year with the introduction of risk management assurance and compliance reviews whereby all internal controls that are contained in the risk register will be validated through verification procedures for existence thereof, adequacy assessment, and effectiveness testing, and we strongly believe that this will present an improved credible information in our risk register.

AUDIT COMMITTEE

The Audit Committee of the Newcastle Municipality comprises of 4 members to ensure effectiveness and functionality -(previously 3 members)

The following members are members of the Audit Committee :-



T C Ndlela – Chairperson

- ✓ Mr GS Majola
- ✓ Mr Ismail Simjee
- ✓ Mr M A Jordan
- ✓ Ms F Buckus

The term of office of the Audit Committee ended on the 30 June 2014 and was extended to 30 September 2014 to allow for continuity in respect of the review of the AFS and Annual Performance report for submission to the Auditor-General.

The appointment of a new Audit Committee is presently in progress.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

The municipality has established a Municipal Public Accounts Committee (MPAC) to oversee the expenditure and accountability for public funds entrusted to the municipality. The structure and current membership of this committee is indicated below as proportionately represented :

PARTY	REPRESENTATIVE
FEDCON	Cllr G A Mncube (Chairperson) (July 2013 to April 2014). Presently vacant

PARTY	REPRESENTATIVE
ANC	Cllr J K Gabuza
	Cllr T S Hlabisa
	Cllr H S Madonsela
	Cllr D E Tshabalala
	Cllr N A Zwane
IFP	Cllr D X Dube
	Cllr M S Mlangeni
DA	Vacant
NFP	Cllr N T Ntshangase

PUBLIC PARTICIPATION

The functional public participation structures of the municipality are :

- ✓ IDP Representative Forum
- ✓ Planning Co-ordination committee
- ✓ AFLED and Sub-structure (Agriculture, Tourism, Industry)
- ✓ ICT Co-ordination Forum
- ✓ GIS Co-ordination Forum
- ✓ District wide Sector Plans
- ✓ Siyenza Manje
- ✓ IDP Representative Forums
- ✓ Traditional Leaders
- ✓ Landowners – JBC Steering Committee
- ✓ Ward Committee Structures - 31 wards

Annual mass road-shows by ward is also a tradition of the municipality, allowing the Mayor to interact with the community to allow for input on the Budget/IDP/PMS.

WARD COMMITTEE STRUCTURES

Section 152(1)(e) of the Constitution of the Republic of South Africa, read together with Section 72 (1) and (2) of the Municipal Structures Act (Act 117 of 1998) give a direct mandate to Municipalities

to encourage the involvement of communities and community organizations in matters of local government and to establish community participatory systems.

Sections 8 (g and h), 9 (f) and 72 of the Structures Act, authorise Municipalities to establish ward participatory systems as mechanisms to enhance participatory democracy in local government.

Accordingly, 31 ward committees are operational in the Newcastle Municipality. A Ward Committee consists of the relevant Ward Councillor, who automatically assumes chairpersonship of the committee, and ten (10) other members. This composition is in terms of Section 73 (2) (a) and (b) of the Municipal Structures Act, which further states that the other ten (10) members should be elected into the Ward Committee. The composition of ward committees takes into cognizance issues of gender, disability groups, civil society, religious groups and any other organized groups within the community.

The primary objective of the ward committee is to enhance public participation of the community of Newcastle in the programmes of the Municipality.

A public Participation section established in the Office of the Municipal Manager Integrated Development Planning Unit under the and supports the Speaker, is responsible to ensure that the ward committees are functional in line with an approved Ward Committee policy.

Ward Committee members have been assigned portfolios aligned to the IDP priorities to ensure that issues pertaining to communities and the IDP are aligned.

Ward Committees have also played an active role in Special Programmes of the municipality as highlighted below.

SPECIAL PROGRAMMES

The Special Programmes (SP) Unit aims to redress previous imbalances, create equal opportunities, and promote accessibility, transparency and accountability of target groups development programmes. It comprises of cross-cutting issues, of which a blind eye cannot be turned as far as service delivery is concerned. Both the political and administrative wings have a critical role to play in the effectiveness of this psychologically tuned mandate.

NOTE: Special Programmes goes deeper than any other projects/ programmes. They are about behavioral change and this change calls for the change in cognitive and social stimuli. It has been evident that development is not just about providing shelter, roads etc. but also about the psychological wellbeing of an individual. Children, Youth, Senior Citizen, People Living with Disabilities, Men and Women must have a voice in governance.

The municipality is at the stage whereby it is acknowledged that people are different yet the same. In no way the municipality can implement service delivery alone but with the people.

Newcastle Municipality has launched the Provincial Sukuma Sakhe program at ward 9 as an attempt to declare war against poverty and social challenges facing the community of Newcastle. Operation Sukuma Sakhe Programme (formerly known as the Flagship Programme) seeks to institute food security, fight disease, in particular HIV, AIDS and TB, and poverty, to empower women and youth, and to instil behavioural change amongst the citizens of the province. The formulation of this 3rd Generation IDP has adopted the principles of Operation Sukuma Sakhe Program thereby establishing partnerships with the local community and getting involved into War Rooms.

Operation Sukuma Sakhe has a 'whole of Government approach' as its philosophical basis. It spells out every initiative and how it links to initiatives being implemented by the different sector departments and the spheres of government...therefore delivery of services is required through partnership with community, stakeholders and government. Newcastle Municipality has ensured that all 310 ward committees together with ward councillors do participate in this program through formation of war rooms at ward level.

Operation Sukuma Sakhe is a continuous interaction between Government and the community to come together to achieve the 12 National Outcomes. The program encourages the social mobilization where communities have a role, as well as delivery of government services in a more integrated way. The Government has structured programs which need to get as deep as to the level of the people are serving. This is at ward level, translating to all 31 wards and all households within the Newcastle area of jurisdiction. The KwaZulu Natal provincial government humbly accepts that it cannot achieve this alone, but needs community's hands in building this nation together.

The following Provincial departments have been prominent in spearheading the Operation Sukuma Sakhe program in Newcastle Municipality. These include; Department of Health, Education, Sports and Recreation, Social Development, Office of Premier and Co-Operative Governance and Traditional Affairs through Community Development Workers (CDWs).

The table below includes some key highlights in during 2013/14 financial year

HIGHLIGHT	CONTENT
1.War rooms establishment	The Newcastle has 31 wards and establishing war rooms was one of the most critical mechanisms for service delivery. See attachment
2.Senior citizen forum establishment	The target group is mostly not considered in decision making as one might say they are 'outdated'. The onus is therefore on the SP to readdress this type of discrimination. Thus the forum was established in order to include them in governmental activities.
3.Disability forum establishment	This target group is normally deserted and one might argue that the way the community/decision makers do things hinder them in maximising their potential. It is without any doubt that the structure will provide advisory services to Council e.g. building structures, sign language etc.
4.Children Living with disabilities	This target group is normally neglected. In addition, they are double 'victim'... living with disabilities and being children. The First Lady of Newcastle took part in empowering this target group through sports. Lastly, Vumanisabelo, YWCA and Bumbisizwe were given sports equipments.
5.Condom distribution TO ENSURE ZERO NEW INFECTION	The stigma still surrounds HIV/AIDS with people being afraid to even ask or take condoms. The campaign destroyed the stigma by having community leaders, officials, community members etc. publicly distributing condoms.
6.HIV/AIDS awareness	This was done through the Municipal HIV/AIDS vehicle stickers. Where ever one sees the municipal vehicle he is reminded about being responsible.
7. Establishment and training of Ward Aids Committees	In order to deal with HIV/AIDS, SANAC, PCA, DAC and the LAC; agreed that one need to start form the ward level. Consequently, instead of creating many committees within the ward level, ward committees were trained on being WARD AIDS COMMITTEES. The training was supported by the Office of the Premier KZN.
8. Mens march	This was the first of its kind. The men's forum organised a march in order to portray their stand on what manhood is and should be. The Mayor of Newcastle (as the first citizen) took part in this history making event. It didn't end there. Men discussed on what should be their role as men within the community.

INFORMATION TECHNOLOGY

Information Technology has become an important component of NLM in the quest to improve and transform lives of communities, and to assist and enable other departments within the Municipality to render a quality service to stakeholders and the public at large.

2012/13 will be seen as the year that set the foundation for the existence of IT in the Municipality.

IT VISION

The Newcastle Municipality's IT vision is:

To be a catalyst for change and a world class leader in delivering technology solutions and services that directly contribute to mission accomplishment; and an essential partner in business transformation, resulting in excellent customer service, strong partnerships, secure and reliable infrastructures, and cost efficient performance.

IT MISSION

The Newcastle Municipality's IT mission is as follows:

We provide the information and communication technology leadership and governance that enables the programs and operations of the Newcastle Municipality to deliver their respective missions in an efficient, effective, and secure manner through the use of IT solutions and services.

The IT mission spans a wide range of areas and includes enhancing business capabilities in the municipality by providing:

- A secure IT environment;
- Effective IT leadership;
- A capable and adequate IT workforce; and
- An excellent customer service.

The table below shows the IT staff compliment as at period ending 30 June 2014:

Position	Number	Gender		Race*
		M	F	
Director: IT	1		1	1 AF
Systems/Network/Office Administrators	3	1	2	1 AM 2 AF
Technicians (Desktop, Network, Security)	2	2	1	1 AM 1 WM 1 AF
Interns	8	8	0	8 AM

*Race: AM = African Male; AF = African Female; WM = White Male

IT STEERING COMMITTEE

The 2013/2014 financial year saw a number of IT governance meetings due to a raised awareness of systems and budgetary challenges that were entailed. The meetings were also used as a platform to discuss the action plans that were laid out after the Auditor General's findings.

As from June 2013, the IT Steering Committee had the following members:

- Chief Risk Officer (Chairman)
- Manager: Performance Management
- Director: Budget
- Director: Supply Chain Management
- Director: Economic Development
- Director: IT

The committee is governed by an approved charter that outlines the committee's roles and responsibilities along with the committee's mandate.

IT POLICIES AND PROCEDURES

Aside from the IT Steering Committee, progress was made in terms of the development and implementation of critical policies and procedures that are crucial in the governance of IT. The following were developed and approved in the 2013-2014 financial year:

- User Access Management Procedures
- IT Disaster Recovery Plan (reviewed)
- Password Management Procedures
- Standard Naming Convention
- Data Center Access Procedures

IT RISK MANAGEMENT

IT risk management is a component of a wider enterprise risk management system. The establishment, maintenance and continuous update of an IT risk register provides a strong indication that the Newcastle Municipality is using a systematic approach for the identification, assessment and management of information security risks.

IT PERFORMANCE AND OVERSIGHT REPORT

Service Delivery and Budget Implementation Plan (SDBIP)

The Service Delivery and Budget Implementation Plan (SDBIP) details the implementation of service delivery and the budget for the 2013-2014 financial year in compliance with the MFMA, 2003 (Act 56 of 2003). The SDBIP facilitates the process of holding management accountable for the performance of their respective units and departments. It provides a basis for measuring performance in the delivery of services.

The key performance indicators for IT are in compliance with the information Technology Infrastructure Library (ITIL) KPIs as prescribed by the Council approved IT Governance Framework. The ITIL is a framework of best practice approaches intended to facilitate the delivery of high quality information technology services. ITIL KPIs are used to assess if the Newcastle Municipality's IT processes are running according to expectations.

Key Performance Indicators

The following are the IT KPIs as defined in the SDBIP are linked to the operating budget of 2013-2014 financial year:

- Number of ICT Steering Committee meetings held
 - Percentage of the ICT Strategic Plan implemented
 - Percentage of uptime maintained
 - Review of Disaster Recovery Plan
 - Number of ICT security incidents
 - Percentage of website requests addressed within 24hrs
-

CAPITAL AND OPERATIONAL PROGRAMMES

The 2013-2014 financial year saw the implementation of a number of key planned projects.

NEWCASTLE MUNICIPALITY WEBSITE

The municipality's new website went live in February 2014. This new website has a modern, clean and fresh look-and-feel as compared to the old design. Even though departments have not been forthcoming with website content, the number of visitors on the website has increased profusely with many of the visitors focusing on open tender advertisements.

The site will be officially launched after the second phase has been completed and is live. Phase 2 of the website includes the introduction of interactive portals for the purchasing of tender documents including more details on advertised bids such as bidders, bidder prices, and successful bidder. This phase will also introduce online access to municipal accounts and meter readings.

The final product will be an informative site that provides easy access to the Newcastle Municipality's services. Visit the site by clicking here: <http://newcastle.gov.za>

MICROSOFT ENTERPRISE AGREEMENT

The Enterprise Agreement (EA) offered by Microsoft is their flagship products for easy access to business applications utilized by medium-large corporations. The EA is the best licensing program for organizations that want to standardize IT across the enterprise. Some of the benefits of having an EA include:

- Flexible, cost-effective and manageable licensing
- Full benefits of Software Assurance
- Simplified license management through a single company-wide agreement

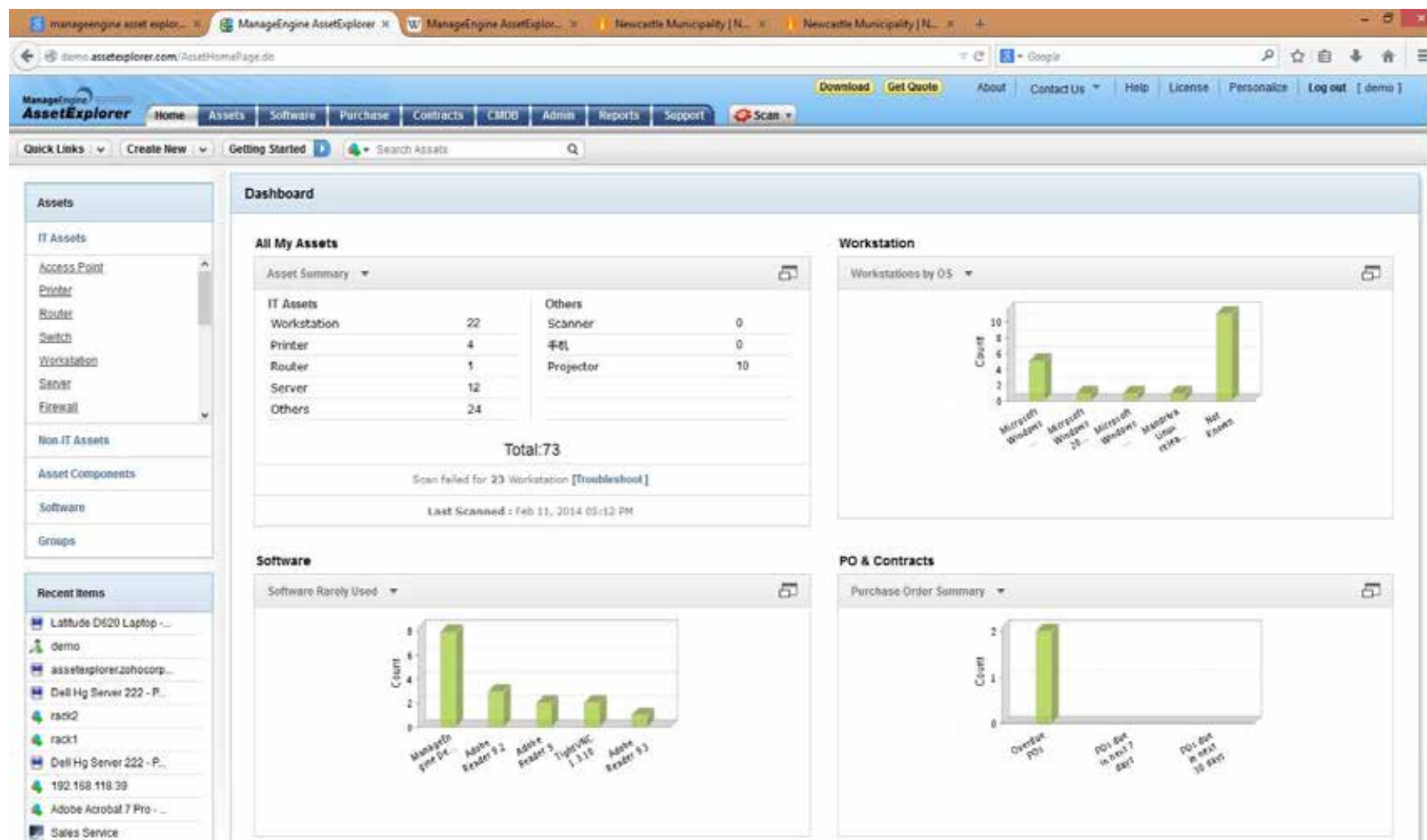
The benefits of Microsoft's Software Assurance includes:

- Improved productivity across the organization through the implementation of the latest software versions as soon as they are available
 - Improved productivity of officials through access to the e-Learning portal (online training portal)
 - Home Use Program which offers employees the latest Office programs to use at home, via a low-cost download
-

The Newcastle Municipality currently has 400 Microsoft Office Professional and Windows 8 licenses, plus additional select licenses for Microsoft Visio, Project, SQL Server, and Windows Server for the next couple of years ending in 2018.

IT ASSET MANAGEMENT SOFTWARE

ManageEngine's AssetExplorer software was procured to provide a single interface for the tracking and viewing of all IT assets, auditing of hardware and software, and tracking of asset ownership. The software features include software license compliance and usage tracking, asset tracking, IT asset scanning, asset ownership tracking, hardware and software inventory, maintain audit history, software asset management, software license management, maintain software compliance and software usage tracking. Additional features include contract management and purchase order management. Below is an example of the application's dashboard:



TELECOMMUNICATIONS AUDIT

The telecommunications audit was initiated as a means to understand the municipality's telecommunications infrastructure so as to develop cost cutting strategies. The telecommunications function was re-allocated to the IT unit in February 2013 and the wheels of motion have been moving slowly. In 2013-2014 financial, the audit was conducted and completed by the service provider, and it provided immediate interventions that will assist the municipality in cutting costs. These interventions include termination of unused lines that are still billed by Telkom; termination of lines into the homes of officials that were implemented before municipality officials were given access to mobile phones; termination of outdated extensions that are expensive to keep and have not been in use since installation; these and many other interventions will see the municipality save in excess of R120 000 per month.

The objectives of the telecommunications audit were as follows:

- Quantify the number of telecommunications systems that are currently used by departments and associated charges;
- Produce telecoms service billing to determine billing trends;
- Terminate systems and telecoms lines that are not necessary;
- Determine sustainable solutions that will assist in reducing costs.

The ideal situation for the municipality is the implementation of a single, centralized telecommunications system that will service all municipal sites.

ICT STRATEGY IMPLEMENTATION REPORT

The following report gives indication of the action plans, as laid out in the approved ICT Strategic Plan, that were implemented in the 2013-2014 financial year.

The following goals make up the backbone of the ICT Strategy 2013 – 2016:

ICT Strategy Key Goals 2013/14 – 2015/16		
No	Goal	Description
1	ICT Infrastructure	Maintaining and rationalizing ICT services
2	Business Transformation	Transforming customer services and access to services

3	Information management and security	Continuing to improve internal and external security and information management standards
4	Cost effectiveness	Achieving value for money, maximizing income, transforming procurement and driving business transformation
5	ICT governance	The effective management of ICT resources
6	Partners and Suppliers	The effective use of ICT partners and suppliers in providing services

1.1 OUTCOMES AND SUCCESS MEASURES PER STRATEGIC GOAL

No	Goal	Outcomes and Success Measures
1	ICT Infrastructure	<ul style="list-style-type: none"> • Successful management of desktop computing as evidenced by user satisfaction and flexible working performance monitoring. • Phased adoption of Office 2013 and Windows 8 across all personal computers during 2013/14 and 2014/15. • The development of local-area and wide-area networks across operational Municipal sites including increased transmission rates during 2013/14. • The provision of ICT to help support the Newcastle Municipality's accommodation plans in light of the construction of the new Civic Centre offices in 2013/14, 2014/15 and 2015/16. • The adoption of virtualized server technology with an increasing proportion of cost-effective virtualized servers. • The development and strengthening of the Newcastle Municipality's ICT security framework. • Improved ICT business continuity plans for the municipality's website and all major business systems linked to annual testing. • Contract benchmarking, KPI and customer satisfaction monitoring to demonstrate the cost and effectiveness of the ICT service. • Standardization of desktop and laptop computers to a single high performance and reliable brand (Dell). • Extensive decrease in communications costs through the implementation of a centralized system and Unified Communications.

No	Goal	Outcomes and Success Measures
2	Business Transformation	<ul style="list-style-type: none"> • Development of self-service and web-based forms for all high volume customer transactions. • The use of the Newcastle Municipality's website as the premier channel for customer self-service facilities. • The use of mapping and spatial facilities to enhance customer website use. • Technical resilience for the Council's website to minimize risks of Internet disruptions and peak demands.
3	Information management and security	<ul style="list-style-type: none"> • Web-based customer self-service facilities using e-forms and transaction middleware. • Development of an Electronic Document Management System business case. • Assessment and piloting of the Microsoft SharePoint as a central point for information holding and search. • Assessment and piloting of data warehouse approaches including website public data publication. • Development of the Information Asset Register and associated information handling guidelines during 2013/14.
4	Cost effectiveness	<ul style="list-style-type: none"> • Provision of personal computing facilities to suit all categories of staff and their working locations. • The use of thick and thin client computing to support flexible working. • The deployment of mobile network SIM based methods of access such as 3G (and 4G). • Deployment and support of Smart Phone devices for staff on a business case basis. • The introduction of IP Telephony to reduce communications costs across all Municipal sites. • The targeted introduction of the Microsoft SharePoint and MS Lync products to optimize staff collaboration and productivity. • The introduction of shared printing points across the organization to promote prudence and reduce printing costs throughout the whole organization.
5	ICT governance	<ul style="list-style-type: none"> • Development of the corporate ICT governance framework providing a strong gate-keeping role and enforcing compliance to agreed ICT standards and procedures. • ICT advice, guidance and services to all municipal ICT related initiatives. • Management of ICT partner development resources in accordance with approved ICT projects. • Adherence to the Council's ICT project management methodology.

No	Goal	Outcomes and Success Measures
6	Partners and Suppliers	<ul style="list-style-type: none"> • Optimization of the use of First Technology, Vesta, Microsoft, Sage VIP Payroll & HR, Vodacom and Telkom as the Council's ICT partners and ICT service providers. Maximization of the benefits of the partnerships until the end of any contractual relationship, where applicable. • Foster close working ties with Council's Financial Management System (FMS) partner, Vesta Technologies, to effectively and efficiently manage changes to the FMS system. Establishing a service level agreement that will guarantee that the benefits of the partnership are maximized and that Council gets value for money for the functionality of the system. • Work closely with other outsourced service providers and partners across all Council business units. • Continue use of proven third party software solutions. • Planning for the ICT procurement procedures that will need to be in place from September 2013.

IMPLEMENTATION REPORT

STRATEGIC GOAL 1: ICT INFRASTRUCTURE

Strategy Goal and Work Area	Action Plans to be started and/or finalized in 2013/14	Actual Action Plans started and/or finalized in 2013/14
ICT Infrastructure		
1.1 Upgrade to Office 2013	Y	Y
1.2 Windows 8 operating system assessment and upgrade	Y	Y
1.3 Local Area Network optimization	Y	Y
1.4 MPLS architecture implementation	Y	N
1.5 Assessment of Unified Communications implementation	Y	N
1.6 Assessment and upgrade of telephony technology – IP telephony	Y	Y
1.7 Storage Area Network and resilience	Y	Y
1.8 Growth and use of server virtualization	Y	Y
1.9 Server software maintenance and upgrades	Y	Y
1.10 Develop corporate MS SQL database environment	Y	N
1.11 Development of layered ICT security model	Y	N
1.12 Development of thin-client services	Y	N
1.13 Introduce replicated SAN and new DR arrangements	Y	N
1.14 Business Continuity and Disaster Recovery Plan reviews	Y	Y
1.15 Annual cost and satisfaction benchmarking	Y	N

1.16 Review of Cloud Computing and off-site hosting options	Y	N
1.17 Continued standardization of desktop and laptop computers to Dell brand	Y	Y
Total Number of Action Plans	17	9
Total Percentage of ICT Infrastructure Action Plans started and/or completed in 2013-2014	53%	

STRATEGIC GOAL 2: BUSINESS TRANSFORMATION

Strategy Goal and Work Area	Action Plans to be started and/or finalized in 2013/14	Actual Action Plans started and/or finalized in 2013/14
Business Transformation		
2.1 ICT support and advise to departmental ICT projects	Y	Y
2.2 Website resilience improvements	Y	Y
2.3 Website customer channel/Portal development	Y	N
2.4 Use of E-Forms to standardize municipal customer forms	Y	N
2.5 Development of Website dataflow middleware	Y	N
2.6 Introduction of line of business systems self-service modules	Y	N
2.7 Development and use of mapping and spatial web tools	Y	Y
2.8 Development of departmental Service Level Agreements to ensure that business receives efficient, reliable and expected service levels from the ICT business unit	Y	Y
Total Number of action plans	8	4

Total Percentage of Business Transformation Action Plans started and/or completed in 2013-2014	50%
---	------------

STRATEGIC GOAL 3: INFORMATION MANAGEMENT AND SECURITY

Strategy Goal and Work Area	Action Plans to be started and/or finalized in 2013/14	Actual Action Plans started and/or finalized in 2013/14
Information Management and Security		
3.1 Development of annual Business Systems Plan and Information Systems Strategy	Y	N
3.3 SAN (Storage Area Network) development and monitoring	Y	Y
3.4 Assess Data Warehouse for corporate reporting	Y	N
3.5 Develop Information Asset Register	Y	Y
3.6 Information Management Awareness and Publicity	Y	N
3.7 Develop and implement ICT Security Action Plan	Y	N
Total Number of action plans	6	2
Total Percentage of Information Management and Security Action Plans started and/or completed in 2013-2014	33.3%	

STRATEGIC GOAL 4: COST EFFECTIVENESS AND FLEXIBLE WORKFORCE

Strategy Goal and Work Area	Action Plans to be started and/or finalized	Actual Action Plans started and/or
------------------------------------	--	---

	<i>in 2013/14</i>	<i>finalized in 2013/14</i>
<i>Cost Effectiveness and Flexible Workforce</i>		
4.1 Support to all departmental ICT projects requiring ICT input	Y	Y
4.3 Provision and support of technical and skills staff training in line with the Workplace Skills Plans and Personal Development Plans.	Y	Y
4.4 Monitor, review, and adjustment of the technical deployment approach for each item of business software	Y	N
4.5 Review and re-tender of SIM-based mobile devices contract	Y	N
4.6 Tender of personal computer and laptop provision as and when required	Y	N
4.7 Development of corporate printing management plan	Y	N
Total Number of action plans	6	2
Total Percentage of Cost Effectiveness and Flexible Workforce Action Plans started and/or completed in 2013-2014	33.3%	

STRATEGIC GOAL 5: ICT GOVERNANCE

<i>Strategy Goal and Work Area</i>	<i>Action Plans to be started and/or finalized in 2013/14</i>	<i>Actual Action Plans started and/or finalized in 2013/14</i>
<i>ICT Governance</i>		
5.1 ICT Steering Committee to meet every 6-8 weeks	Y	Y
5.2 ICT Steering Committee to monitor annual Business Systems Plan	Y	N
5.3 ICT Directorate to manage local ICT developments	Y	Y

5.4 Promotion of ICT project management	Y	Y
5.5 Reporting to Executive Committee on key ICT matters	Y	Y
5.6 Directorate and ICT Steering Committee to monitor the Service Level Agreements between the municipality and external service providers; and between business units and the ICT business unit	Y	N
Total Number of action plans	6	4
Total Percentage of ICT Governance Action Plans started and/or completed in 2013-2014	66.6%	

STRATEGIC GOAL 6: SUPPLIERS AND PARTNERS

Strategy Goal and Work Area	Action Plans to be started and/or finalized in 2013/14	Actual Action Plans started and/or finalized in 2013/14
Suppliers and Partners		
6.1 Joint working with the municipality's ICT partners Vesta, First Technology, Telkom, Microsoft, Sage VIP Payroll & HR, and Vodacom, and the ongoing objective of service improvement and efficiencies	Y	Y
6.2 Provision of ICT services to support both existing and new outsourced service providers	Y	Y
6.3 Develop and monitor Service Level Agreements with all ICT suppliers and partners	Y	N
Total Number of action plans	3	2
Total Percentage of Suppliers and Partners Action Plans started and/or completed in 2013-2014	66.6%	

Percentage of strategic action plans started and/or finalized in the 2013-2014

financial year is: 50%



The implementation of the Newcastle Municipality's approved ICT Strategic Plan 2013 – 2016 is progressing well with focus placed on a number of action plans in the 2013/2014 financial year. The ICT Strategic Plan lays out actions to be undertaken over a period of 3 years; most of these action plans run throughout the 3 year period.

Strategy Goal and Work Area	Number of Action Plans to be started and/or finalized in 2013/14	Actual Number of Action Plans started and/or finalized in 2013/14
1. ICT Infrastructure	17	9
2. Business Transformation	8	4
3. Information Management and Security	6	2
4. Cost Effectiveness and Flexible Workforce	6	2
5. ICT Governance	6	4
6. Suppliers and Partners	3	2
Total Number of action plans	46	23
Total Percentage Action Plans Started and/or Finalized in 2013-14	50%	

CHAPTER 3**ANNUAL FINANCIAL STATEMENTS 2013/14**

This is included as Appendix 1 of the Annual Report .

FINANCIAL DIAGNOSTIC ANALYSIS

This analytical review of the Budget and Treasury Office is based on the analysis of financial results as are presented in the Annual Reports of the Municipality for the last three financial years being 2011/12, 2012/13 and 2013/14. These Financial Statements were audited by the Auditor-General.

The following are significant results of our analysis on the Municipality's Financial Performance, Financial Position, Cash Flows & Organisation Environment (Budget and Treasury Office)

Financial Performance

The revenue base of the Municipality increased from R1 420 021 710 in 2012 to R1 456 210 889 in the financial year ended 30 June 2014. This represents a growth of 2.5%. During the same period there was a 2.3% decrease from 2012 to 2013. This decrease was due to an amount of R137 million for doubtful debt adjustment which had been credited to revenue during 2012 which had resulted from prior year errors. This adjustment was a book entry and thus not indicative of the actual revenue earned, during the 2012 period.

The increase in revenue from 2013 to 2014 was 4.9% which was slightly below the inflation rates at that time. This means that the municipality's financial performance was rather fair during the period under review.

Year	Total Revenue (R)	% Increase/(decrease)
2014	1 456 210 889	4.9
2013	1 388 741 798	-2.3
2012	1 420 021 710	8

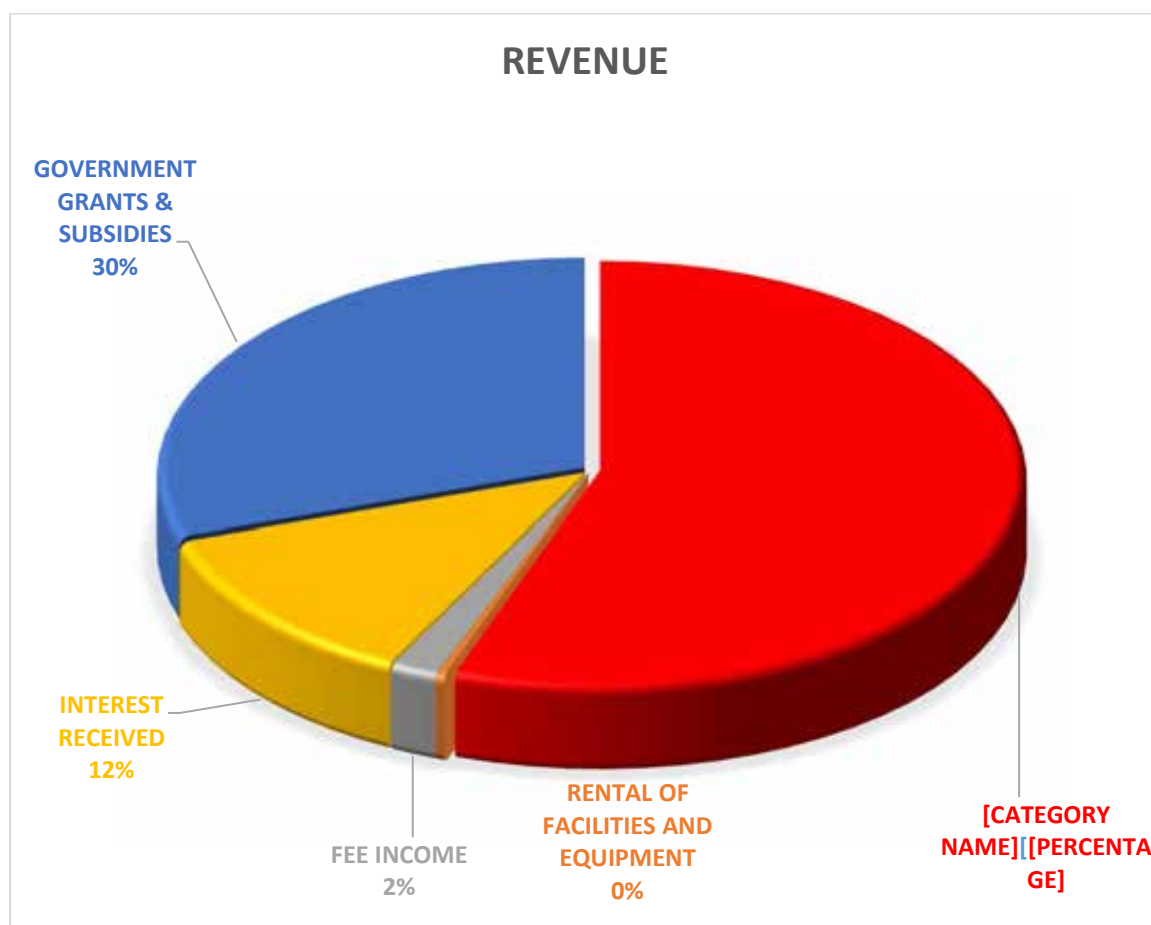
From the table below, the municipality generates more than half its total revenue base from service charges, which is 55.49%. The other significant sources of revenue are Property Rates 12.19%, and Government grants and Subsidies 30.22%.

The percentage contributions of various income sources to total income have remained constant in the years under consideration.

In the Analysis below, the focus is on the material revenue contributing elements in order to analyse their behaviour. In total these contributed R1 439 186 094 which is 99.% to the Municipality's total revenue of R1 456 210 889 in 2014.

Line item	% Contribution 2013	2014
Property Rates	12.19%	175 478 677.00
Service Charges	55.49%	798 616 634.00
Rental of facilities and equipment	0.32%	4 639 974.00
Interest earned	1.77%	25 518 310.00
Governments Grants & Subsidies	30.22%	434 932 499.00
<u>Total Revenue</u>	<u>99%</u>	1 439 186 094.00
Percentage Increase		4.9%
Contributions by material revenue elements		1 439 186 094.00
%Contributions by material revenue elements		99%

The following graph depicts a contribution of major revenues elements:

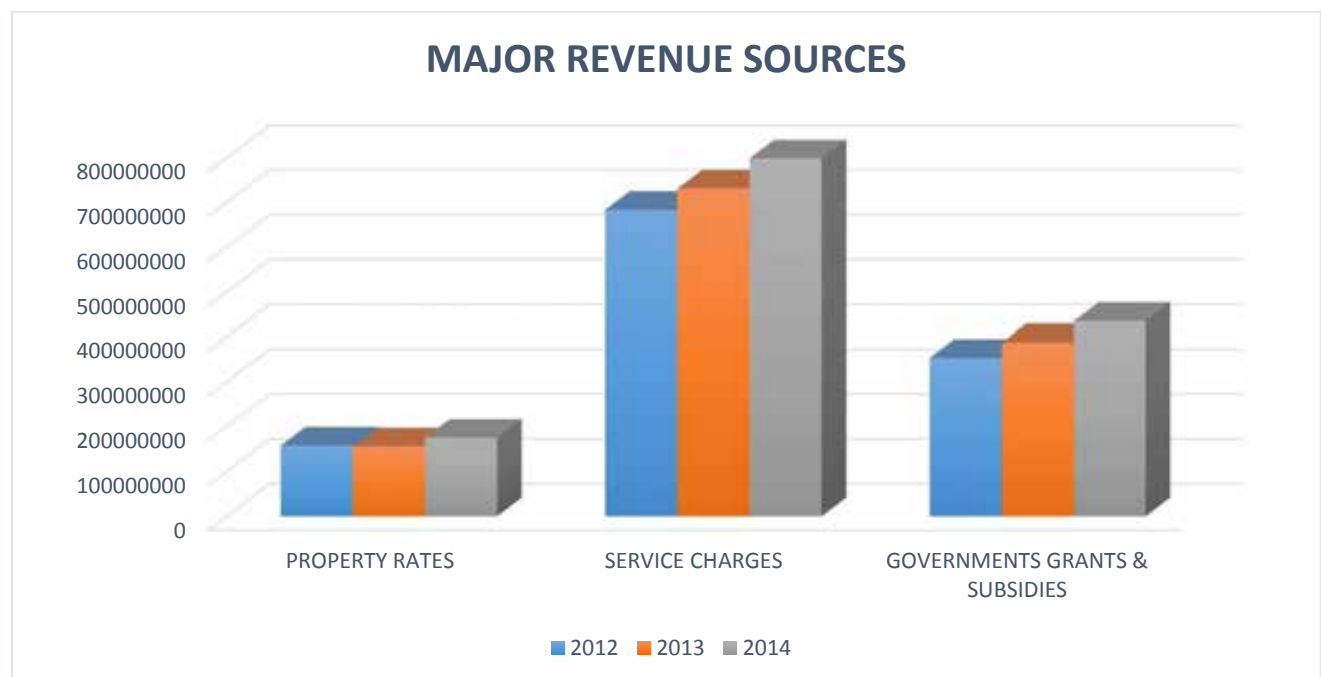


The table below reflects the movement in these revenue streams in the period under consideration. The pattern has, indeed, been erratic and therefore very little conclusions can be reached at this stage. There could be cut-off or allocation issues in the presented numbers. The exercise has not, at this stage, zoomed into an in-depth analysis.

The following tables depict movements of major revenue sources:

Line Item	2012 (R)	2013 (R)	2014 (R)
Property Rates	157 893 000	156 249 490	175 478 677
Service Charges	683 860 407	731 455 268	798 616 634
Governments Grants & Subsidies	353 567 491	387 955 623	434 932 499

The following is a graphical presentation of the patterns of movements of these elements.



Expenditure

The total expenditure of the Municipality has increased by 32.45% from R1 073 168 148 in 2012 to R1 421 506 498 in 2014.

As evident from the table below, moreover, the trends in increases of expenditure far outweigh those in revenue indicating that, at face value, the Municipality has to introduce cost cutting measures. Whereas it is understood that the sharp increase of expenditure increase is caused by the accelerated service delivery to the poor and needy communities there must be an emphasis to conduct business in an efficient manner.

Year	Total Expenses (R)	% increase/(decrease)
2014	1 421 506 498	-8.98%
2013	1 561 782 445	40.53%
2012	1 073 168 148	

Below is a table of the proportionate contributions of each expenditure element to total expenses. The major expenditure drivers for the municipality are the following:

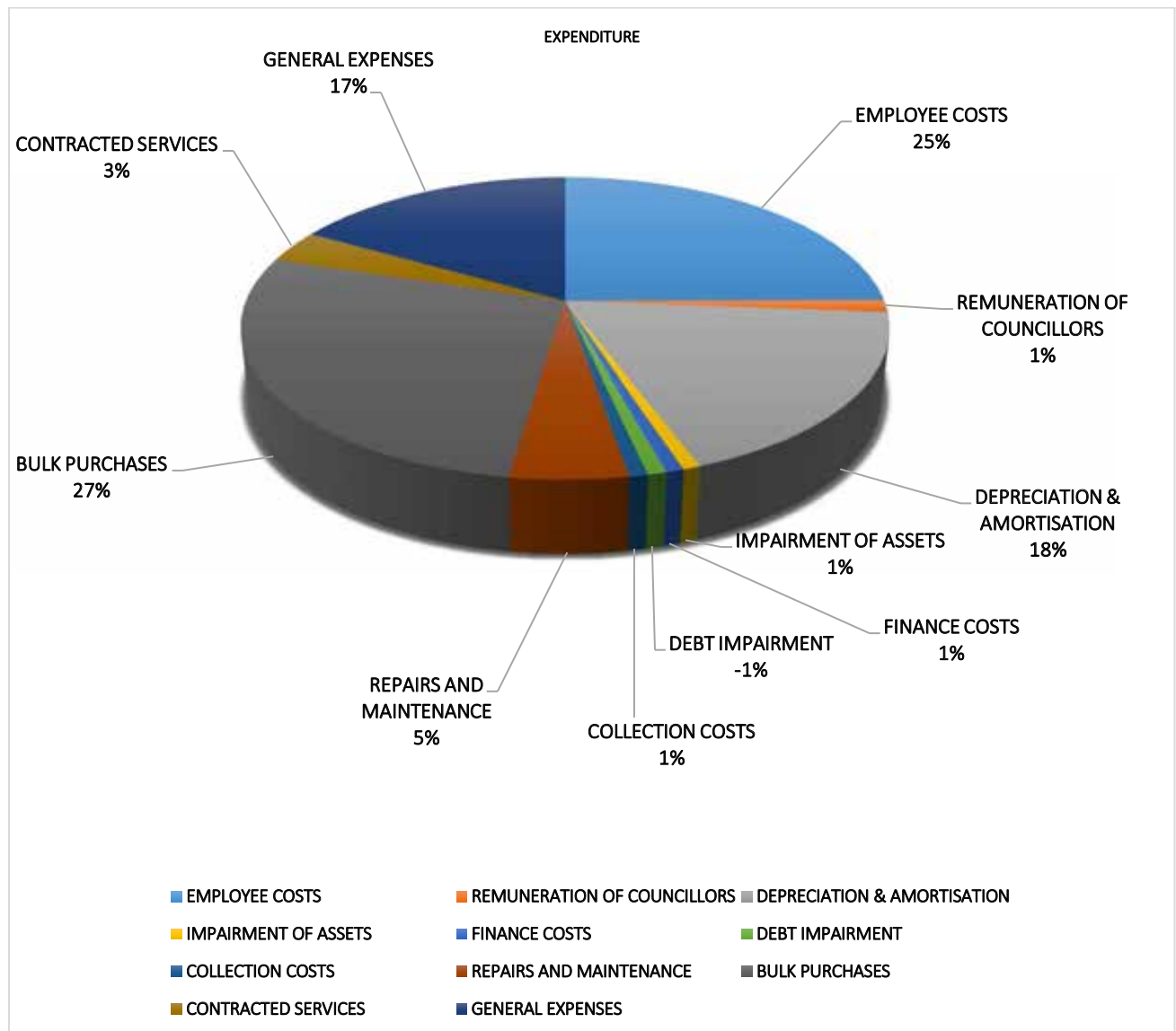
- Bulk purchases
- Employee related costs
- General expenses
- Share of Losses in Associate

- Depreciation, amortisation and impairments.

The table below depicts contribution of major expenditure items to total expenditure:

Line item	% Contribution	
	2014	2014
Employee related Costs	25.3	353 488 528.00
Remuneration of Councillors	1.3	18 190 799.00
Bad Debts	0.8	11 177 793.00
Collection Costs	0.77	10 597 688.00
Depreciation	18.4	252 321 047.00
Impairment	0.8	11 177 793.00
Repairs & Maintenance	5.1	68 790 647.00
Finance cost	0.7	11 325 408.00
Bulk Purchases	28	435 608 308.00
Contracted Services	3.6	48 648 945.00
General Expenses	17	223 243 393.00
<u>Total Expenditure</u>	<u>100.00</u>	1 421 506 498.00

The graph below further illustrates contribution of the major expenditure elements to total expenditure of the municipality:



The focus is on the major expense elements, i.e. employee costs, bulk purchases, General Expenses, share of losses on an associate and depreciation, amortization.

The municipality's employee related costs is 24% of total operational expenditure. This percentage is significantly lower than the prescribed threshold of 35% determined by the National Treasury. Conversely it needs to be mentioned that critical vacant positions need to be filled in order to ensure adequate service delivery.

The following table depicts movements of major expenditure drivers:

Item	2014 (R)	2013 (R)	2012 (R)
Employee related Costs	353 488 528	254 085 135	230 600 985
Depreciation	252 321 047	260 083 473	219 845 295
Bulk Purchases	435 608 308	383 643 252	349 411 144
General Expenses	223 243 393	163 300 934	152 481 330
Total Expenditure	1 264 661 276	1 061 112 794	952 338 754

During the same period our analysis of General Expenses showed an increase of 46.40% from 2012 to 2014. This is mainly due to the growth that the Municipality experienced over the past few years which resulted in the expanded operations. However as mentioned above the issue of conducting our business efficiently cannot be over emphasised.

Debt Management

The outstanding Debt of R816 123 112 remains a challenge. This scenario is disconcerting as it may have a negative impact on our liquidity position if not addressed as a matter of extreme urgency. This therefore necessitates the development of a robust and effective revenue collection strategy.

The municipality has developed a 10 point Debt Management Plan to assist the municipality in curbing and collecting outstanding debtors. The plan encapsulates the following important aspects:

- Appointment of field workers;
- Clarify roles and responsibilities of field workers;
- Friendly legal process;
- Outstanding accounts with no queries to be forwarded to the respective consumers for making necessary payment arrangements;
- Investigate the possible use of call centre for debt collection purpose;
- Progress reports on government debtors;
- Progress reports on staff and councillors debt;
- Identify section 21 schools and address collections;
- Identify additional staff requirements for debt management holistically and communicate with COO;
- Options in respect of Debt Management service;
- Investigate use of the service provider for meter reading compared to performing in-house;
- Fast track installation of water meters;
- Monitor accuracy of readings;
- Investigate the use of meter readers to also deliver accounts;
- Develop internal control for quality assurance on the delivery of accounts;
- Investigate E-account option for delivery of accounts;
- Install water restrictors;
- Indigent verification;
- Phased approach for data cleansing;
- Capacitate staff and field workers;
- Develop marketing and communication strategy;
- Incentive scheme – staggered approach to promote culture of payment;

The implementation of the plan is in its early stage and it is hoped that it will yield result once fully implemented.

Net Operational Performance

The Municipality recorded a surplus R208 546 907 in 2012 which was followed by a deficit of R427 210 289 in 2013 and then a surplus of R61 079 817 in 2014. While the ideal situation is to end the financial year with a surplus at all times, the surplus and deficits are never always an indication of the healthy or poor state of municipal affairs. At times deficits are as a result of the noncash items such as depreciation and debt impairment, which have no impact on the Municipality's cash flow. This has been the case with the Municipality.

Financial Position

Assets

The municipality has an investment of over R3 Billion in assets which comprises. It is worth mentioning that investments property amounts of R273,6 million and this is a good indicator as it allows the municipality to have capacity to render service delivery to communities that it serves.

Item	2014	2013	2012
Assets	3 396 407 917	3 325 479 190	2 993 115 025
Property, Plant & Equipment	2 349 860 723	1 638 272 509	1 258 902 328
Cash & cash equivalents	327 907 203	351 863 529	432 172 072
Investment Property	273 695 000	174 448 593	182 768 593

Item	2014	2013	2012
Intangible Asset	1 348 001	913 426	655 699
Investments in Associate	154 822 299	819 008 493	1 004 790 533
Long-Term Receivables	2 904 899	2 791 339	0
Vat	34 801 284	68 070 371	2 320 461
Inventory	12 439 141	6 907 956	7 096 285
Consumer Debtors	522 181 845	325 961 776	398 896 637
Other Debtors	44 354 725	47 141 281	104 704 656

For the sake of clarity we deemed it necessary to unpack these assets as follows:

Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one reporting period.

The municipality has significantly invested in assets which augur well for service delivery. Assets increased by 86% from 2012 to 2014. Property, Plant and Equipment represents 44% of the capital structure of the municipality.

Cash and cash equivalents

Cash includes cash on hand and cash invested with banks. Cash and cash equivalents are short-term highly liquid investments 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, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. The municipality experience a decrease of 24% in cash and cash equivalents from 2012 to 2014. This is due to the expanded investment in the capital assets which resulted in the increase of the asset base as mentioned above.

Investment property:

Investment property is Property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes, or
- Sale in the ordinary course of operations.

Investment Property represents 5% of the capital structure of the municipality. Most of Investment Property is vacant land which means the municipality has adequate potential to facilitate development, which bode well for our future revenue growth.

Investment in Associate:

Investment in Associate represents our 34% stake in Uthukela Water. The investment decreased from R 448 751 950 in 2012 to R 980 441 833 in 2013. This is mainly due to the fact that the municipality took over the water reticulation function from uThukela Water.

Liabilities

The liabilities of the Municipality are just in excess of a R721 Million as reflected below. Clearly the Municipality is a going concern with assets in excess of liabilities.

Line Item	2014	2013	2012
Liabilities	729 516 051	520 629 542	425 517 786
Long-Term Liabilities	221 235 119	62 874 875	60 196 100
Non-current provision for landfill site	25 860 274	22 923 190	22 494 322
Non-current provisions: defined benefit plan obligations	93 802 319	106 938 046	77 822 236
Consumer Deposits	10 027 543	9 974 703	9 958 031
Current Provisions	4 425 946	3 437 863	3 586 643
Unspent Conditional Grants and Receipts	44 948 444	104 964 600	78 711 629
Finance Lease Obligation	509 592	191 531	385 534
Current Portion of Long-Term Liabilities	20 979 603	7 992 190	8 253 375
Payables from exchange transaction	307 727 211	201 332 544	164 109 916

For the sake of clarity we deemed it necessary to unpack these liabilities further as follows:

Long-Term Liabilities:

The Long Term Liabilities has increased from R62 868 405 to R221 235 119 which is 251% increase. The increase is due to a new loan that was taken in the previous financial year.

Non-Current Provision for Landfill Site:

In terms of the licencing of the landfill refuse site, council will incur rehabilitation costs of R 25,8 million to restore the site at the end of its useful life, estimated to be in 2017 by our engineers. Provision has been made for the net present value of this cost using the average cost of borrowing interest rate.

Consumer Deposits:

Deposits held in lieu of providing municipal services on credit.

Non-Current Provisions: Plan Obligations:

The municipality provides retirement benefits for its employees and councillors. This means if the Retirement Fund should get liquidated, the municipality will be required to fulfil the obligation to retired employees and councillors. The provision is currently stated at R93, 8 million.

Unspent Conditional Grants:

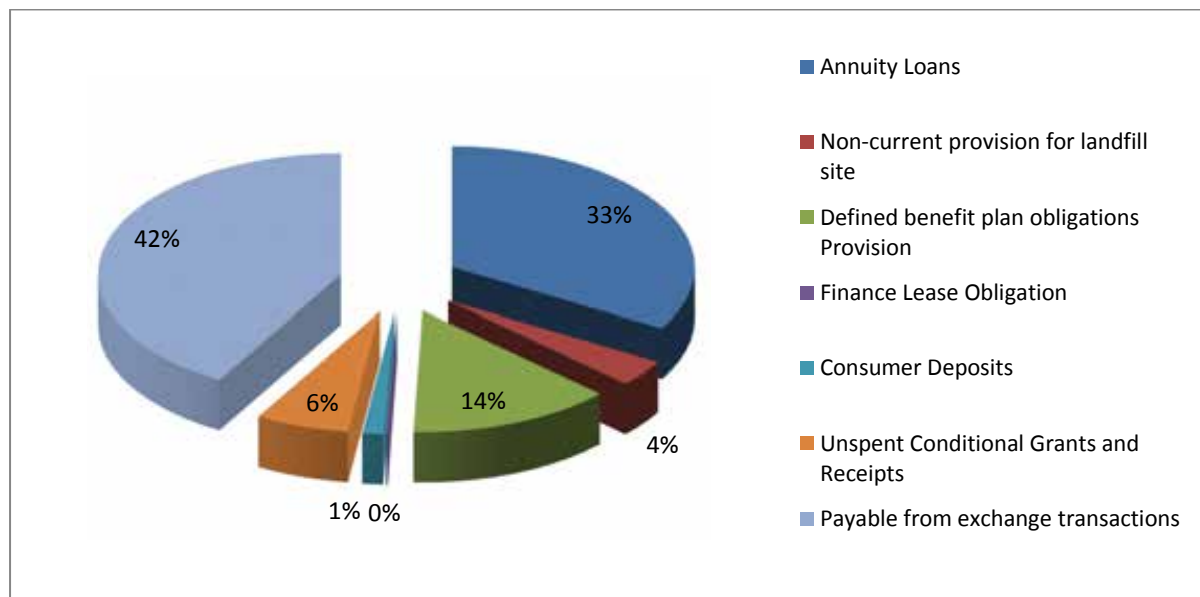
These are conditional grants from other spheres of government. These amounts represent the obligation of the municipality to comply with the conditions of the grant. If the municipality fails to

fulfil the obligations, we will be required repay the money to the National Revenue Fund. The unspent conditional grants are stated at R44, 9 million during 2014.

Trade and other Payables:

Trade creditors, staff leave accrual and payments received in advance which represent amounts invoiced or received by the Municipality where services still have to be rendered. These are obligations which the Municipality will be required to fulfil in the future. The Trade and Other Payables are stated at R307,7 million in 2014.

The proportionate share of individual liabilities to total liabilities is as per the diagram below:



Financial Ratios

The municipality can utilize financial ratios to aid in managing their cash position as well as alert them to the possibility of financial difficulties. Calculating the ratios are not enough. The

municipality needs to also consider the trends and patterns over the various financial periods and thus ascertain a better understanding of their cash position.

Solvency Ratio

The entity remains solvent with total assets in excess of total liabilities. This is a comforting scenario, as the municipality continues to invest in assets. During the year under review an amount of R245, 9 million was invested in assets. As outlined in the table below, the solvency position (ratio of assets to liabilities) of the municipality has systematically improved from 7.41 in 2010 to 10.90 in 2011 and decline to 8.55 in 2012 and further to 6.83 in 2013. The decline in the solvency ratio is a result of increase in unspent conditional grants of R46 million and defined benefit obligation of R29 million.

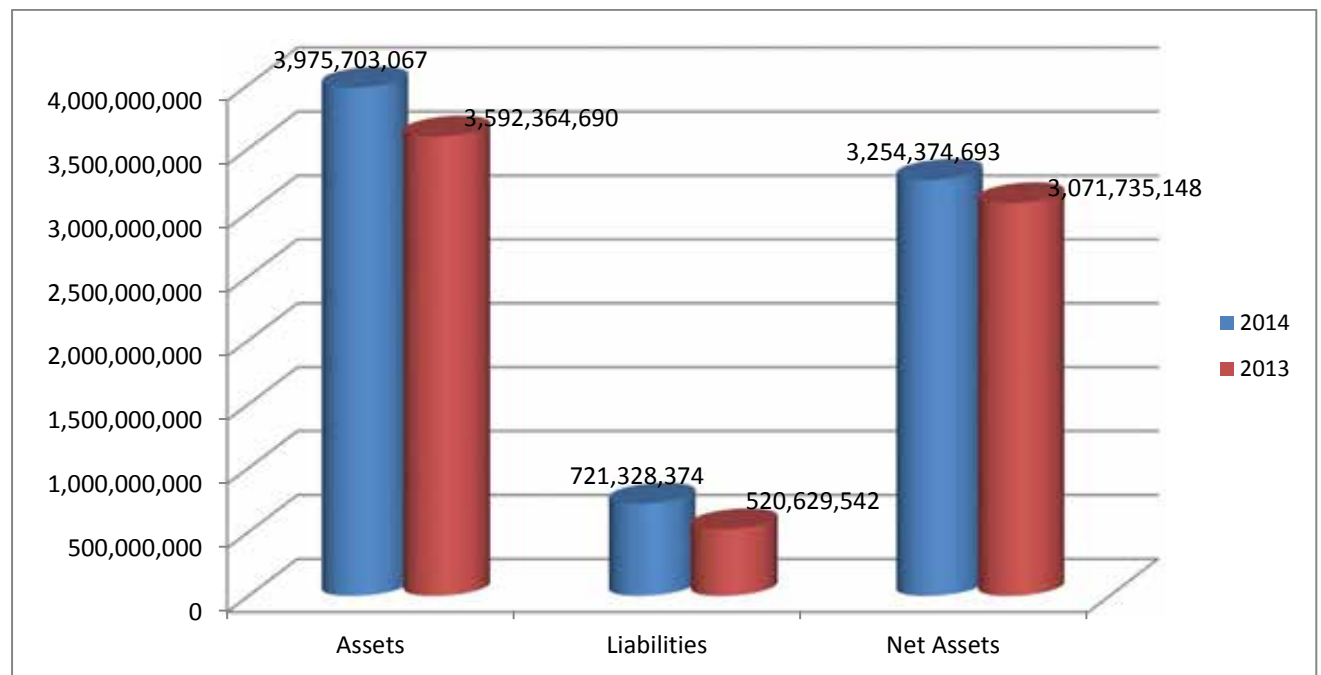
If we consider our future outlook, we expect our solvency ratio to decline significantly due to the fact we budgeted to fund our infrastructure with a long term loan amounting to R165 million, which will further put strain in our financial position.

The table below illustrates our solvency situation for the 4 years being analysed:

Item	2014	2013	2012
Assets	3 724 315 120	3 437 022 178	3 347 547 607
Liabilities	729 516 051	520 629 542	425 517 786

Net Assets	2 994 799 069	2 916 392 636	2 922 029 821
Ratio	5.11	6.60	7.87

The graph below illustrates our solvency ratio analysis:



Liquidity Ratios

As evident from the table below, the capacity of the Municipality to fulfil its short term obligations is good. However it is of great concern that although our liquidity position decreased from 7.87 in 2012 to 6.90 in 2013, it has further declined to 5.41 in 2014. This decline is as a result of decrease of R23, 9 million in cash and cash equivalents, which is attributed to construction Civic Centre office building which is funded from internal reserves up to end of 2013/14.

Net Cash Position (Net of Unspent Conditional Grants)

(Cash and Cash Equivalent – Unspent Conditional Grants)

(R327 907 203 – R44 948 444)

Net Cash Position R282 958 759

Conditional Grants are provided to municipalities for a specific purpose and cannot be used for the general operations of the municipality. This ratio identifies whether the municipality has sufficient funds to ensure the cash backing of Unspent Conditional Grants.

Net Cash Position (Net of Unspent Conditional Grants and Reserves)

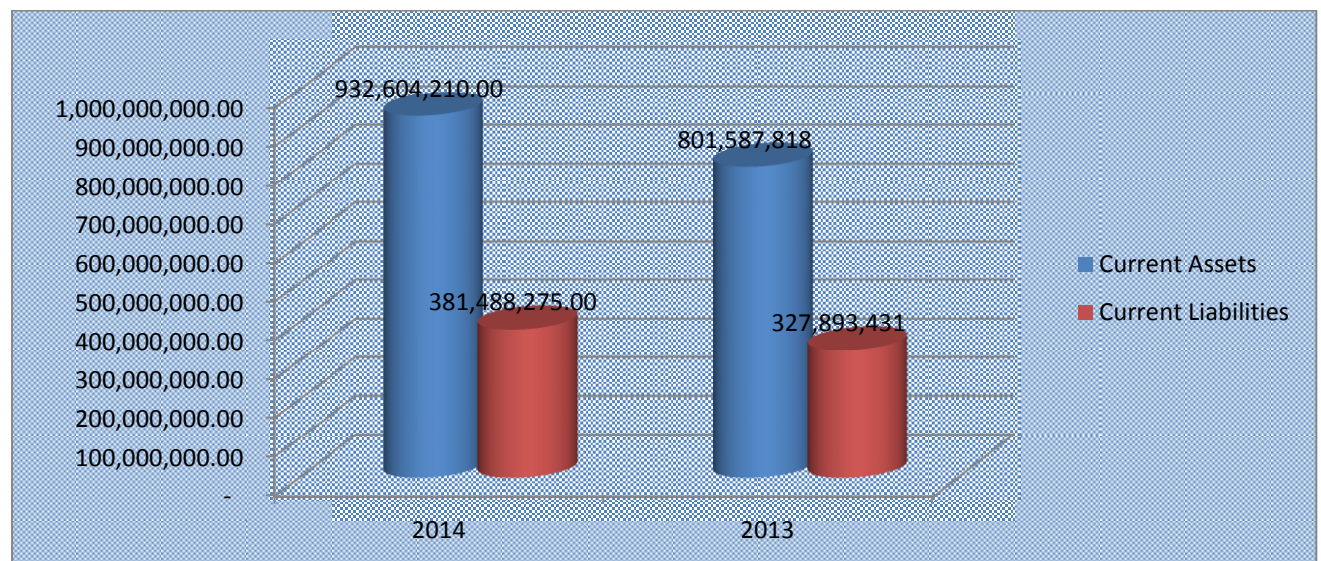
(Cash and Cash Equivalent – Unspent Conditional Grants – Self Insurance Reserve - Housing Development Fund)

(R327 907 203 – R44 948 444 – R7 095 715 – R27 802 096)

Liquidity Ratios

Item	2014 (R)	2013 (R)	2012 (R)
Current Assets	932 604 120	801 587 818	897 622 338
Current Liabilities	381 488 275	327 893 431	264 807 127
Ratio	2.45	2.45	3.39

The graph below further illustrates our liquidity situation:



CHAPTER 4**ORGANISATIONAL DEVELOPMENT OVERVIEW**

As at 30 June 2014, the Municipality had a staff compliment of 1514 personnel (which includes temporary employees), servicing areas of Newcastle, Madadeni, Osizweni, Blaauwbosch, Ngagane, Kilbarchan, and Charlestown. The new macro structure was approved, with the micro structure being delegated to the Municipal Manager to approve. This was approved during the year under review with a placement process to be finalized during 2014/15 financial year.

The following table reflects the gender breakdown of employees as at 30 June 2014 :

DEPARTMENT	NO. OF EMPLOYEES	MALES	FEMALES
MUNICIPAL MANAGER AND MAYOR'S OFFICE	73	32	41
COMMUNITY SERVICES			
• Culture & Amenities	91	202	89
• Protection / Community Services	466	298	168
CORPORATE SERVICES			
• Administration	26	5	21
• Human Resources	24	11	13
DEVELOPMENT & PLANNING			
• Town Planning	29	15	14
• Housing & Land	33	15	18
• Economic Development	6	3	3
TECHNICAL SERVICES			
• Civil Services	393	293	100
• Electrical / Mechanical Services	70	54	16
FINANCIAL SERVICES	103	38	65
TOTAL	1514	966	548

The following occupational levels were recorded as at 30 June 2014 :-

OCCUPATIONAL LEVEL	MALES				FEMALES				TOTAL
	A	C	I	W	A	C	I	W	
Top management	20	0	2	4	5	0	2	1	34
Senior management	14	0	1	3	9	0	2	1	30
Professionally qualified and experienced specialists and mid-management	30	1	3	8	39	1	4	9	95
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	146	10	20	12	78	5	11	29	311
Semi-skilled and discretionary decision making	165	0	13	3	81	1	14	10	287
Unskilled and defined decision making	392	5	5	1	158	1	1	0	563
TOTAL PERMANENT	767	16	44	31	370	8	34	50	1320
Temporary employees	104	2	2	3	70	0	7	6	194
GRAND TOTAL	871	18	46	34	440	8	41	56	1514

OCCUPATIONAL LEVEL	POST LEVEL	NO. OF EMPLOYEES
Top Management	0 – 1	34
Senior Management	2 – 3	30
Professionally qualified and experienced specialists and mid-management	4 – 6	95
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	7 – 10	311
Semi-skilled and discretionary decision making	11- 15	287
Unskilled and defined decision	16 – 20	563

making		
TOTAL PERMANENT		1320
Temporary employees		194
GRAND TOTAL		1514

SKILLS DEVELOPMENT

The following training has been conducted for employees during the 2013/2014 financial year:

OCCUPATIONAL CATEGORY	FEMALE				MALE				TOTAL				TOTAL
	A	C	I	W	A	C	I	W	A	C	I	W	
LEGISLATORS	0	0	0	0	0	0	0	0	0	0	0	0	0
MANAGERS	6	0	0	2	6	0	1	1	12	0	1	3	16
PROFESSIONALS	24	0	1	2	13	0	0	0	37	0	1	2	40
TECHNICIANS AND TRADE WORKERS	3	0	0	1	69	0	6	5	72	0	6	6	84
COMMUNITY AND PERSONAL SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0
CLERICAL AND ADMINISTRATIVE WORKERS	59	3	7	18	23	0	3	3	82	3	10	21	116
SALES WORKERS	24	0	2	0	51	0	6	2	75	0	8	2	85
MACHINE OPERATORS AND DRIVERS	2	0	0	0	30	0	0	0	32	0	0	0	32
ELEMENTARY WORKERS	56	0	0	0	66	0	2	0	122	0	2	0	124
TOTAL	174	3	10	23	258	0	18	11	432	3	28	34	497

The following training were covered in the 2013/14 financial year :-

Municipal Key Performance Area	Type of	Name of	NQF	Numbered Trained
--------------------------------	---------	---------	-----	------------------

	Learning Intervention	Learning Intervention	Level	Female	Male
Municipal Financial Viability and Management	Skills Programme	Advanced Computer Training	3	15	3
Basic Service Delivery and Infrastructure Development	Skills Programme	Competency Certificates	2	22	
Municipal Financial Viability and Management	Skills Programme	Supervisory Skills Certificate	5	5	10
Basic Service Delivery and Infrastructure Development	Skills Programme	Firearm Training	1	2	5
Municipal Transformation and Institutional Development	Skills Programme	Certified Junior Office Administrator Certificate	5	10	2
Municipal Transformation and Institutional Development	Short Course : Non – Credit	Driver Licences (code 10 & 14)	1	6	4
Municipal Financial Viability and Management	Learnership	MFMP Certificate	6	6	6
Good Governance and the Deepening of Democracy	Short Course : Non-credit	Work ethics training		17	5
Basic Service Delivery and Infrastructure Development	Skills Programme	CCTV Surveillance Certificate	3	8	12
Municipal Financial Viability and Management	Bursary	Local Government Management Certificate	5	3	
Good Governance and the Deepening of Democracy	Bursary	Public Relations Certificate	5	1	
Municipal Financial Viability and Management	Skills Programme	N1 – N6 Business Studies Diploma	3		5
Municipal Transformation and Institutional Development	Skills Programme	Registry Management Certificate	1	20	5
Basic Service Delivery and Infrastructure Development	Skills Programme	SAMTRAC Certificate	3	1	
Basic Service Delivery and	Skills	Artisan	4	20	

Municipal Key Performance Area	Type of Learning Intervention	Name of Learning Intervention	NQF Level	Numbered Trained	
				Female	Male
Infrastructure Development	Programme	Development Training			
Basic Service Delivery and Infrastructure Development	Skills Programme	Incident investigation	4	20	
Basic Service Delivery and Infrastructure Development	Skills Programme	Grader Operator Training		10	
Basic Service Delivery and Infrastructure Development	Skills Programme	Crane Operator Training		8	
Basic Service Delivery and Infrastructure Development	Skills Programme	TLB Operator Training		10	
Basic Service Delivery and Infrastructure Development	Skills Programme	Cherry Picker Operator Training		2	2
Basic Service Delivery and Infrastructure Development	Bursary	IT Studies	5	1	
Basic Service Delivery and Infrastructure Development	Skills Programme	Security Training (Grades E-A)		3	8
Basic Service Delivery and Infrastructure Development	Skills Programme	Waste Water Treatment Certificate	2	56	46
Municipal Financial Viability and Management	Skills Programme	Business Management Certificate	4	6	3
Basic Service Delivery and Infrastructure Development	Bursary	Risk Management Certificate	6	1	
Basic Service Delivery and Infrastructure Development	Skills Programme	N1-N6 Engineering Studies	3		2
Municipal Transformation and Institutional Development	Short course – Non-credit	Induction Training		17	5
Basic Service Delivery and Infrastructure Development	Skills Programme	Electricians Development Programme	4	26	
Basic Service Delivery and	Skills	Security	3	2	5

Municipal Key Performance Area	Type of Learning Intervention	Name of Learning Intervention	NQF Level	Numbered Trained	
				Female	Male
Infrastructure Development	Programme	Officers Development Programme			
Municipal Transformation and Institutional Development	Bursary	Management Development Programme	6	1	
Basic Service Delivery and Infrastructure Development	Skills Programme	Emergency Services Training	4	3	10
Basic Service Delivery and Infrastructure Development	Skills Programme	OHS Training	3	13	2
Municipal Financial Viability and Management	Skills Programme	Records Management	4	2	1
Basic Service Delivery and Infrastructure Development	Learnership	Artisan Development Training (Plumbing, Electrical)	4		1
Basic Service Delivery and Infrastructure Development	Learnership	Project Management Certificate	5		1
Municipal Financial Viability and Management	Skills Programme	Advanced Microsoft Excel	3	20	13
Basic Service Delivery and Infrastructure Development	Skills Programme	Swimming Pool Supervisors Training	2	1	2
Municipal Transformation and Institutional Development	RPL	Artisan Development Training	3	3	6
Municipal Transformation and Institutional Development	Skills Programme	Traffic Development Training	5	3	9

CHAPTER 5

ANNUAL PERFORMANCE REPORT 2013/14

The Newcastle Municipality's Annual Performance Report 2013/14 is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, 32 of 2000 and Chapter 12 for the Municipal Finance Management Act, 56 of 2003. The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting.

According to the provisions of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports, in terms of Chapter 6 of the MSA, on performance management systems. These quarterly and mid-year reports make up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor-General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council (a component of the Annual Report), it must then be submitted to the MEC for Local Government.

Section 46 of the Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting–

- ❖ The performance of the municipality and of each external service provider during that financial year;
- ❖ A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- ❖ Measures taken to improve performance

An annual performance report must form part of the municipality's annual report in terms of chapter 12 of the Municipal Finance Management Act.

Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1) Every municipality and every entity must for each financial year prepare an annual report. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Section 129 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1) The Council of a municipality must consider the annual report of the

municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council:

- * has approved the annual report with or without reservations;*
- * has rejected the annual report; or*
- * has referred the annual report back for revision of those components that can be revised.*

Reporting requires that the priorities of the organisation, its performance objectives, indicators, targets, measurements and analysis, are taken and presented in a simple and accessible format, relevant and useful to the specified target groups for review. While it is important that the reporting formats are relevant, useful and cater for the reader's need in reviewing performance, the existence of too many reporting formats can become both confusing and burdensome to the organisation. The ideal situation is the existence of one reporting format that contains the necessary information for all users, yet remains simple and accessible to all users.

It is also apparent that in order for an effective PMS, it is necessary for all stakeholders to be involved in the planning, monitoring and review process. Of specific note is the need for the streamlining of oversight activities by the Council and Community through processes specified in a framework to be aligned to other key strategic processes of the organisation.

Perhaps one of the critical factors influencing performance in the organisation is the value chain and instilling a culture of performance. This would include amongst others - change management and team building techniques, awareness of and practicing of Batho Pele principles and a Code of Ethics. Leadership and management processes are key to ensuring an outcome driven entity with recognition and acknowledgment systems being implemented. It is therefore deemed appropriate to ensure that performance management is cascaded to all levels of employees.

For the performance Management process to be efficient, it is necessary for an automated system to be implemented to ensure accurate reporting that is aligned to financial reporting processes. This must be followed by effective risk management and internal audit processes to ensure that review mechanisms are implemented timeously.

The institutional arrangements within the organization must be such that it supports the process. This would include sufficient capacity to lead the process and to ensure that compliance issues are administered. The need for each department to also identify performance champions administratively to co-ordinate performance information to support performance managers and leaders is critical for ensuring compliance with reporting requirements. This would include adequate

administrative systems such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is abreast of all performance related issues and how this integrates into other municipal processes.

The need for improved Intergovernmental relations to ensure streamlining of performance based reporting processes i.s also necessary This would require that all spheres of government to integrate and co-ordinate these reporting requirements through the identification and rationalization of key performance indicators aligned to the National Growth Path. Furthermore the alignment to the national government Medium Term Strategic Framework and national priorities is necessary to ensure that all spheres of government are striving to common goals and targets. It is also deemed appropriate for a common reporting, monitoring and assessment process be developed for all spheres of government in respect of specific key intervention /performance areas.

ORGANISATIONAL SCORE-CARD 2013/14 ANALYSIS

The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the a 5 year organisational score-card (**Appendix 2**).

For the 2013/14 financial year, a total of 147 key performance indicators (relevant and applicable) are evaluated against targets set as summarized below:-

NATIONAL KPA	TARGET MET	IN PROGRESS	TARGET NOT MET	TOTAL APPLICABLE KPI'S
SOCIAL DEVELOPMENT	11	2	0	13
MUNICIPAL PLANNING	16	13	0	29
LED	13	3	0	16
INSTITUTIONAL TRANSFORMATION	14	8	0	22
GOOD GOVERNANCE	25	8	0	33
FINANCIAL VIABILITY	9	5	0	14
BASIC SERVICE DELIVERY	11	8	1	20
	99	47	1	147
	67%	32%	1%	

From the above 67% Of targets were achieved for all key performance indicators on the organisational score-card linked to the IDP compared to 72% from the previous financial year. 33% of targets were not achieved, with 32% of targets being partially achieved or still in progress and 1% not met at all.

Where performance was not reported and/or reported but was not backed with relevant or sufficient evidence, the target was deemed to have not been achieved or still in progress. This could account for the regressed performance in the year under review.

The graph below illustrates the performance against each KPA as included in the organisational score-card for the 2013/14 financial year.

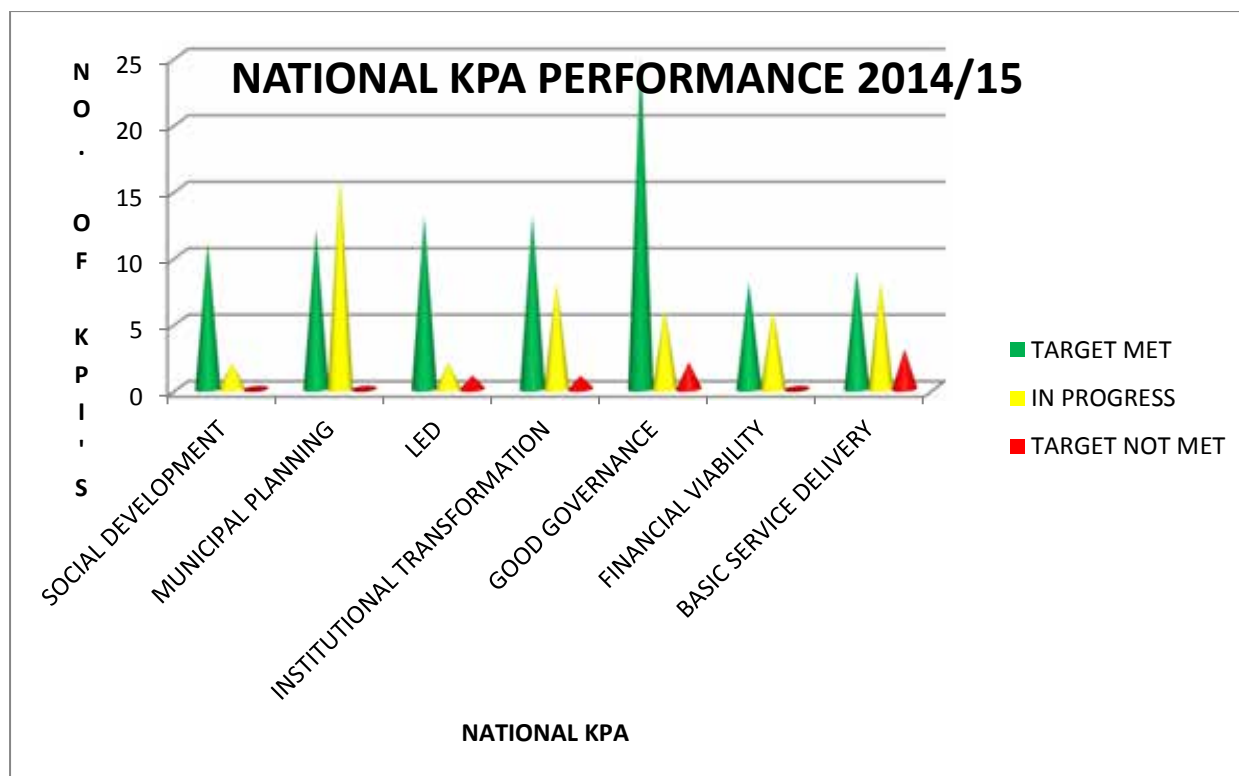


Figure 20 Performance against National KPA's 2013/14

SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS(SDBIP) 2013/14

Performance on SDBIP's for each of the departments is attached as **Appendix 3** , with the assessment being done on reviewed Actuals against Portfolio of evidence submitted by departments. An internal audit process was carried out.

The methodology used for the assessment is based on the rating calculator for Municipal Manager's and managers directly accountable to the Municipal Manager, as well as the Dashboard illustrations used by the Auditor-General. The Score-cards were reviewed against actuals reported against submission of Portfolio of evidence which was also subject to an internal audit process. Where a target was not met, an evidenced Reason for the variance was required together with recommended corrective action to be taken to ensure that the target was to be pursued further. For the purpose of this report only the Dashboard results will be highlighted in terms of :

DASHBOARD ASSESSMENT KEY	
	TARGET MET
	TARGET IN PROGRESS
	TARGET NOT MET

Departments were required to submit quarter 4 reports by the 10 July 2014 together with a referenced portfolio of evidence file. This was subjected to a technical assessment process by the Performance Management unit as well as an internal audit process. The progressive performance for all 4 quarters was assessed against the annual target to determine the annual actual – and thus annual performance.

The Draft Reports were communicated with all departments allowing departments to respond to both the technical assessment and internal audit findings. Further door-to-door visits were conducted to allow departments to clarify areas of contention and to agree the dashboard status as assessed. Departments used the opportunity to fill in gaps identified. Furthermore, departments continued to submit performance information to the PMS unit after close out of the internal audit report. This information was accepted where it improved performance against the dashboard as assessed by the PMS unit.

The table below highlights the annual SDBIP performance using the dashboard as mentioned above :-

DEPARTMENT	TARGET MET	TARGET IN PROGRESS	TARGET NOT MET	Total Number of KPI's
Budget and Treasury Office	27	16	0	43
Civil Servics	23	7	0	30
Community Services	28	9	0	37
Corporate Services	17	11	0	28
Development Planning and Human Settlements	37	22	0	59
Electrical and Mechanical	14	5	3	21
Municipal Manager	50	12	0	62
	196	82	3	280
	70%	29%	1%	

The total number of KPI's on the performance score-cards (Departmental SDBIP's) is 280 (relevant and applicable) of which targets on the score-cards forms the basis of this assessment.

From the table above, 196 KPI's (70%) of targets have been met for the year under review on the SDBIP's holistically compared to 71% from the previous financial year. 29% of targets are either partially met or still in progress. Only 1% of the targets are not met at all where an intervention is required. A target is assessed as not met or in progress if no actual has been reported and/or where insufficient or irrelevant evidence is submitted to support reported performance or reason for variance.

The following is a Graphical representation of performance by Department.

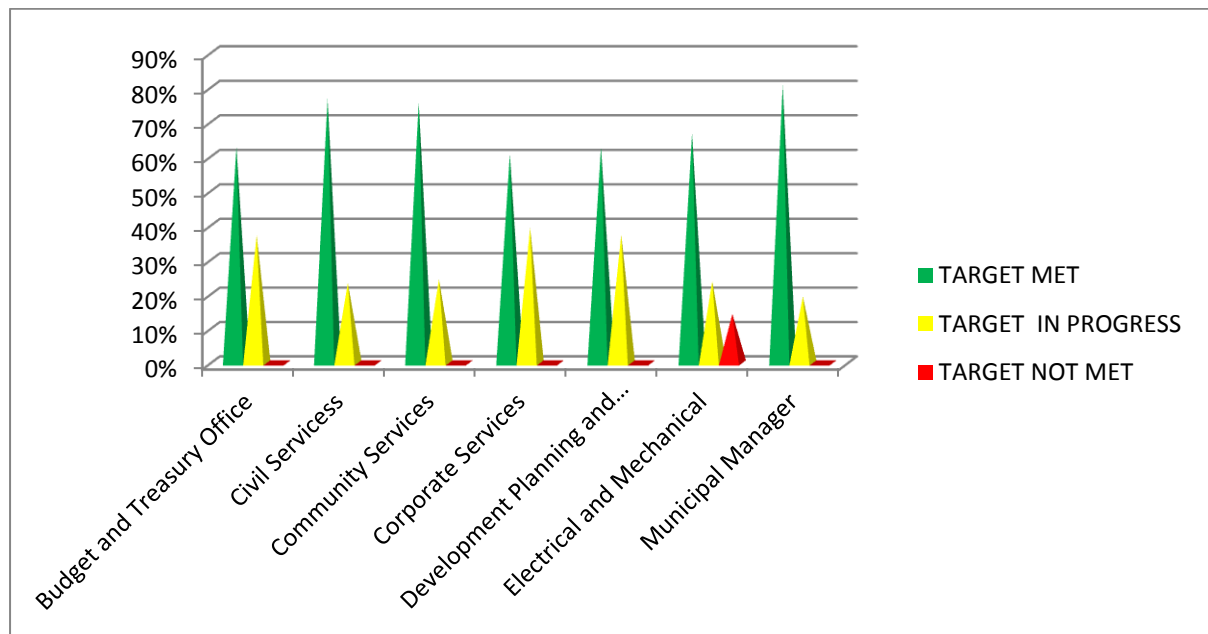


Figure 21 Departmental SDBIP Performance 2013/14

CAPITAL PROGRAMME PERFORMANCE 2013/14

A detailed capital status report highlighting the status of the capital programme as at the 30 June 2014 is included as **Appendix 4**.

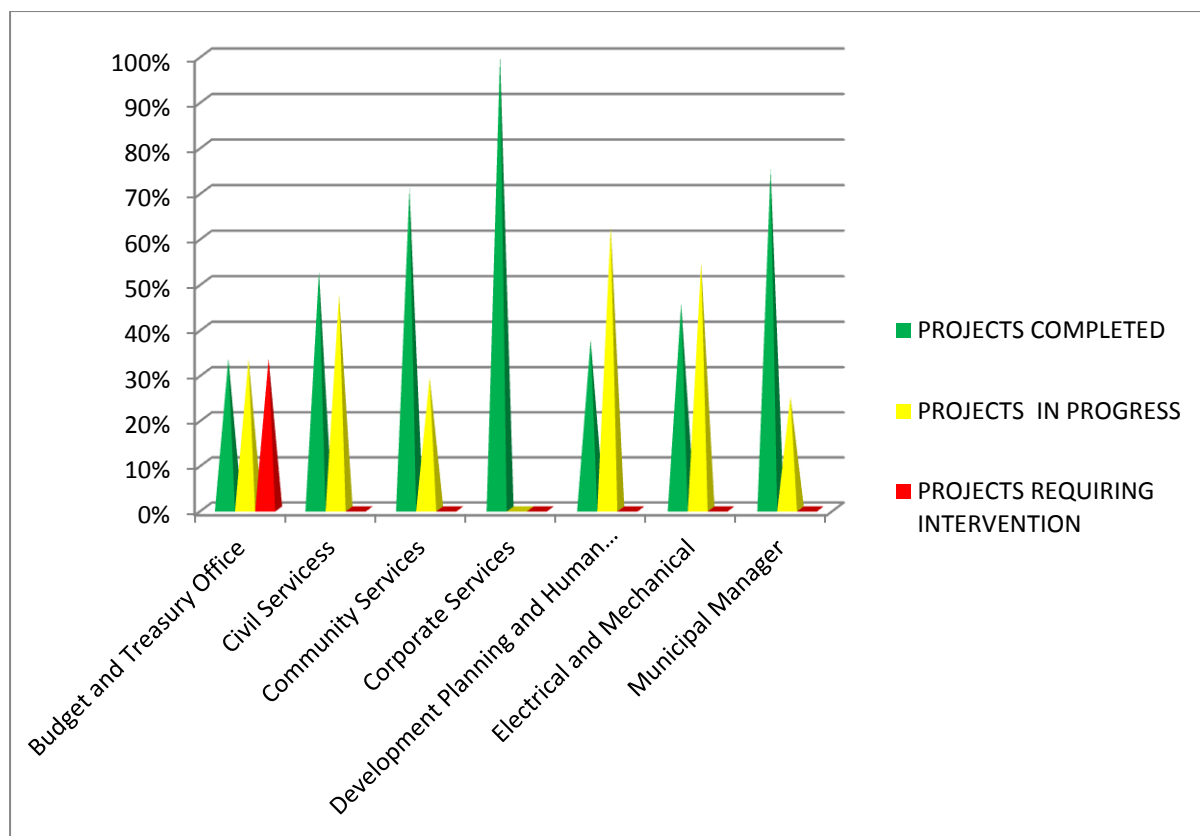
This assessment is based on reported information only as well as a technical review against the submitted Portfolio of evidence.

The status of the capital program is illustrated below :

DEPARTMENT	PROJECTS COMPLETED	PROJECTS IN PROGRESS	PROJECTS REQUIRING INTERVENTION	Total Number of Projects
Budget and Treasury Office	2	2	2	6
Civil Services	32	29	0	61
Community Services	29	12	0	41
Corporate Services	5	0	0	5
Development Planning and Human Settlements	6	10	0	16
Electrical and Mechanical	10	12	0	22
Municipal Manager	3	1	0	4
	87	66	2	155
	56%	43%	1%	

From the above table 56% of projects were completed during the 2013/14 financial year compared to 53% from 2012/13. 43% of project were still in progress and 1% of projects were either not commenced with or required an intervention.

The total number of projects under review is 155 of which 87 have been completed. 66 of the projects are in progress, of which many of the projects are not aligned to the cash flow projections approved at the beginning of the financial year, for which roll-overs would have to be effected and the capital budget for 2014/15 adjusted accordingly.



The graph above illustrated performance of departments in relation to the number of projects per department.

Monitoring of projects depends on the accuracy of cash flow projections for in year appropriations and roll over projects. These were either not submitted, or does not align to the total project allocation. Project implementation plans for the revised budget in most instances are outstanding or incomplete – limiting the ability to monitor these projects effectively and therefore to report accurately on performance thus far. Increased in-house project management and project planning tools and/or mechanisms are required to support improvement in capital programme implementation. This could include skills development coupled with an automated project management system.

Furthermore, administrative inadequacies in certain departments, which ideally must support the reporting, and thus monitoring processes – need to be addressed holistically. Primarily, the administrative human resource component relating to performance reporting, and the record keeping processes need to be streamlined to support quality reporting, thus eliminating negative internal audit findings and poor performance results.

Whilst reasons for variance and recommended corrective action have been specified for projects that challenges are being experienced against, adjustments through roll-overs as indicated for many projects are inevitable. There is also a need to identify savings on certain projects to further reduce the cash flow challenges experienced by the municipality. The increased savings where applicable, and in-year veriments against some projects, also is reflective of poor project planning and costing processes, and is impacting negatively on holistic capital programme performance.

Furthermore, delays in the sourcing of external loans, and the limitation of bridging finance for the capital program internally, further inhibits progress on the capital program. It is therefore essential to secure loan funding earlier to ensure that the capital program is implemented timeously and in line with Project implementation plans and procurement planning processes.

Project Implementation plans encouraged at the beginning of the year to serve as a tool to be used for the planning and monitoring of projects against cash flow projections are also not being utilized effectively by departments. Interdepartmental co-ordination and co-operation (ICC) is encouraged at the planning stage to ensure alignment with planned targets. ICC processes are also encouraged throughout the implementation stages of the capital programme to identify potential bottlenecks earlier, and implement solutions accordingly.

For this purpose, joint door-to-door visits to departments between Office of the Municipal Manager and Budget and Treasury Office were carried out during year. Regular Extended ManCo's were also convened to eliminate challenges experienced with internal communication as an intervention. The year under review also saw the Executive Committee actively monitoring the performance against the capital programme with joint EXCO/Extended ManCo meetings.

The capital expenditure has shown a progress in performance of 94% (Vat inclusive) in comparison 72% in 2012/13 and 54% in 2011/12. The performance gaps identified in respect of capital expenditure in relation to the declined number of completed projects completed, is most likely due to the fact that 43% of projects were still in progress at year end, and should be completed early in the new financial year, through roll-over funding to be approved by Council.

FINANCIAL VS NON-FINANCIAL PERFORMANCE 2013/14

The Budget and Treasury office reported² the following financial performance against the Adjusted Budget for the 2013/14 financial year :-

- ✓ Operating Budget (Expenditure) – 88%
- ✓ Capital Expenditure (VAT inclusive) – 94%
- ✓ Capital Expenditures (Vat Exclusive) – 83%

The debate as to whether a municipal budget is inclusive or exclusive of VAT is still ongoing in the financial arena within local government. For the purpose of this report, both VAT inclusive and exclusive year to date expenditure is included and compared to non-financial performance.

In relation to the departmental performance on SDBIP and Capital programme implementation against the budget (operating and capital expenditure), the following table and graph illustrates comparisons :-

DIRECTORATE	OPEX	CAPEX (VAT incl)	CAPEX (VAT excl)	SDBIP TARGET MET	CAPEX PROJECT COMPLETE
Budget & Treasury Office	113%	71%	63%	63%	33%
Civil Services	71%	100%	90%	77%	52%
Community Services	99%	82%	73%	76%	71%
Corporate Services	99%	98%	86%	61%	100%
Development Planning & Human Settlement	85%	85%	77%	63%	38%
Electrical Services	99%	77%	69%	67%	45%
Municipal Manager	86%	76%	73%	81%	75%

The Graph below illustrates performance of department in relation to each other against the Operating, Capital spend and the non-financial performance based on %age of targets met.

² Subject to change after final AFS and AG report

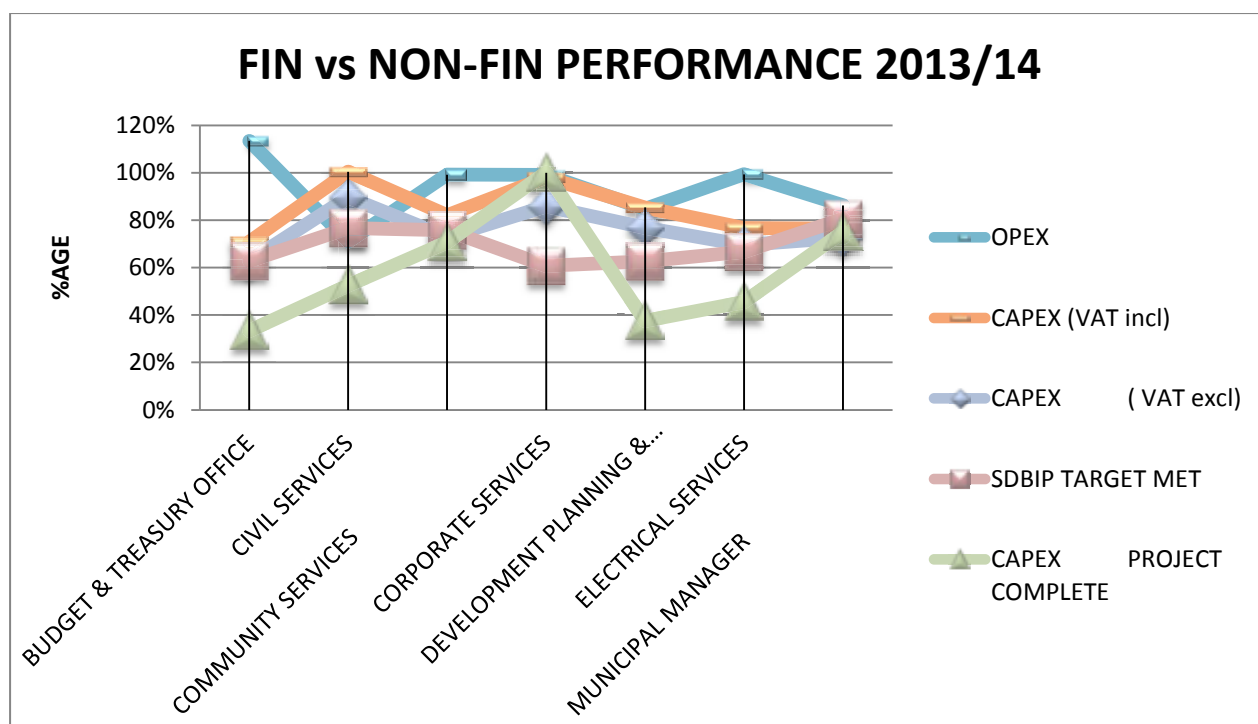


Figure 22 : Departmental Performance : Financial/Non financial

There is a definite need to improve alignment between the financial and non-financial targets through improved planning at the budget stage. The development of and implementation of operational plans aligned to procurement plans are essential for this purpose. The gaps were applicable could also be attributed to many projects on the capital programme still being in progress at year end, and necessitated a roll-over into the 2014/15 financial year.

Administrative capacity within departments to support the performance reporting and monitoring process is also inadequate resulting in inadequate record keeping and negative audit findings – thus regressed performance. The administrative processes within departments require streamlining to the performance management process. Furthermore, dedicated administrative support should be identified within departmental institutional arrangements to ensure consistency and continuity in respect of performance reporting. This must include skills development and enhancing record keeping systems within departments.

OVERALL COMMENT

1. Whilst progressive expenditure performance is commended against both the operational and capital programme, there is a need to enhance the alignment between the financial and non-financial performance processes.
2. Additional monitoring, evaluation and review at a departmental level on at least a monthly basis is compulsory to encourage adherence to planned programmes;
3. Departments' ability to report timeously and provide relevant portfolio of evidence has impacted drastically on the non-attainment of targets where applicable. Inadequate record keeping and administrative systems within departments are possibly contributing to the quality of reporting by departments. This has a negative impact on the monitoring process. Furthermore, more regular reporting, monitoring and review processes need to be practiced by senior managers to ensure that targets set are realistic and attainable.
4. Too many strategic and operational objectives in the IDP is resulting in too many KPI's and targets within the organization. This overburdens the administration and management with performance reporting, monitoring and review processes in an already stressed administration. For improved strategic focus to be enhanced, a rationalization of these objectives in the IDP is necessary.
5. Internal co-ordination systems and processes require review to ensure improved co-ordination.
6. Alignment of the Financial System to the Performance Management system must be fast tracked - this would need to include a project management tool or mechanism to improve project planning, reporting and monitoring
7. Record keeping and document management approaches within departments will determine the quality of the evidence to be submitted for evaluation purposes
8. Alignment of Procurement Planning processes to Project implementation plans and programme management is essential to support service delivery targets being attained
9. Continuous skills development and awareness on performance management is required to ensure quality reporting, monitoring and review process are complied with
10. It is necessary to move performance management beyond just compliance. This would entail the fast tracking of performance to all employees.
11. Performance management capacity to be increased organisational wide to improve processes relating to performance management

GENERAL RECOMMENDATIONS FOR IMPROVEMENT

- (a) The development of Monthly Operational plans and alignment thereto with the SDBIP and Procurement Plan of the organization ;
- (b) That alignment of financial and non-financial performance through relevant IT systems. This should include a project management system
- (c) That Head of department and responsible managers conduct monthly meetings to monitor compliance with all targets and reporting requirements. These reports to be elevated to the relevant Portfolio Committees for oversight purposes.
- (d) That the strategic objectives in the IDP be rationalised further to inform the Performance management process for the 2015/16 financial year in line with recommendations of the Audit Committee.
- (e) Administrative systems and processes should be enhanced and geared towards supporting performance management within departments
- (f) That a system be developed to ensure monitoring of all service providers;
- (g) That Continuous skills development plan be implemented to ensure consistency and continuity in reporting, monitoring processes
- (h) That the roll out of individual performance to all employees be fast tracked
- (i) That the human resource capacity in respect of performance management holistically be increased to ensure that the recommendations are implemented

ASSESSMENT OF SERVICE PROVIDERS 2013/14

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement and is currently being done by SCM. The end user department monitor performance of Service providers who fail to perform the necessary action is taken including the termination of the contract or cancellation of an order is taken by the relevant department. This is now managed by the newly established Contract Management section falling with the Legal Services Unit within the Office of the Municipal Manager.

For the purpose of this report – an assessment is conducted on external service providers appointed on the capital programme and is attached as Appendix 5. In respect of all other contracts, a contract register and electronic database is in the process of being compiled and will be reported in the new financial year.

Due to the takeover of the reticulation of water and sanitation by the Municipality with effect the 01 July 2014, and due the MEC intervention at Uthukela water still being applicable in so far as the bulk services relating to water and sanitation is concerned, a formal monitoring mechanism is not yet in place. Uthukela Water have however forwarded the SDBIP's relating to 2013/14 which is attached at Appendix 6.

ASSESSMENT OF ENTITY – UTHUKELA WATER (PTY) LTD 2013/14

Due to the takeover of the reticulation of water and sanitation by the Municipality with effect the 01 July 2014, and due the MEC intervention at Uthukela Water still being applicable in so far as the bulk services relating to water and sanitation is concerned, a formal monitoring mechanism is not yet in place.

A high level assessment of Uthukela water is included under Appendix 5

CHAPTER 6

AUDITOR GENERAL REPORT

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON NEWCASTLE MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Newcastle Municipality set out on pages ... to ..., which comprise, the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement and the statement of comparison of budget information with actual information for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (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.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

BASIS FOR QUALIFIED OPINION

Property, plant and equipment

6. I was unable to obtain sufficient appropriate audit evidence for infrastructure assets and work in progress due to inadequate underlying records to support these amounts. I could not confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustment relating to infrastructure assets and work in progress stated at R1 488,35 million and R597,91 million respectively, included in note 4 in the financial statements was necessary.

Leave provision

7. The municipality did not have adequate systems in place to maintain records of leave transactions taken during the year, as a result, I could not confirm the leave pay provision amounting to R33,06 million included in the payables from exchange transactions balance of R300,60 million. Consequently, I was unable to determine whether any adjustment relating to the leave pay provision was necessary.

Qualified opinion

8. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Newcastle Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

10. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of the Newcastle municipality at, and for the year ended 30 June 2013.

MATERIAL LOSSES AND IMPAIRMENTS

11. As disclosed in note 53 to the financial statements, material losses in electricity of 45,49 million kilowatts amounting to R20,3 million were incurred as a result of transmission losses and illegal connections.

12. As disclosed in note 12 to the financial statements, the municipality provided for impairment of Value Added Tax of approximately R25,6 million as recoverability is considered doubtful due to it being disputed by the South African Revenue Services.
13. As disclosed in note 13 to the financial statements, the municipality provided for impairment of consumer debtors of approximately R15,5 million, due to poor collection practices.

SIGNIFICANT UNCERTAINTIES

14. With reference to note 42 to the financial statements the municipality is a defendant in various supplier and staff lawsuits. The municipality is defending these claims as it believes that the claims are invalid. The ultimate outcomes of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

ADDITIONAL MATTER PARAGRAPH

15. I draw attention to the matter below. My opinion is not modified in respect of this matter:

UNAUDITED DISCLOSURE NOTES

16. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:

Objective 4: technical services on pages x to x

Objective 5: community Services on pages x to x

Objective 6: developments planning and human settlements on pages x to x

19. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
20. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

ADDITIONAL MATTERS

23. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matters below.

ACHIEVEMENT OF PLANNED TARGETS

24. Refer to the annual performance report on pages x to x and x to x for information on the achievement of the planned targets for the year.

UNAUDITED SUPPLEMENTARY SCHEDULES

25. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not express a conclusion thereon.

COMPLIANCE WITH LEGISLATION

26. I performed procedures to obtain evidence that the municipality has complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

ANNUAL FINANCIAL STATEMENTS

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of four items identified by the auditors were subsequently corrected. However, supporting documents for the provision for leave and property, plant and equipment that could not be provided resulted in the annual financial statements receiving a qualified opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

28. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
29. Awards were made to bidders other than those recommended by the bid evaluation committee without adequate ratification by the accounting officer, as required by SCM regulation 29(5)(b).

30. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000).
31. Awards were made to providers who are in the service of other state institutions or whose directors/principal shareholders are in service of the state institutions, in contravention of section 112(j) of the MFMA and SCM regulations 44.
32. Awards were made to providers who are in the service of the municipality in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).

ASSET MANAGEMENT

33. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

EXPENDITURE MANAGEMENT

34. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.
35. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

CONSEQUENCE MANAGEMENT

36. Appropriate action was not taken against officials and role players in the SCM system where investigations proved failure to comply with the SCM system, as required by SCM regulation 38(1)(b).

INTERNAL CONTROL

37. I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

LEADERSHIP

38. Management did not exercise adequate oversight over financial reporting and compliance with laws and regulations, as well as internal control. In this regard, management did not ensure that the municipality was able to prepare credible financial reports that are supported and evidenced by reliable information and that all procurements of goods and services are done in accordance with SCM regulations.

FINANCIAL AND PERFORMANCE MANAGEMENT

39. Daily and monthly controls were not operational throughout the period. Management did not prepare regular, accurate and complete financial statements that are supported and evidenced by reliable information as year-end procedures were not carried out in accordance with the applicable financial reporting framework. Adequate review and monitoring over compliance with legislation was not undertaken due to staff not understanding their respective roles and responsibilities.

GOVERNANCE

40. The risk assessment process did not adequately address the accuracy and completeness of financial reporting resulting in material misstatements and non-compliance with legislation.

41. Internal audit and the audit committee did not adequately review the financial statements, as evident by the errors that arose during the auditing process.

OTHER REPORTS

INVESTIGATIONS

42. The department of Cooperative Governance and Traditional Affairs conducted investigations regarding procurement irregularities which relates to cellphone contracts and public viewing screens entered into in the year under review. The investigations were finalised in July 2014. Irregularities were discovered and disciplinary action was recommended against the relevant officials.

Pietermaritzburg

28 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

CORRECTIVE ACTION TAKEN OR TO BE TAKEN IN RESPONSE TO AUDIT ISSUES

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
Property, Plant and Equipment	I was unable to obtain sufficient appropriate audit evidence for infrastructure assets and work in progress due to inadequate underlying records to support these amounts. I could not confirm these amounts by alternative means. Consequently, I was unable to determine whether any adjustment relating to infrastructure assets and work in progress stated at R1 488, 35 million and R597, 91 million respectively, included in note 4 in the financial statements was necessary.	<p>Work in progress Assets</p> <ul style="list-style-type: none"> • The Asset Management Unit (AMU) will engage respective Heads of Departments delegated with managing construction of projects and establish whether projects listed on the work in progress register are still in the progress or complete • For the projects in progress, the AMU engage project managers/consulting engineers to establish the percentage of completion of projects. • For each project listed on the work in progress register the Asset Management Unit with the assistance of Heads of Departments will establish whether projects listed are stand alone or linked to another project or vote • The AMU will obtain from project managers/consulting engineers payment certificates for payments made against each project listed on the work in progress register. • The AMU will maintain a separate file for each project. Project files will have supporting documents in respect of the activities that took place since inception of the project. This will include supplier invoices, cost allocation journals, orders, requisitions, payment certificates,

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		<p>completion certificates, etc. that support the project value for consecutive years from inception to completion.</p> <ul style="list-style-type: none"> Each capital project file will be updated with supporting documents (supplier invoices, cost allocation journals, orders, requisitions, payment certificates, completion certificates, etc.) for expenditure incurred each month. <p>Completed Work in progress Assets</p> <ul style="list-style-type: none"> For work in projects identified as complete the AMU will obtain from respective Heads of Departments completion certificates and project costing for projects completed during 2012/13 and 2013/14. The Asset Manager will review all supporting documents (completion certificates, payment certificates, project costing etc.) before capitalising a project from work in progress to completed assets. The municipality will appoint an independent valuer to determine the values of completed work in progress assets where supporting documents (supplier invoices, orders, requisitions, payment certificates, completion certificates, project costing etc.) cannot be obtained. <p>This is a recurring audit issue should it not be considered for inclusion in the audit plan</p>
Leave Provision	The municipality did not have adequate systems in place to maintain records of	The following measures have been taken to address the audit findings on employee leave balances –

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
	<p>leave transactions taken during the year, as a result, I could not confirm the leave pay provision amounting to R33, 06 million included in the payables from exchange transactions balance of R300, 60 million. Consequently, I was unable to determine whether any adjustment relating to the leave pay provision was necessary.</p>	<ul style="list-style-type: none"> • The Human Resources department has commenced processing uncaptured employee leave forms. These will then be filed in respective personnel leave files. • A task team has been established to recalculate leave balances, starting as far back as 2008. • A team has been tasked with ensuring that leave taken is supported by the authorised leave forms and filed in personnel files • Internal Audit Unit will conduct a sample test to verify the accuracy and completeness of employee leave balances • Employee leave balances will be imported on the new Sage system procured by the municipality in order for leave to be updated regularly and accurately • Respective departments to ensure timely submission of authorised employee leave forms to the Human Resources department for processing • Human Resources Clerks will ensure that employee leave forms received are processed timeously to the Payroll system and filed in personnel files. • The municipality is currently in the process of migrating to a new Sage system that will reduce the need for paper processing.
<p>Restatement of corresponding figures</p>	<p>As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the</p>	<ul style="list-style-type: none"> • In 2014 the municipality performed monthly reconciliations of all account balances in the general ledger. This was performed to ensure that all account balances were adequately reconciled and sufficiently supported by a sub-ledger, list or supporting documents. • Items or transactions that were not accounted for in prior periods were

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
	financial statements of the Newcastle municipality at, and for the year ended 30 June 2013.	<p>recognized in the corresponding figures.</p> <ul style="list-style-type: none"> • In order to avoid recurrences of this audit finding, all account balances (assets, liabilities and equity) in the general ledger have been assigned to each directorate to ensure that account balances are properly reconciled and sufficiently supported. • A monthly tracker has been implemented and monitored by the municipality to ensure that the reconciliations are being performed on a monthly basis and reviewed by senior management. • The accuracy and completeness of general journals must be reviewed, all journal vouchers must be supported with detailed calculations signed by the preparer, reviewer and capturer. Once the journals have been processed on the financial system it must be verified by the preparer that it has been captured accurately. • A detailed exercise was performed to ensure that closing balances per the signed AFS agree with closing balances per the accounting system.
Material Losses And Impairment	As disclosed in note 53 to the financial statements, material losses in electricity of 45,49 million kilowatts amounting to R20,3 million were incurred as a result of transmission losses and illegal connections.	<p>Technical Losses:</p> <ul style="list-style-type: none"> • Essentially, these amount to the loss of electricity energy in the form of heat to the atmosphere or environment, which cannot be recovered. In 2014 this loss was confirmed to be 2,4%. <p>Non-technical losses:</p> <ul style="list-style-type: none"> • This refers to all the unrecorded electricity delivery. One potential reason for this shortfall is that prepaid customers generally under-purchase electricity. Another factor is the unrecorded consumption where meters have been removed and not replaced. Furthermore, illegal connections and incorrect calibration of meters also contribute to

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		<p>consumption not being recorded. The inaccuracy of the bulk purchase meters, both at the municipality and Eskom also contribute to this non-technical shortfall.</p> <p>Municipal Electricity Losses:</p> <ul style="list-style-type: none"> • The industry benchmark for electricity losses within the municipality environment as indicated by NERSA is approximately 12%. The losses recorded by the municipality for both 2012/13 and 2013/14 financial years were 6% of electricity purchases. • Technical losses within the municipality are made up of standard line losses, unmetered own consumption, free basic electricity, street lighting and robots. The standard line losses account for approximately 2,4% of the total energy delivered to the municipality from the Ncandu Substation Intake point. The municipality has engaged Eskom to do a study for verification of the loss factor value of 2,4%. In order to improve the losses the municipality has installed meters in its own facilities to ensure that all of the delivered electricity is accounted for. Free basic electricity is accurately managed as the value of electricity consumed is compensated for adequately. • All the municipal meters have now been calibrated by an external meter calibration facility. Faulty meters are a cause of unrecorded consumption. A number of meters are being replaced on a weekly basis when they are faulty. • The municipality is also investing R5,5 million in a SCADA system which

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		is being be rolled out in the current financial year. This will assist in the measurement and control of the delivered and billed electricity.
Material Losses And Impairment	As disclosed in note 12 to the financial statements, the municipality provided for impairment of Value Added Tax of approximately R25,6 million as recoverability is considered doubtful due to it being disputed by the South African Revenue Services.	<ul style="list-style-type: none"> • The municipality's VAT consultant calculated an input VAT receivable amounting to R25,6 million. • Due to the amounts being disputed by SARS the municipality considered the recoverability of the amounts claimed as doubtful. As a result, a provision for the impairment was raised for in the annual financial statements. • After reporting date however the municipality received an amount of R9 million and anticipates that a further R6 million from SARS will be received by March 2015. • The municipality's consultant who raised the refund is liaising with SARS in addressing queries raised and submission of documentation required in order to receive the outstanding amounts • Senior management has engaged with SARS and the recoverability of the refund is being closely monitored. • VAT reconciliations are currently performed on a monthly basis, and reviewed by a senior official. • Should the consultant not transfer skills to the senior official as well
Significant uncertainties	With reference to note 42 to the financial statements the municipality is a defendant in various supplier and staff lawsuits. The municipality is defending these claims as it believes that the claims are invalid. The ultimate outcomes of these matters cannot presently be determined and no provision	<ul style="list-style-type: none"> • The municipality's legal department maintains a list of all pending legal matters and litigations which are monitor. • Going forward the legal department will monitor the status of all pending legal matters and litigations with the municipality's legal representatives. • Progress on pending legal matters and litigations will be tracked on a monthly basis and reported to the office of the CFO and Municipal Manager.

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
	for any liability that may result has been made in the financial statements.	
Material Losses And Impairment	As disclosed in note 13 to the financial statements, the municipality provided for impairment of consumer debtors of approximately R15,5 million, due to poor collection practices.	<ul style="list-style-type: none"> • The municipality is currently in the process of establishing a credit control unit within the revenue department. • The closing date for applications of appointment of resources to manage this department was 16 January 2015. The municipality anticipates that applicants will be interviewed in February and the unit operational by March 2015. • This unit will be responsible for collecting debt from 0 – 60 days thereafter it will be the responsibility of the service provider. The unit will be responsible for: <ul style="list-style-type: none"> - Making telephone calls on a daily basis to customers who have arrear accounts - Making arrangements for payments - Indigents - Door to door visits ensuring that consumers are aware of their arrear status - Verification of indigent debtors • Management anticipates that the establishment of a credit control unit with the municipality actively involved in the recovery of outstanding debt will make a difference in improving the debt collection. • The municipality is in the process of finalizing a bid for the provision for debt management services where a service provider will be appointed and responsible for the collection of debt older than 60 days. The municipality anticipates that the appointment of the bid will be finalized by 4 February 2015.

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
Procurement And Contract Management	Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management (SCM) regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).	<ul style="list-style-type: none"> • The municipality plans to facilitate the SCM Regulations to SCM officials. Training will be provided to SCM officials on how and when to utilise the urgent/emergency delegations. • Departmental training will be performed and department roadshows will be done to assist departments to differentiate between urgent/emergencies and poor planned projects. • The municipality also plans to facilitate to ensure that user departments better understand the provisions and procedures of SCM policy and Regulations. • The SCM Department will develop a procurement plan for the 2015/16 financial year. This will ensure procurement of good/services are properly planned. • Deviations from the normal procurement process will be pre-approved by the Acting CFO and Accounting Officer. This will be recorded to a deviations register and submitted to Council on a monthly basis.
Procurement And Contract Management	Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000).	<ul style="list-style-type: none"> • Where awards are made to a bidder who does not have the highest points, reasons substantiating why the award was not made will be required. Reasons for decisions and recommendations will be recorded in the Bid Evaluation Committee minutes (BEC) and reports to the Bid Evaluation Committee (BAC). • Supporting evidence to decisions and recommendations by the BEC will be scanned and filed by the municipality's SCM department. • A checklist will be developed and implemented to ensure that the BEC processes are standardized and the recommendations by BEC are in line with the Municipal SCM Regulations and Preferential Procurement Policy Framework Act. • Roll-out and training of the BEC checklist will be conducted before the end of March 2015. • Using the SCM checklist developed and implemented, all instances of

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		non-compliance SCM regulations identified will be reported to the Accounting Officer and the Mayor.
Procurement And Contract Management	Awards were made to providers who are in the service of other state institutions or whose directors/principal shareholders are in service of the state institutions, in contravention of section 112U) of the MFMA and SCM regulations 44.	<ul style="list-style-type: none"> • The municipality intends procuring the services of a service provider who will assist with the verification of supplier database information. Section 32 of the Municipal Supply Chain Regulations will be used to fast track the appointment of this service provider, • Suppliers and individuals who are identified as in service of the state or who's directors/shareholders are in service of the state will be red-flagged to ensure that the municipality refrains from transacting with the aforementioned suppliers. • This list will be used and monitored by the SCM department in the procurement of goods and services. • The municipality intends to seek the assistance of KZN Provincial Treasury and Department of Co-operative Governance and Traditional Affairs (CoGTA) in addressing this finding.
Annual Financial Statement	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of S122 of MFMA. Material misstatements of four items identified by the auditors were subsequently corrected. However, supporting documents for the provision for leave and property, plant and equipment that could not be provided resulted in the annual financial	<ul style="list-style-type: none"> • Corrected misstatements were largely comprised of a difference in opinion in the accounting treatment of Uthukela Water transactions during the year and unidentified irregular expenditure which not disclosed in the financial statements. • The municipality prepared and implemented a year-end plan to ensure that all elements needed to compile the annual financial statements were done timeously. • Activities relating to the preparation of the year-end closure and preparation of the financial statements were assigned to individuals and progress of the year-end closure was monitored on a weekly basis.

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
	statements receiving a qualified opinion.	<ul style="list-style-type: none"> • Draft annual financial statements were submitted to internal audit and audit committee for review and comment according to the year-end plan. • A similar year-end plan will be developed for the preparation of the annual financial statements which will be implemented during the year-end closure of accounts. • The year-end plan will be delegated to the office of the CFO who will track progress of the preparation of the annual financial statements. This will ensure that adequate time is allowed for the review of the annual financial statements and working paper file by internal audit and audit committee.
Procurement And Contract Management	Awards were made to providers who are in the service of the municipality in contravention of section 112U) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).	<ul style="list-style-type: none"> • The SCM department will forward the names and identity numbers of directors and shareholders/members of suppliers/service providers to confirm that the directors and shareholders/members are not in employ of the municipality before awards are made. • The municipality will facilitate the completion of outstanding interest declarations by personnel who have not declared their business interests. • Where it is identified that employees of the municipality have interests in suppliers/service providers, the SCM department will compile a list of suppliers/service providers whose directors/shareholders are employed by the municipality. This will be used to ensure that no awards are made to suppliers in service of the municipality during the procurement process. • The abovementioned listing will be one of the qualifying criteria that will be checked on the BEC checklist before a bid is recommended for award by BEC. • The municipality intends using its current service provider i.e.

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		<p>TransUnion to assist identifying suppliers who's directors and/or shareholders are in service of the municipality or other state institutions. This will assist the municipality to proactively identify suppliers who's directors and/or shareholders are in service of the municipality or other state institutions.</p>
Procurement And Contract Management	<p>Awards were made to bidders other than those recommended by the bid evaluation committee without adequate ratification by the accounting officer, as required by SCM regulation 29(5)(b).</p>	<ul style="list-style-type: none"> • Where awards are made by the BAC to a bidder who is not recommended by the BEC, reasons substantiating why the award was not made will be required. Reasons for decisions and recommendations will be recorded in the Bid Evaluation Committee (BAC) minutes and resolutions. • Supporting evidence to decisions and recommendations by the BAC will also be scanned and filed by the municipality's SCM department. • A checklist will be developed and implemented to ensure that the BAC processes are standardized and the recommendations by BAC are in line with the Municipal SCM Regulations and Preferential Procurement Policy Framework Act. • Roll-out and training of the BAC checklist will be conducted before the end of March 2015. • Should the AO not ratify the appointment of bidders other than that being recommended – the response is silent on this aspect

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
Asset Management	An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	<ul style="list-style-type: none"> • The Asset Management Policy will be reviewed and updated to ensure that it meets the provisions of GRAP • Adherence to the Asset Management policy will be strictly monitored. • Asset champions will be appointed in every department to ensure adherence to the policy at the level of departments. • The Asset Manager will be responsible to ensure that this process is place and working by 28 February 2015.
Expenditure Management	Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.	<ul style="list-style-type: none"> • Internal controls as reflected throughout this document will ensure that the irregular expenditure will be minimised. • The municipality intends work-shopping SCM and personnel from respective departments irregular expenditure • The implementation of MFMA Circular 65 and its registers will be implemented
Consequence management	Appropriate action was not taken against officials and role players in the SCM system where investigations proved failure to comply with the SCM system, as required by SCM regulation 38(1)(b).	<ul style="list-style-type: none"> • The report from the Co-operative Governance and Traditional Affairs (CoGTA) was an interim report. Responses in respect of the report findings were submitted by the municipality to the Office of the MEC for review.

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
Expenditure Management	Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.	<ul style="list-style-type: none"> • All invoices received by the municipality will be date-stamped on receipt for payment processing. • The financial system programmers will be instructed to introduce a module that will allow on invoices to be captured by the department of finance onto the system before they are distributed to departments. • Finance will then be able to monitor and follow up with departments to ensure that all outstanding invoices are paid within the 30 days of receiving invoices. This control will eliminate the current situation of invoices being sent to the departments first without the knowledge of the creditors office hence delays in payment occurs. • The Creditor's department will ensure that the creditor's age analysis is monitored on a monthly basis.
Leadership	Management did not exercise adequate oversight over financial reporting and compliance with laws and regulations, as well as internal control. In this regard, management did not ensure that the municipality was able to prepare credible financial reports that are supported and evidenced by reliable financial information and that all procurement of goods and services are done in accordance with SCM regulations.	<ul style="list-style-type: none"> • In 2014 the municipality performed monthly reconciliations of all account balances in the general ledger. This was performed to ensure that all account balances were adequately reconciled and sufficiently supported by a sub-ledger, list or supporting documents. • To ensure that all account balances (assets, liabilities and equity) in the general ledger are reconciled and sufficiently supported and evidenced by credible information, general ledger votes were assigned to each directorate to ensure that reconciliation of account balances are delegated to individuals. Going forward, this will ensure accurate and credible financial reporting (i.e. Section 71, 72 and financial statements etc) • Amounts and balances that could not be supported or reconciled were written off

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		<ul style="list-style-type: none"> • A monthly tracker has been implemented and monitored by the municipality to ensure that the reconciliations are being performed on a monthly basis and reviewed by senior management. • The SCM checklist developed and implemented by the SCM department will be used to test existing contracts and bid files. Missing information and documents required in terms of the SCM Regulations Preferential Procurement Policy Framework Act will be reported to the Accounting Officer and the Mayor. • The BEC and BAC checklist that will be developed and rolled will be used to ensure that the Municipal SCM Regulations and Preferential Procurement Policy Framework Act are adhered to. • Roll-out and training of the BEC checklist will be conducted before the end of March 2015. • Using the SCM checklist currently being implemented at the SCM department, all instances of non-compliance SCM regulations identified will be reported to the Accounting Officer and the Mayor.
Financial and Performance Management	<p>Daily and monthly controls were not operational throughout the period. Management did not prepare regular, accurate and complete financial statements that are supported and evidenced by reliable information as year-end procedures were not carried out in accordance with the applicable financial reporting framework. Adequate review and monitoring over compliance with legislation was not undertaken due to staff not understanding their respective roles and responsibilities.</p>	<ul style="list-style-type: none"> • In 2014 the municipality performed monthly reconciliations of all account balances in the general ledger. This was performed to ensure that all account balances were adequately reconciled and sufficiently supported by a sub-ledger, list or supporting documents. • Reconciliations are currently performed and reviewed on a monthly basis. • The monthly preparation and reviewing of reconciliations is ongoing and individuals and Directors have been assigned to ensure that this is being timely performed. • The municipality should consider the preparation of credible interim financial statements

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY														
Governance	The risk assessment process did not adequately address the accuracy and completeness of financial reporting resulting in material misstatements and non-compliance with legislation.	<ul style="list-style-type: none">In terms of the risk assessment that was conducted by the Municipality, the risks relating to accuracy and completeness of financial reporting was covered during the risk assessment, and it is contained in the Municipal risk register. Below is an extract of the top 10 risk register which confirms that the risk referred to above was indeed covered by the risk assessment:-														
		<table><tr><th>Risk No.</th><th>Identified Risk</th><th>Root Cause</th><th>Possible Consequences</th><th>Inherent Risk Rating</th></tr><tr><td>NM-R2</td><td>Failure to maintain clean governance</td><td>Ineffective governance structures and systems; Non-compliance with relevant legislations;</td><td>Fraud and corruption; Qualified audit opinion by AG; Intervention by provincial government.</td><td rowspan="2">Maximum (VeryHigh)</td></tr><tr><td>NM-R9</td><td>Lack of integrity and</td><td>Inadequate month-end</td><td>Materially misstated</td></tr></table>	Risk No.	Identified Risk	Root Cause	Possible Consequences	Inherent Risk Rating	NM-R2	Failure to maintain clean governance	Ineffective governance structures and systems; Non-compliance with relevant legislations;	Fraud and corruption; Qualified audit opinion by AG; Intervention by provincial government.	Maximum (VeryHigh)	NM-R9	Lack of integrity and	Inadequate month-end	Materially misstated
		Risk No.	Identified Risk	Root Cause	Possible Consequences	Inherent Risk Rating										
		NM-R2	Failure to maintain clean governance	Ineffective governance structures and systems; Non-compliance with relevant legislations;	Fraud and corruption; Qualified audit opinion by AG; Intervention by provincial government.	Maximum (VeryHigh)										
NM-R9	Lack of integrity and	Inadequate month-end	Materially misstated													

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY				
			accuracy of financial information	closure discipline procedures (Reconciliation s).	financial statements resulting in ill- informed decisions. Audit queries; Exposure to risk of fraud and corruption.	Maximum (VeryHigh)
		<ul style="list-style-type: none"> In light of the above, it is evident that the risk assessment process did address the accuracy and completeness of financial reporting, as well as compliance with legislations in terms of risk identification, and there was no specific audit finding which was raised by Auditor-General during their audit when they audited risk management process. Apart from the risk assessment process, management conceded the fact that there is still some room for improvement when it comes to the adequacy and effectiveness which includes reconciliations, the following is an action plan to address the accuracy and completeness of our financial reporting and compliance monitoring by finance department towards ensuring that our financial statements are not 				

NATURE OF AUDIT QUERY	AUDIT QUERY	RESPONSE FROM MUNICIPALITY
		materially misstated:-
Governance	Internal audit and the audit committee did not adequately review the financial statements, as evident by the errors that arose during the auditing process.	<ul style="list-style-type: none"> • Internal audit requires that the annual financial statements be provided to them at the very latest by the first week in August in order for the department to be able to carry out the relevant procedures to ensure the accuracy thereof. • The municipality should consider the preparation of financial year end process plan with realistic timeframes that would allow for the Internal Audit and Audit Committee to judiciously review the AFS and effect changes prior to submission to the AG .
Investigations	The department of Cooperative Governance and Traditional Affairs conducted investigations regarding procurement irregularities which relates to cellphone contracts and public viewing screens entered into in the year under review. The investigations were finalised in July 2014. Irregularities were discovered and disciplinary action was recommended against the relevant officials.	<ul style="list-style-type: none"> • The report from the Co-operative Governance and Traditional Affairs (CoGTA) was an interim report. Responses in respect of the report findings were submitted by the municipality to the Office of the MEC for review.

AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014.

We are pleased to present our report for the financial year ended 30 June 2014.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Ordinary Audit Committee Meetings

NAME OF MEMBER	SCHEDULED MEETINGS	NUMBER OF MEETINGS ATTENDED
Ms. T Ndlela	4	5
Ms. F Buckus	4	4
Mr. A Jordan	4	5
Mr. I Simjee	4	3
Mr. S Majola	4	2

PERFORMANCE MANAGEMENT AUDIT COMMITTEE MEETINGS

NAME OF MEMBER	SCHEDULED MEETINGS	NUMBER OF MEETINGS ATTENDED
Ms. T Ndlela	4	4
Ms. F Buckus	4	4
Mr. A Jordan	4	3
Mr. I Simjee	4	4
Mr. S Majola	4	3

AUDIT COMMITTEE RESPONSIBILITY

We report that we have adopted appropriate formal Terms of Reference in our charter in line with the requirements of section 166 of the Municipal Finance Management Act, No. 56 of 2003. We further report that we conducted our affairs in compliance with the approved Terms of Reference (Charter).

The following functions were carried out by the Audit Committee, as prescribed by the MFMA, in its meetings for the year ended 30th June 2014:

Advised on matters relating to:

- ☐ Internal financial control and internal audits;
- ☐ Risk Management;
- ☐ Accounting policies;
- ☐ Adequacy, reliability and accuracy of financial reporting and information;
- ☐ Performance Management;
- ☐ Effective governance;
- ☐ Compliance with the Municipal Finance Management Act, the Annual Division of Revenue Act; and any other applicable legislation;
- ☐ Performance evaluation; and
- ☐ Any other issues referred to it by the municipality

FINANCIAL STATEMENT REVIEW FOR THE PERIOD ENDED 30 JUNE 2014

The Audit Committee has reviewed the annual financial statements to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its effectiveness, and its overall level of compliance with legislation, the annual Division of Revenue Act and any other applicable legislation.

Furthermore the Committee have presented its views in terms of the figures presented on the Annual Financial Statement and recommendation were made and accepted by Management. Non movement of the Municipality from a Qualified Opinion is a concern, however it should be noted that lot of effort have been put to address the issues that were raised in the 2012/2013 financial year. Therefore the Committee accepts the Auditor General's Opinion on both the financial and non-financial results of the Municipality as presented.

PERFORMANCE MANAGEMENT

The Municipality has a fully-fledged Performance Management Unit. This is one of the processes that the Audit Committee has noted continuous improvement based on the quality and the content of the reports tabled at Audit Committee Meetings. The system will be monitored closely to ensure that it does not regress whilst working towards clean administration. The municipality is looking at ways of enhancing and fast-tracking the reporting processes through an automated system this will be concluded by the end of the 2014/2015 financial year;

Risk and Compliance Management

The Municipality have a dedicated Risk and Compliance Unit dealing with risk and compliance issues. A risk register for the year under review was developed and quarterly reports with progress on actions were tabled at the audit committee. Furthermore it should be noted that the compliance register was in place and monitored accordingly. The municipality is still finding ways to enhance the operation of the two processes to ensure the minimization of risks that affects the Auditor General's opinion.

Internal Audit Activity (IAA)

The Committee reviewed and approved the annual audit plans and evaluated the independence, effectiveness and performance of the internal audit activity. On implementing its annual plan the IAA have highlighted some weaknesses in the system of internal control. The Committee reviewed corrective action taken by management in response thereto. It should be noted that some of the issues raised in the Auditor General's report should have been prevented if the issues that were raised by IIA were addressed timely and preventative measures should have been put in place. The committee is satisfied with the work of internal audit for the period under review.

This is included as Appendix 6

ASSESSMENT BY THE ACCOUNTING OFFICER OF ANY ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

The Newcastle municipality was owed R 816 million by the ratepayers and municipal services customers on 30 June 2014, while the corresponding figure at 30 June 2013 was R 732 million. This calculates to an increase of 11.45% over the previous financial year.

The Debt Collection, Credit Control and Customer Care, Indigent and the Debt Write-off Policies are reviewed annually as part of the budget approval process. Debt escalation has been controlled to a certain extent by the implementation of the Council's Policies; however the systems currently in place need to be enhanced in order to address the continual growth of debtors.

The increase in the outstanding debtors of the municipality can be partially attributed to the lack of restriction of water to 12 kl per month to the indigent households, whilst the full amount is debited to the account. Punitive action is not being taken against the accountholder who is not paying the monthly water consumption account in all areas and the accountholder has no incentive to settle his account. Interest at a rate of 9% continues to be debited to arrear non-residential accounts.

Council has identified funding to purchase the smart water meters which will be used to regulate the flow of water to the respective property. It appears that the project with regard to the installation of the water meters will be rolled out per zone. The zone meters continue to be installed to ensure that proper monthly water balance reconciliations can be carried out, and to ensure that water leaks are addressed on an ongoing basis. This will enable the consumers to take up the responsibility to attend to their own leaks as they arise, or face restriction of services should the account not be paid.

Electricity is terminated for non-payment in the Municipality's area of supply, thereby ensuring that the accumulation of arrears is halted and the debt is collected prior to it accumulating to the extent of the other areas. Where there is no electricity consumption to make use of this action, the water needs to be used as leverage to halt the accumulation of outstanding debt.

Councillor and staff municipal accounts are still monitored on a regular basis with monthly deductions being processed from salaries where applicable.

The risk assessment performed by TransUnion during May 2014 will once again result in the information being updated on our financial system debtors' ledger database. The indigent register will be audited and accountholders will be deregistered should they no longer qualify according to the policy.

The Debt Management Task Team that was set up during February 2012 is now being chaired within the Budget and Treasury Office. The implementation of a robust and effective debt collection strategy is the key focus of this task team.

The debt collection section continues to carry out many of the legal processes originally performed by the Attorneys, such as obtaining emoluments orders and judgments, lodging writ-of-executions, etc. It is, therefore, not considered feasible to hand arrear accounts over to the attorneys unless the accountholder defends the action, or the value is such that we need to in terms of legislation. The attachment of tenant rentals paid to the owner in terms of their lease agreement has been attached where the rates account is in arrears.

The Council still has problems with the collection of specific types of accounts, which is still being addressed by our Legal Services Section. Some of the specific problems are noted hereunder:

- Current levies and arrears that accumulate against deceased owners, specifically in the East but not limited thereto, where the remaining spouse/child does not have the required cash settle the outstanding account in order to effect registration of transfer into their name;
- Child headed households – This becomes a problem when the consumption of water exceeds the allowed 12 kl and the electricity in the West exceeds the allowed 50 kWh.
- Closed consumer accounts sometimes become a problem to collect when the accountholder leaves town without providing a forwarding address and the deposit is too low to cover said final account. The deposits, however, will be increased in the forthcoming year.
- Consumer accounts where the termination of electricity cannot be used as leverage to obtain payment for the full account.

AN ASSESSMENT BY THE MUNICIPALITY'S ACCOUNTING OFFICER OF THE
MUNICIPALITY'S PERFORMANCE FOR REVENUE COLLECTION FROM EACH REVENUE
SOURCE IN THE APPROVED BUDGET

	FULL YEAR TOTAL BUDGET	YEAR TO DATE ACTUAL	VARIANCE	% VARIANCE
PROPERTY RATES	(186,121,150.00)	(183,052,003.90)	(3,069,146.10)	1.65
SERVICE - ELECTRICITY	(567,581,179.00)	(532,115,115.71)	(35,466,063.29)	6.25
SERVICE - SEWERAGE	(84,381,556.00)	(83,493,448.04)	(888,107.96)	1.05
SERVICE - WATER	(153,603,998.00)	(143,077,136.17)	(10,526,861.83)	6.85
SERVICE- REFUSE	(68,644,573.00)	(68,870,768.62)	226,195.62	-0.33
RENTAL	(5,889,547.00)	(4,456,093.53)	(1,433,453.47)	24.34
INTEREST EARNED - EXTERNAL				
INVESTMENTS	(16,872,072.00)	(7,821,006.24)	(9,051,065.76)	53.65
INTEREST EARNED - OUTSTANDING				
DEBTORS	(7,598,960.00)	(7,621,371.84)	22,411.84	-0.29
FINES	(2,570,188.00)	(9,022,484.14)	6,452,296.14	-251.04
LICENCES	(3,003.00)	(7,293.91)	4,290.91	-142.89
TRANSFERS				
RECOGNISED	(298,654,884.00)	(434,932,496.88)	136,277,612.88	-45.63
OTHER REVENUE	(11,186,491.00)	(67,398,092.28)	56,211,601.28	-502.50
TOTAL REVENUE	(1,403,107,601.00)	(1,541,867,311.26)	138,759,710.26	-9.89

The variances on the rates, service charges and interest received on outstanding debtors are all reflected at under 7% which is a good indication that we have sound budgeting strategies and procedures in place. The decrease in the amount of interest earned during the financial year is as a result of an increased number of withdrawals from the investment accounts to fund our intensive capital budget programme.

The increase in fines income is as a result of a change in accounting policy resulting in fines being recognised as the actual amounts billed for the year instead of the actual amounts received during the year.

The two largest components of the increase in the other revenue are profit on disposal of fixed assets (15 425 395) and an adjustment for actuarial gain (23 189 640).

THREE YEAR CAPITAL PLAN FOR ADDRESSING INFRASTRUCTURE BACKLOGS IN TERMS OF THE MUNICIPAL INFRASTRUCTURE GRANT (MIG) FRAMEWORK

The following is a proposed MIG Framework for the following 3 years :-

PROPOSED PROJECT	2014/15	2015/16	2016/17
OB7	3,600,000	9,625,000	-
AC pipe replacement phase 2	-	30,000,000	40,000,000
AC pipe replacemnt and upgrades phase3	-	25,000,000	50,000,000
Blauwbosch Bulk sewer	-	20,000,000	20,000,000
Blauwbosch Bulk water	-	40,000,000	40,000,000
Bosworth farm Bulk water	-	10,000,000	15,000,000
BR10 Road Construction	-	5,000,000	-
Bulk sewer H39	2,500,000	4,000,000	-
Bulk sewer Siyahlala	4,600,000	15,000,000	15,000,000
Charlestown Bulk sewer		40,000,000	40,000,000
Charlestown Bulk water		20,000,000	30,000,000
Completion of ME18	1,700,000		
Completion of ME 28	2,000,000		
Construction of Charlestown Roads		10,000,000	10,000,000
Construction of Kwa-Mathukuza Road	5,500,000	5,000,000	-
Construction of Madadeni Side Walks	1,500,000	1,500,000	-
Construction of OB24,OB44,OB62 & OB65 Construction	10,000,000	3,200,000	-
Construction of Osizweni Side Walks	1,500,000	1,500,000	
Construction of Oc16,Oc14 & Oc2 (Road R)	2,000,000	-	-

PROPOSED PROJECT	2014/15	2015/16	2016/17
JBC Roads Construction	-	10,000,000	10,000,000
JBC Sanitation Ward 12	814,286	1,000,000	1,000,000
JBC Sanitation Ward 13	814,286		
JBC Sanitation Ward 15	814,286	1,000,000	
JBC Sanitation Ward 16	814,284	1,000,000	
JBC Sanitation Ward 18	814,286	1,000,000	
JBC Sanitation Ward 6	814,286	1,000,000	
JBC Sanitation Ward 7	814,286	1,000,000	
MADADENI PONDS	5,000,000		
Madadeni Road Slipway and Widening of Inkosi Bhambatha road: SAB Beer wholesalers		10,000,000	
Madadeni WWTP (Refurbishment)	11,000,000	10,000,000	
ME1,ME2,ME3 and ME7	8,700,000		
ME26,ME30,ME33		8,910,000	
Newcastle waste water treatment plant(Viljoenpark bulk)	-	8,000,000	
Newcastle West: Contruction of Sidewalks	500,000		
Ngagane WTP(refurbishment of existing raw water bulkline and installation Booster pump station)	-	10,000,000	
OA5,OA36,OA37	-	-	
OB39	2,200,000		
OB97	1,700,000	-	
OC41	-	10,950,000	
OE5,Osiz 5	9,500,000	8,000,000	
Osizweni E & F: Phase 3	4,500,000		
Provision of Basic Sanitation services to Charlestown	500,000	1,000,000	
Provision of Basic Sanitation services to Ingogo	500,000	1,000,000	

PROPOSED PROJECT	2014/15	2015/16	2016/17
Provision of Basic Sanitation services to Normandien	500,000	1,000,000	
Pumping mains from Hilldrop Reservoir & Gravity main to Siyahlala la (Viljoenpark)	10,000,000	-	
Rural gravel roads		8,000,000	
Sewer Pump station H39	2,500,000	2,000,000	
Staffordhill Waterborne Sewerage Scheme:Phase 4	11,120,000		
Stormwater Management Madadeni		2,000,000	
Stormwater Management Newcastle West		2,000,000	
Stormwater Management Osizweni		2,000,000	
Upgrade of Ngagane WWTW	2,000,000		
Water and sanitation master Plan		4,000,000	
WCDM Madadeni	4,000,000	5,000,000	
WCDM : Newcastle West bulk meters	2,000,000		
WCDM Osizweni	7,040,000	14,825,000	
Widening and Rehabilitation of Mandela Road		10,900,000	
	123,860,000	375,410,000	271,000,000

BUDGET AND TREASURY OFFICE

ORGANOGRAM

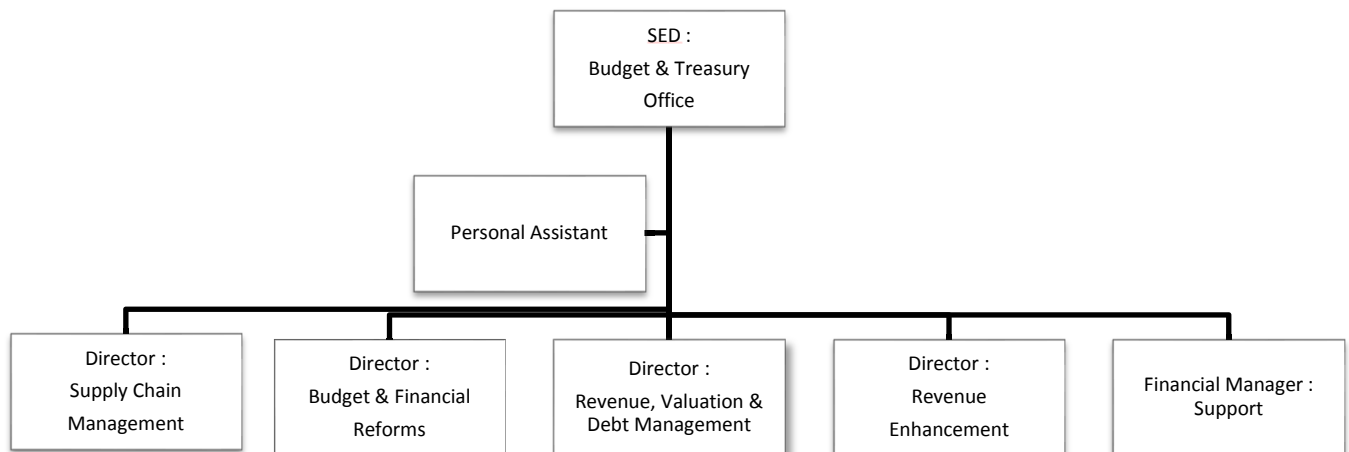


Figure 23 Budget & Treasury Office Organogram

OVERVIEW OF FUNCTIONS

The Budget and Treasury Office is divided into the following sections:

- Municipal Supply Chain Management
 - Logistics and Supply Chain
 - Contract Management
- Budget & Financial Reforms
 - Budget Planning and implementation
 - Financial Management and Expenditure
 - Assets and Liabilities
- Revenue, Debt Management and Valuations
 - Revenue and Debt management
 - Valuations
- Revenue Enhancement.

PERFORMANCE HIGHLIGHTS 2013`14

-
- Tabling of the 2014`15 credible Budget to the amount of R2, 302 billion to Newcastle Community which comprises of R444 million Capital expenditure and R 1, 858 billion for Operating budget, on 22 May 2014 before the legislated target date.
 - The following Critical positions within the department were filled in the 2013/14 financial year in pursuit of our drive to achieve clean audit in the near future:
 - Director: Revenue and Debt Management.
 - Director: Supply Chain Management.
 - Director: Revenue Enhancement Strategy.

- Plans are afoot to fill the positions of Accountant: AFS & Audit File, Accountant: Creditors and Accountant: Financial Accounting, with sole aim of enhancing capacity and achieving favorable audit outcomes.
- All general ledger balances are now being reconciled on a monthly basis, which assists in ensuring credibility of financial information presented in Section 71 reports. With the assistance of the service provider, all Budget & Treasury staff are undergoing in-depth on the job training in all pertinent finance disciplines, which will ultimately bring innovation, flexibility and dedication that will build a truly dynamic organization through well trained workforce. All these initiatives will help in inculcating credible month end discipline, which will also ensure that the Municipality will get favorable audit outcomes.
- A fully fledged Asset Management Unit has been established. Our Asset Register is fully GRAP compliant, which will help the municipality in achieving clean audit outcome.
- Processes have been implemented to enhance compliance with our SCM policy including, reduction of turn-around times for completion of bids, implementation of checklists to ensure compliance prior to finalization of each payment, preparation of a contracts register to manage payments against contracts and timeous renewal of contracts.

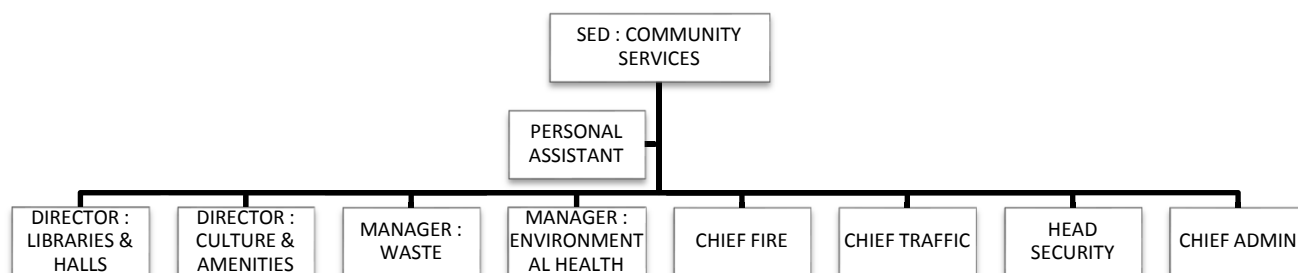
SERVICE DELIVERY CHALLENGES EXPERIENCED AND INTERVENTIONS IMPLEMENTED TO RESOLVE THESE CHALLENGES

CHALLENGES	INTERVENTIONS
Timeous availability of information from other stakeholders	Communication plan has been developed in order to ensure that people are aware of information required and will improve the processes within the organization

CHALLENGES	INTERVENTIONS
Revenue Enhancement Unit has been established.	Strategy has been prepared and various areas that could yield positive results on enhancing our revenue have been put in place
Qualified Audit in the previous years	The Municipality is working towards the improvement on Capital and Operational expenditure, to ensure sound and sustainable financial management <i>inter alia</i> through maximization of debt collection, create employment and improve the access and quality to/of services to all communities and create institutional capacity for our Finance unit.
Some fundamental reconciliations not done	Training and development of finance unit to ensure effective delivery
Non – compliance with Legislation, Policies, deadlines etc	Each Section 57 official is to ensure that their department complies with the various legislation, policies, deadlines, etc. Outdated bylaws and policies
Various areas of improvement in the financial system	The department has identified and rectified some aspects of our financial system to ensure adequate financial management
Increase in outstanding debtors	Revenue and Debt Management unit has been capacitated by appointment of a Director in the unit who is an expert in the financial field
Management of reports on Capital Expenditure	BTO supports the rest of the organization by distributing capital expenditure reports on a monthly basis as one of the measures of performance on each project

CHALLENGES	INTERVENTIONS
Cash management processes not in place	We have developed a comprehensive cash management process with a view to improve our liquidity position. This has been presented to management at the strategic planning session

ORGANOGRAM



OVERVIEW OF FUNCTIONS

UNIT	FUNCTION
Waste Management	<ul style="list-style-type: none"> ➤ Domestic Refuse collection ➤ Business refuse collection ➤ Environmental awareness ➤ Landfill ➤ Street cleaning & litter picking
Environmental Health	<ul style="list-style-type: none"> ➤ Environmental Health services ➤ Public Ablution facilities ➤ Animal Pounding functions ➤ Health Legislation compliance inspections ➤ Addressing Public Complaints ➤ Vector control services
Parks and Recreation	<ul style="list-style-type: none"> ➤ Play Parks -recreational ➤ Parks and Gardens grass/tree cutting/ maintenance ➤ Sports Grounds and Sporting Facilities rugby, soccer, squash, cricket, netball, hockey ,tennis ,bowls, athletics scuba diving, karate and golf

	➤ Recreational facilities – Pools- swimming
UNIT	FUNCTION
	<ul style="list-style-type: none"> ➤ Caravan Park-camping facilities ➤ Dams - fishing ➤ Cemetery Facilities- burials
Culture & Amenities	<ul style="list-style-type: none"> ➤ Library services ➤ Amenities/ Halls ➤ Arts and culture ➤ Museums
Fire & Disaster Management Services	<ul style="list-style-type: none"> ➤ Fire Compliance Prevention Inspection ➤ Fire Brigade Bylaw Enforcement ➤ Disaster management response and recovery ➤ Emergency Response Call outs ➤ Fire Prevention Awareness campaigns
Traffic Management Services	<ul style="list-style-type: none"> ➤ Law Enforcement ➤ Traffic Administration ➤ Roadblocks ➤ Vip Escorts and other ➤ Emergency Control Room Operations ➤ Scholar Patrols ➤ Road Safety Education ➤ Safety Awareness campaigns ➤ Crime prevention operations ➤ Traffic Control Duties
Security Management	<ul style="list-style-type: none"> ➤ Guarding Services ➤ Armed Response ➤ Special Events Security ➤ Vip protection ➤ CCTV control room operations ➤ Intervention operations

WASTE MANAGEMENT PERFORMANCE HIGHLIGHTS

- ✓ Receiving Recycle Bins
- ✓ Clean up project using EPWP Workers
- ✓ Purchase of Waste Vehicles
- ✓ Launch of Ncandu River Clean-up Project
- ✓ Purchase of Bulk Containers and Pole Litter Bins
- ✓ Addressing backlogs – Blaauwbosch



Figure 24 Newcastle Municipality Receives 500 Recycle Bins



Figure 25 Beneficiaries ready to clean up H39 & construction of the Buy Back Center



Figure 26 Waste Management Awareness Programs



Figure 27 Specialised Plant Vehicle



Figure 28 Purchase 3 New Compactors



Figure 29 Purchase of new front end operator



* Figure 30 Bulk Containers And Pole Litter Bins



Figure 31 Purchase of new roll crane truck



Figure 32 Launch of the Ncandu River Clean Up Project

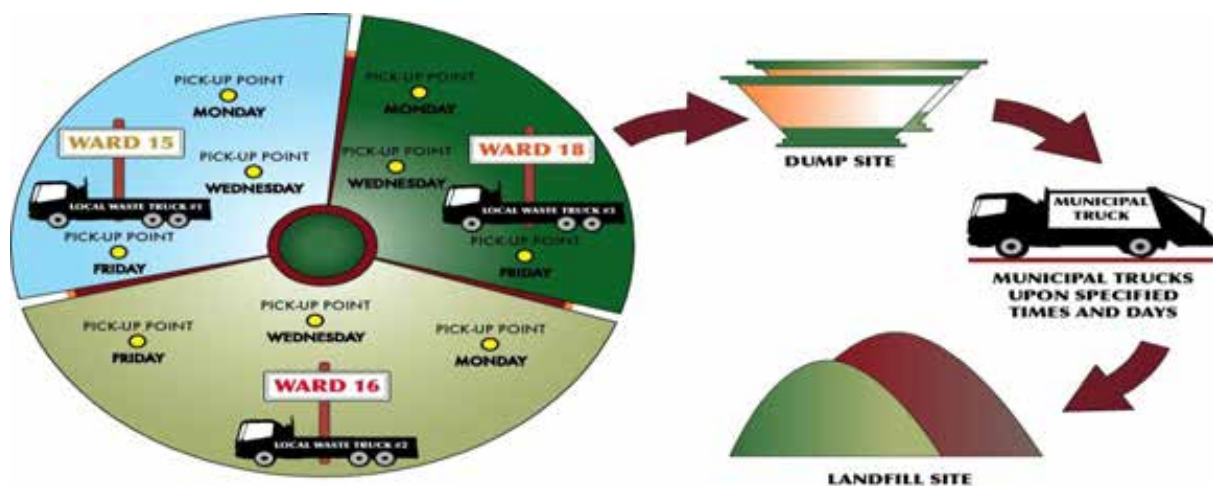


Figure 33 Addressing Waste Backlogs Blauwbosch

ENVIRONMENTAL HEALTH SERVICES PERFORMANCE HIGHLIGHTS

- ✓ Establishment of a Pound
- ✓ Establishment of Ablution Facilities
- ✓ Purchase of Vehicles



Figure 34 Animal pound establishment



Figure 35 New Ldv Vehicle (Bakkie) Purchased



Figure 36 New Specialised Animal Pound Vehicle



Figure 37 Ablution Facilities Madadeni & Osizweni

PARKS AND RECREATION PERFORMANCE HIGHLIGHTS

- ✓ Establishment of Parks and Gardens
- ✓ Establishment of Futsal Court

- ✓ Fencing of Cemeteries
- ✓ Purchase of Vehicles
- ✓ Purchase of Grass Cutting, Plant Equipment's
- ✓ Phelindaba Swimming Pool





Figure 38 Play park projects in various wards



Figure 39 Futsal Courts At Paradise And Osizweni Stadium



Figure 40 Fencing Of Rooi Point Cemetery



Figure 41 Fencing at Charlestown Cemetery



Figure 42 4X TRUCKS





Figure 43 Grass Cutting Equipments And Machinery



Figure 44 PHELINDABA PROJECT

CULTURE & AMENITIES PERFORMANCE HIGHLIGHTS

- Fencing of Library and Community Hall

- Maintenance of Library Rooms
- Conducting Educational Programmes
- Conducting Exhibitions and Events



Figure 45 Fairleigh Library And Community Hall Fence





Figure 46 Ingagane Library Issue Counter, Identification Card Printer And Lennoxton Library Issue Counter



Figure 47 Madadeni Library



Figure 48 Refurbishment of Madadeni Library Bathrooms



Figure 49 Educational Programmes



Figure 50 Textile Exhibition



Figure 51 Junior Art Classes



Figure 52 Art Expo



Figure 53 Art Events and Exhibitions



Figure 54 Gandhi walk



Figure 55 Madadeni Cultural Development



Figure 56 Passport project



Figure 57 Anglo Boer Monument & Museum Lapa Building



Figure 58 Battle Fields Development

FIRE, TRAFFIC AND SECURITY

CCTV CONTROL ROOM

MONTHS	INCIDENTS DETECTED	DRUG ARRESTS MADE	DRUGS/DAGGACO NFISCATED	HOUSE BREAKINGS RECORDED	FIRES DETECTED	VEHICLE ACCIDENTS RECORDED
July	7	2	0	0	0	1
August	5	2	0	1	0	0
September	4	3	1	0	0	0
October	3	0	0	2	0	0
November	34	3	4	1	4	3
December	16	5	2	0	1	1
January	31	13	4	1	0	4
February	18	1	0	0	1	0
March	4	0	0	0	1	2
April	3	0	0	0	0	3

May	2	2	0	0	0	1
June	14	7	0	0	2	3
TOTAL	141 CASES	38 CASES	12 CASES	5 CASES	9 CASES	18 CASES

TOTAL = 223 INCIDENTS CAPTURED

REVENUE GENERATED THROUGH TRAFFIC UNIT

ACTIVITIES	INCOME IN RAND
RANK PERMITS RENEWED	240 877.91
ESCOURTS PERFORMED	19241.31
PARKING FINES ISSUED	477 883.00
SECTION 56 SUMMONDS/ FINES ISSUED	2 213 990.00
TOTAL REVENUE GENERATED 2013/2014	R 3 124 891 .90

PERFORMANCE HIGHLIGHTS



Figure 59 Fire Disaster Management Vehicle



Figure 60 Vehicle For Impounding Unauthorised Parked Vehicles And Blockages



Figure 61 Traffic Awareness Campaigns



Figure 62 Guard Rooms With Changing Rooms



Figure 63 Security Vehicle

CHALLENGES AND INTERVENTIONS IN THE COMMUNITY SERVICES DEPARTMENT

PROJECT OR AREA	CHALLENGE	INTERVENTION
Waste	1. Landfill Site nearing its design capacity	<ul style="list-style-type: none"> ➤ Formalised recycling ➤ Establishment of Buy Back Facility ➤ Site investigations EIA underway ➤ Source funding for a MRF

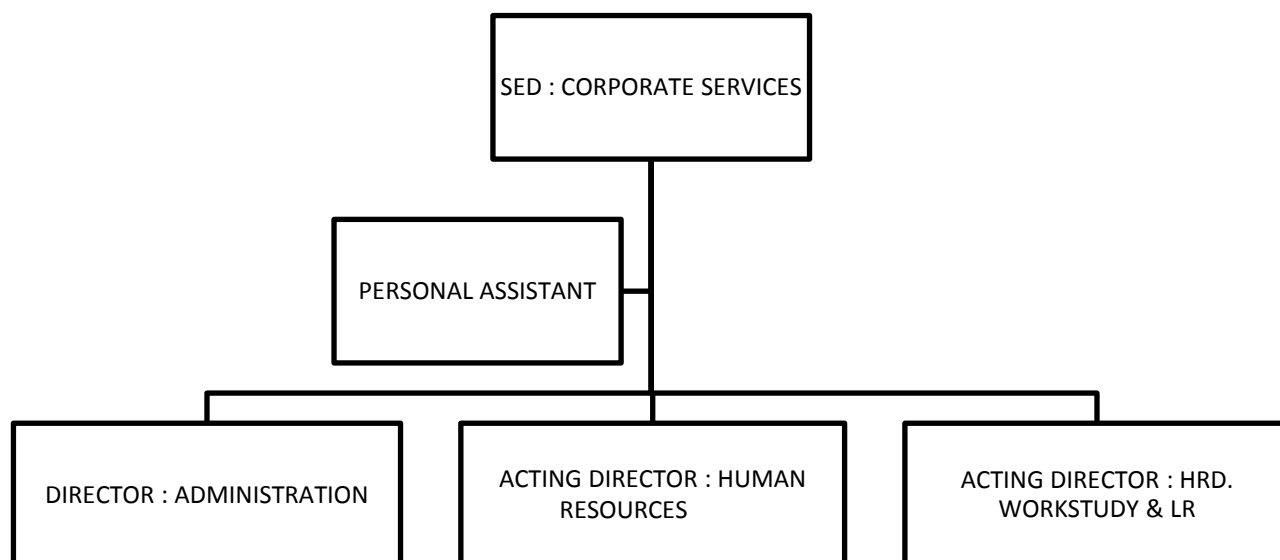
PROJECT OR AREA	CHALLENGE	INTERVENTION
	<p>2. Backlogs to un-serviced households</p> <p>3. Increase in business and cluster development- insufficient resources to meet their demand</p> <p>4. Insufficient staff and supervision</p>	<ul style="list-style-type: none"> ➤ Appointment of CBC to address the challenge/ sustainability ➤ Utilisation of GMC funding to address ➤ Appointment of CBC to address the challenge/ sustainability ➤ Utilisation of GMC funding to address ➤ Include in the forthcoming budget ➤ These positions should be advertised and filled
Parks	<p>5. Vandalism and Theft</p> <p>6. Shortage of Toilet facilities</p> <p>7. Unplanned Maintenance</p> <p>8. Insufficient staff and supervision</p>	<ul style="list-style-type: none"> ➤ Security deployment ➤ Inclusive planned security methodology approach ➤ Vip toilet rentals ➤ To be included in planned play park developments and new budget ➤ Maintenance plan to be Include in the new play park developments ➤ These positions should be advertised and filled
Fire	<p>9. Specialized aerial Vehicle required</p>	<ul style="list-style-type: none"> ➤ To be budgeted for in New Financial year

PROJECT OR AREA	CHALLENGE	INTERVENTION
	10. Hazmat Unit Vehicle to be prioritised 11. Breathing Apparatus Trailer to be acquired 12. Insufficient staff and supervision to deal with disasters and fire prevention operations	<ul style="list-style-type: none"> ➤ To be budgeted for in New Financial year ➤ To be budgeted for in New Financial year ➤ These positions should be advertised and filled
Traffic Management	13. Extending traffic law enforcement in Madadeni and Osizweni that were inadequate on a full time basis. 14. Lack Insufficient staff and supervision to deal with operations of continuous training 15. Specialised Aerial Vehicle required, Hazmat Unit Vehicle and Breathing Apparatus Trailer to be acquired	<ul style="list-style-type: none"> ➤ Employment of more Traffic Officers to accommodate the current shortage ➤ These positions should be advertised and filled & training intervention to be prioritised ➤ To be budgeted in the New Financial Year
Security	16. Vandalism and theft 17. Insufficient security staff supervision and management 18. No approved Security Policy and procedures	<ul style="list-style-type: none"> ➤ Increased External Security deployment ➤ Inclusive planned security methodology approach ➤ These positions should be budgeted for and filled to ensure proper control and supervision ➤ Draft policy to be work shopped ➤ OT study underway

PROJECT OR AREA	CHALLENGE	INTERVENTION
	19. Excessive overtime expenditure and dependency	
Culture and Amenities	20. Lack of facilities in previously disadvantaged areas 21. Lack of human resources 22. Lack of exhibition and storage space at Carnegie Art Gallery	<ul style="list-style-type: none"> ➤ JBC and Charlestown community halls in the process of being constructed ➤ List of critical positions to be filled was submitted to the SED: Community Services ➤ Funding requested from Council- no funding has been allocated for this project as yet.

CONCLUDING REMARKS BY THE COMMUNITY SERVICES

The Community Services department will continue to support the vision of the municipality and to ensure that our customers continue to receive excellent service.

ORGANOGRAM**OVERVIEW OF FUNCTIONS**

UNIT	FUNCTION
Administration	<ul style="list-style-type: none"> ➤ Secretariat ➤ Building and Maintenance ➤ Printing ➤ Registry and Records ➤ Switchboard
Human Resources	<ul style="list-style-type: none"> ➤ Recruitment & Selection ➤ Enforcing Occupational Health and Safety ➤ Establishment of Occupational Health and Safety Committees ➤ Leave Management ➤ Exit Management ➤ Administering Employees Benefits ➤ Long Services Awards ➤ HR Administration

UNIT	FUNCTION
	<ul style="list-style-type: none"> ➤ Employee Wellness (EAP)
HRD, Workstudy & LR	HRD <ul style="list-style-type: none"> ➤ Monitoring and reporting on all training and development projects in the Newcastle Municipality ➤ Identify human resources development needs and align with organisational objectives ➤ Provide expert advice on education, training and development ➤ Advise management on training and development matters ➤ Provide Induction Programme
	<ul style="list-style-type: none"> ➤ Implement the Skills Development Act No. 97 of 1998 ➤ Present training programmes and evaluate the state of training ➤ Administer study assistance for employees & administration on bursary scheme ➤ Render a succession planning and career pathing service ➤ Administer Adult Education and Training (AET), Internships, Learnerships & in-service training WORKSTUDY <ul style="list-style-type: none"> ➤ Organisational Structure ➤ Job Evaluation and Grading ➤ Job Study ➤ Compilation of Job Description LABOUR RELATIONS <ul style="list-style-type: none"> ➤ Ensuring that Basic Service Conditions Employment Act Procedures are adhered to ➤ Deals with Grievance and Disciplinary Matters ➤ Strike Management ➤ Misconduct of Employees

ADMINISTRATION PERFORMANCE HIGHLIGHTS

- The section planned for 11 Council Meetings and achieved 32 and 10 Executive Committee Meetings and achieved 16
- The department has budgeted R101 000 000.00 for the Tower block building and spent R108 000 000.00 .
- The originally planned building floors were 6 but due to the expansion of the municipal staff establishment the provision is now made for 7 floors
- The Records function is now centralized in Administration section, this intervention will ensure the consistency in application of Archives regulations
- Paper less environment project is reaping good results, in such has been extended further to staff and other function such as electronic filling which is in the pipeline.

HUMAN RESOURCES PERFORMANCE HIGHLIGHTS

- Developed and implemented Employment Equity Plan aimed at promoting gender equality in the workplace.
- The number of people from employment equity target groups on the three highest levels of management was over exceeded
- Occupational Health and Safety section worked tirelessly to promote zero fatality and ensured a health and safe working environment.
- Recruitment and Selection section provided adequate human capital through the filling of 92 budgeted positions.
- 31 Critical positions as identified and approved by the Municipal Manager budgeted for were filled during the financial year.
- EAP section has encouraged team spirit and organizational strategy focus

ADHOC DELIVERABLES – HUMAN RESOURCES

- A total of 4561 leave forms processed during the year.
- A total of 165 employees received long service pay-outs.
- A total of 313 employees received leave encashment.
- A total of 99 employees assisted through the Employee Assistance Programme.
- Conducted information sessions on Exit Management and new funeral scheme offered by Natal Joint Pension Fund.

- Recruitment & Selection induction training conducted to more than 300 employee transferred from uThukela to the Newcastle Municipality
- A total of 4 information sessions conducted by EAP.
- A total of 3 referrals made to Professional Bodies for Employee Assistance.
- 72 employees received Hepatitis B injection through EAP.
- 140 employees received medical check-up .
- 4 memorial services were held.

HRD, WORKSTUDY & LABOUR RELATIONS PERFORMANCE HIGHLIGHTS

1. The Human Resources Development (HRD) Division in line with its mandate of capacity building in the organisation was able to enrol 680 employees across Departments on skills Development programmes that are aimed at sharpening skills, career development and multi-skilling.

The following programmes represents our highlights for the financial year 2013/14:

➤ Supervisory Skills Certificate	60	
➤ Customer Care Certificates		100
➤ Advanced Computer Certificate	100	
➤ Learners and Driving Licences (code 10 & 14)	60	
➤ Plumbing Certificate	20	
➤ RPL	11	
➤ Bursaries		85
➤ Interns	80	
➤ PETS Students	46	
➤ MFMP	40	
➤ Operators Training		69
➤ Records & Registry Management		30
➤ Project Management	11	
➤ SAMTRAC		10

2. Although the MFMP was initiated in terms of competency level regulations which mainly covered the Municipal Manager and SED's, a total of 57 employees qualified, and currently 40 employees are enrolled for the programme.
3. Workstudy & Labour Relations units has been established which will be populated and fully functional within the next year.

CHALLENGES AND INTERVENTIONS IN THE CORPORATE SERVICES DEPARTMENT

PROJECT OR AREA	CHALLENGE	INTERVENTION
Administration	<ol style="list-style-type: none"> 1. There was no budget allocated to Records Management during the period 2013/2014 2. There was no suitable space for Ward Councillors 	<ul style="list-style-type: none"> ➤ R2 000 000.00 was the made available for the 2014/2015 financial year. ➤ A provision is made in 2014/2015 to satisfy the identified need.
Human Resources	<ol style="list-style-type: none"> 3. Recruitment & Selection. The departments do not want to adhere to the processes applicable to the filling of vacancies. 4. Acting allowance and other adjustments. Memorandums are directly sent to MM without HR comments. Personnel movement without the knowledge of HR for example: resignations, transfers, dismissals, etc. 5. Department are doing alterations to Job description with Workstudy unit 6. The recruitment & selection policy has been reviewed and submitted for approval but not yet approved. 7. No criteria to elect panel members, this lead 	<ul style="list-style-type: none"> ➤ SED's to enforce the Standard Operating Procedures. ➤ The acting allowance memorandum must be sent directly to the SED: Corporate Services for comments. All documentation supporting Personnel movements to be submitted to HR. ➤ If the department wants to do alterations on job descriptions they must first consult Workstudy before it comes to Personnel for advertisement. ➤ Approval of new Recruitment & Selection

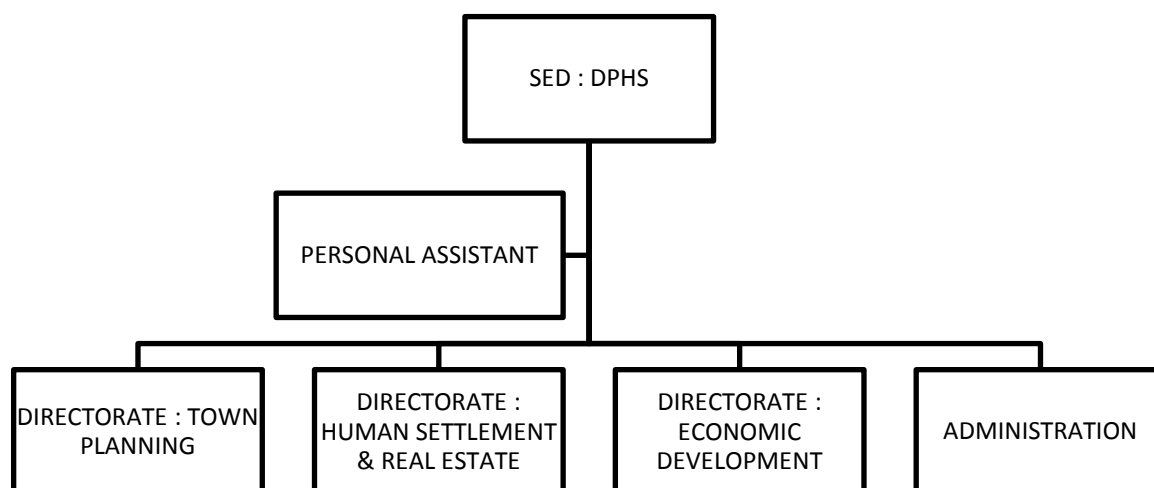
	<p>to inconsistent scoring of points candidate during interviews and leads to audit query.</p> <p>8. Shortage of staff, No Assistant Personnel Officers. Personnel Officers find themselves to do the work of Senior Personnel Officers, Manager Personnel, Assistant Personnel Officers & Admin Officer. Shortage of equipment</p>	<p>Policy.</p> <ul style="list-style-type: none"> ➤ Panel members must have the relevant skills and knowledge for the position advertised. ➤ Shortage of staff: to fill all HR positions as matter of urgency Shortage of equipment: ➤ interns must be provided with computers in order to assist Personnel Officers with typing and other work allocated to them.
PROJECT OR AREA	CHALLENGE	INTERVENTION
	<p>9. Network problem and freezing of computers that causes the loss of information</p> <p>10. Line of communication</p> <p>11. Medical examination</p>	<ul style="list-style-type: none"> ➤ Network problem: buying of 3G cards and new laptops to assist Personnel Officers in drafting question during or prior to interviews and assist with access to VIP that is always offline ➤ A new VIP system was bought and will be rolled out in October ➤ Line of communication: SED's and Directors communicate with the Director: HR directly not with Personnel Officers. ➤ Council to take a decision to tenderise the service of a medical Practitioner as matter of urgency. ➤ Establishment of OHS unit ➤ Allocation of Occupation Health & Safety budget

	<p>12. Shortage of staff in Occupational Health & Safety Unit</p> <p>13. Absence of clear reporting lines, No budget allocated to OHS Section</p> <p>14. Lack of sufficient office space</p> <p>15. Lack of commitment from senior management to support EAP functions</p> <p>16. Leave administration is not seen as a support function and therefore do not play a pivotal role in giving advice in terms of leave management and leave policy.</p> <p>17. Management and organisation do not take leave function seriously</p> <p>18. Constant network problems creates a barrier for service delivery, this leads to leave balances not being updated, new employees cannot be created on VIP system.</p>	<p>➤ Provision of office space and working tools</p> <p>➤ Establishing a good relations with the Clinics and Hospital to avail services that are supposed to be offered by Professional Bodies</p> <p>➤ EAP structure was finalised, vacancies can be now filled</p> <p>➤ Arrangements were made with BTO to utilise one office for capturing leave and employees to system.</p> <p>➤ Numerous meetings were held with IT department to try resolve the network problem</p>
PROJECT OR AREA	CHALLENGE	INTERVENTION
HRD, Workstudy & LR	<p>19. 80 % vacancy rate within the directorate</p> <p>20. Non-compliance of policies</p> <p>21. Students & interns are utilized to fill vacant professional positions</p> <p>22. No budget provision for Workstudy and Labour Relations</p>	<p>➤ Numerous requests and motivations submitted to fill vacant positions</p>

CONCLUDING REMARKS BY THE CORPORATE SERVICES

In order for Corporate Services to achieve any goal and objective and to encourage staff to achieve it is important to follow set procedures and policies. Human Resources would like to play a role of

partnership and not to be observer. We are proud to say that we have achieved some goals during the financial year. Without the dedication and hard work of staff members this achievement would not have been possible. The Directorate : HRD; Labour Relations and Workstudy was recently configured. Although there is still an immense workload, this directorate is confident that the potential exist to take this organization to greater heights if the necessary resources can be provided.

ORGANOGRAM**OVERVIEW OF FUNCTIONS**

UNIT	FUNCTION
Town Planning	<ul style="list-style-type: none"> ➤ Spearheading urban renewal interventions in the municipality. ➤ Identify the desired urban development interventions and manage implementation of programmes and projects. ➤ Processing of special development projects. ➤ Coordinate the activities of municipal departments, national departments, the private sector, local communities and other stakeholders to ensure alignment of functions in the urban renewal area. ➤ Land Use Management and Building Development Management. ➤ Manage spatial growth and change by establishing sound spatial planning frameworks, development guidelines, policies and local area plans.

UNIT	FUNCTION
	➤ To ensure efficient and integrated GIS system.
Housing & Land	<ul style="list-style-type: none"> ➤ Provision / Promotion of Sustainable Human Settlements ➤ Facilitate Tenure upgrade within Newcastle Municipality Area ➤ Facilitate land disposal for Residential; Commercial and Industrial
Local Economic Development	<ul style="list-style-type: none"> ➤ Provision / Promotion of Sustainable Human Settlements ➤ Facilitate Tenure upgrade within Newcastle Municipality Area ➤ Facilitate land disposal for Residential; Commercial and Industrial.

TOWN PLANNING PERFORMANCE HIGHLIGHTS

Land Use Management in keeping with the rapid growth the town has seen in the recent past has substantially improved the turnaround times on development application. Not only is this sound legislative compliance but symbolical of the pragmatic approach town planners have deployed in retaining existing and expanding investment in the town

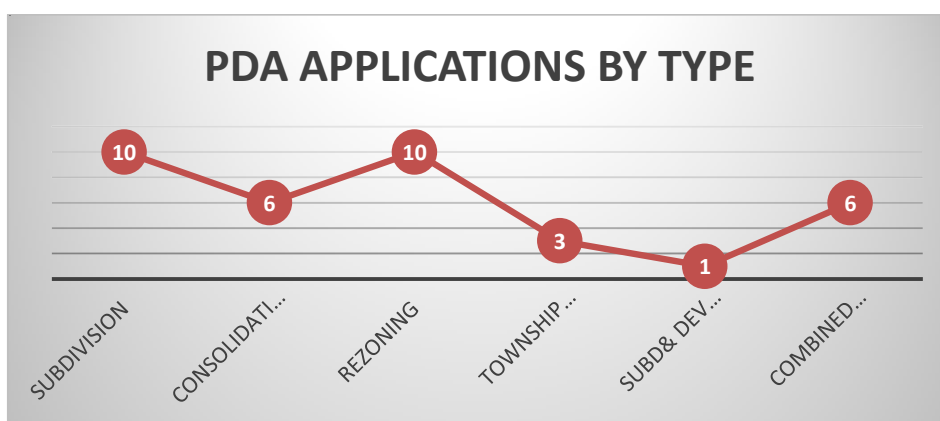
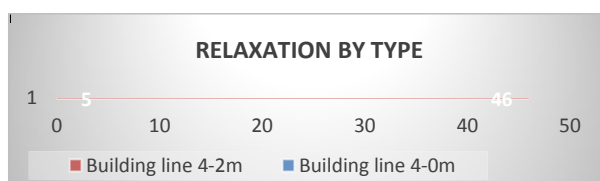


Figure 64 PDA Application



Whilst the culture of reckless outdoor advertising was on the rise, land use management for those detracting from the bylaws equally intensified. This was achieved through Expanded Public Works

foot soldiers, who act swiftly on early warning signs of such illegality. To this end the municipality is receiving more enquiries about forms of advertising than previously.

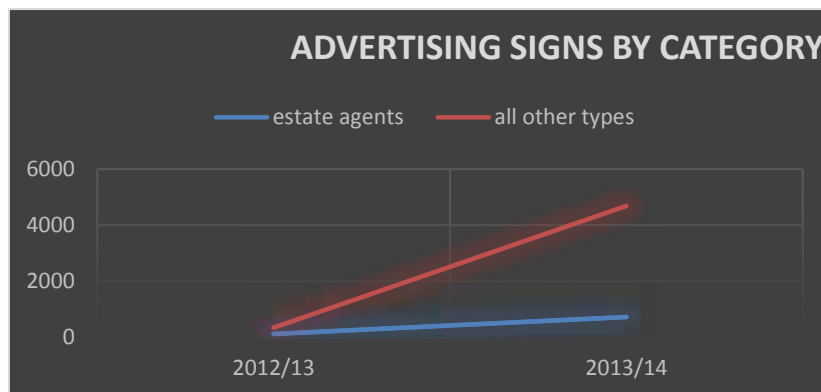


Figure 65 Outdoor Advertising

There are also development pressures in the form of special consent applications which the department has observed to be on the upswing. So much so that some of these pressures has rendered certain types of growth in the parts of the town natural.

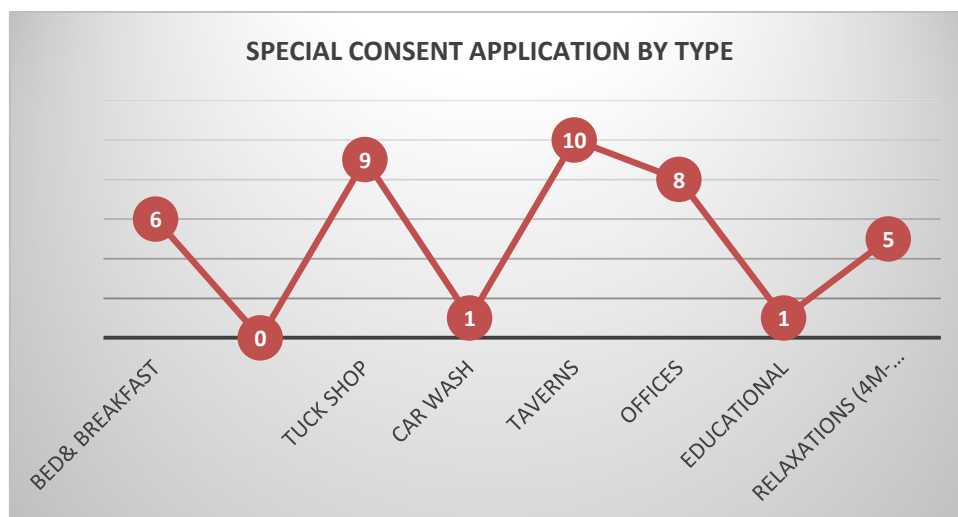


Figure 66 Special Consent Application

The number of building plans approved has been reconciled with development applications where possible to facilitate compliance as such a total of 435 building plans were approved during 13/14 FY.

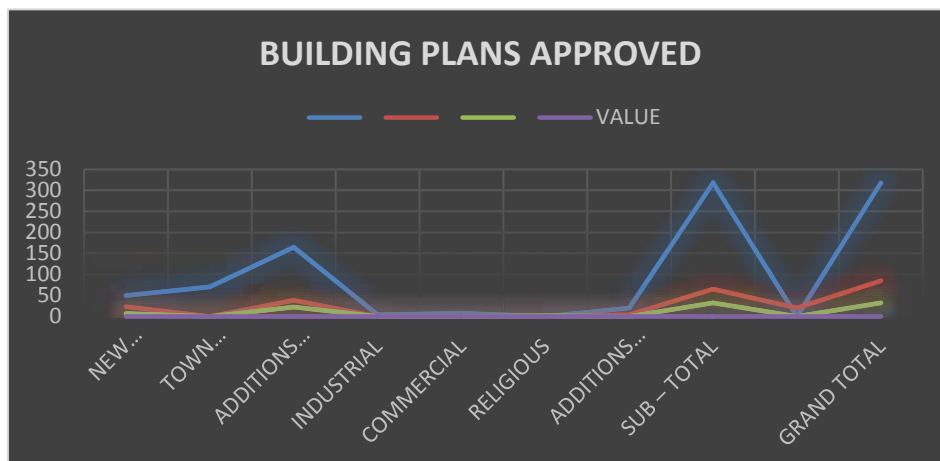


Figure 67 Building Plans

There were numerous breakthrough on this projects which commenced 5 years ago. At the main was the quality of the information which had detrimental effects on the proposals and the objective the study was trying to achieve. During 2013/14 the team was resuscitated and expectations of both the Provincial and Municipality was clarified.



Figure 68 Environmental Management Framework

Newcastle continues to be the shining examples with regards to spatial illustration of the municipality. Our SDF is ranked within the top 5 in the Province. And such effort goes to show spatial planning leaves nothing to chance when it comes to giving shape to the town.



Figure 69 Spatial Development Framework

The shrinking lifespan of the existing landfill is indicative of the household growth experienced by this town. Following a laborious process of the acquisition of land and examination of various site with primary intent, to establish a new landfill, the department celebrated an imperative milestone in 2013/14. The detailed investigations favoured a privately owned site identified for landfill.

Preliminary designs and environmental impact assessment are now being set in motion in the establishment process and should be finalised during 2014/15 financial year.

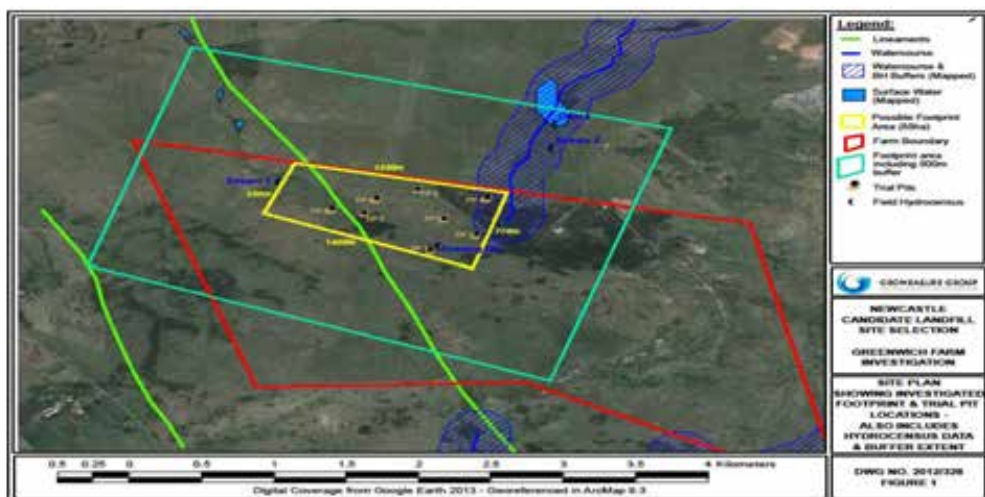


Figure 70 Preliminary Designs And Environmental Impact Assessment – Landfill Site

The extent to which Newcastle is multi-culturalism is evident in its land use diversity and design thereof. A critical milestone was reached when the Department of Environmental Affairs issued an Environmental Authorisation for the expansion of the Muslim cemetery.

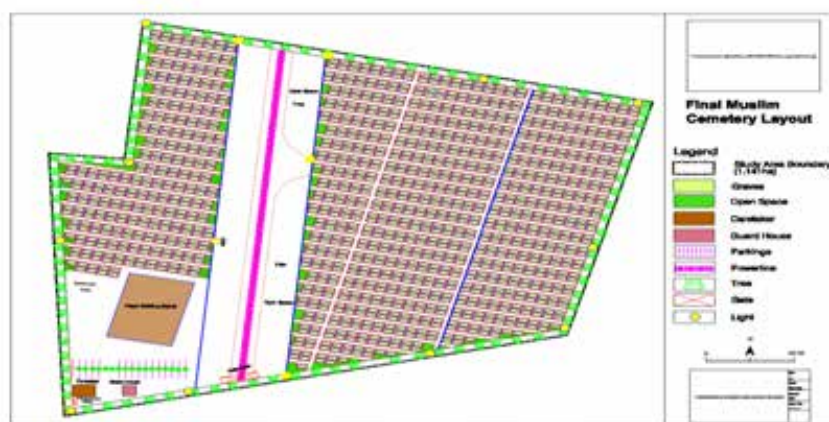


Figure 71 Muslim Cemetery

Dicks, Mdonzo Local Area Development Plan was finalized and approved by Council. This report outlines a development strategy and future a vision for the development of the area. The strategy responds to a range of issues as identified in the status quo report. Also included in the report is an implementation plan, indicating the schedule of catalytic projects and programme for the area.

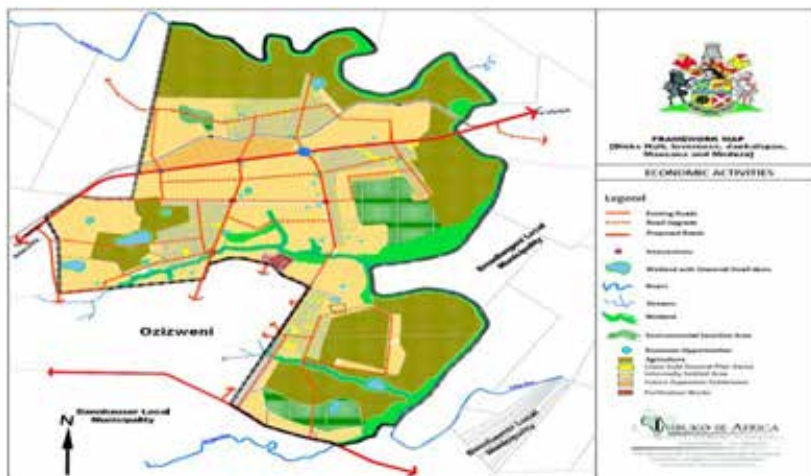


Figure 72 Dicks, Mdozo Local Area Development Plan

Financial year 2013/2014 saw verification of 43432 properties on the town planning scheme. The verification process was assisted by the valuation Unit of the Municipality and COGTA's Development Information Services.

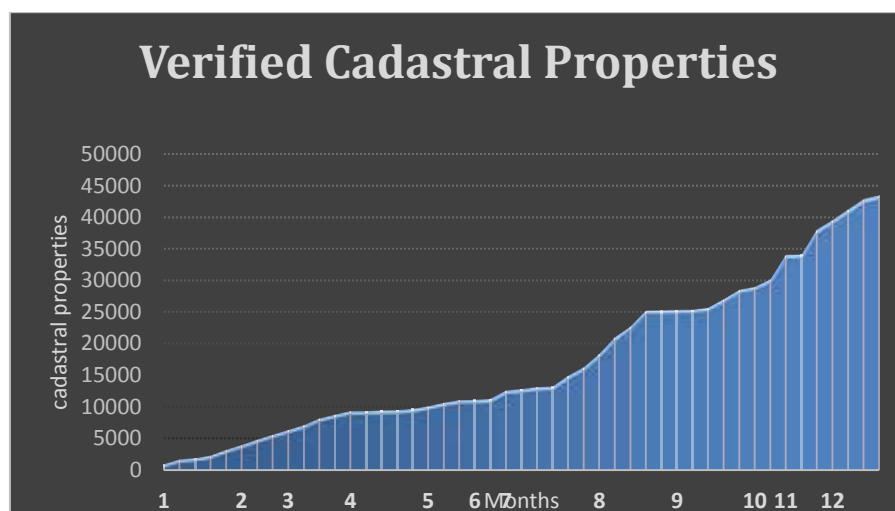


Figure 73 Cadastral Properties

Theku Mall was opened to the public on 26 July 2013. It was partly an implementation of the JBC Primary Node where the municipality and National Treasury invested 7.6 million as leverage for private sector investment



Figure 74 Itheke Mall

CBD Regeneration - Osizweni CBD regeneration has seen the development of a taxi rank and upgrading of the CBD Main street and further road upgrades planned for 2014/15 financial year as part nodal redevelopment by National Treasury (NDPG) to leverage for public and private sector investment



Figure 75 Upgrading Of Osizweni Cbd Main Road

Improvement of transportation infrastructure and support to informal sector - Madadeni taxi rank and Hawker shelters developed as part nodal redevelopment by National Treasury (NDPG) to improve transportation infrastructure and support to informal sector.



Figure 76 Madadeni Taxi Rank And Hawker Shelters

Development of Concrete Products manufacturing facility (Brickyard) – to serve as training facility for skills transfer to beneficiaries as well as use the products in urban renewal interventions



Figure 77 Brick manufacturing yard

SERVICING OF LAND - Provision of service infrastructure on Portion 1 of Erf 782 Newcastle although the project was stopped due to an objection and subsequent court interdict at the stage shown below.



Figure 78 Provision of new service infrastructure

HUMAN SETTLEMENT & REAL ESTATES

LAND ACQUISITION

The acquisition of land through expropriation has proved to be very innovative and quick process towards gaining access to privately owned land for housing development. The approval of expropriation of JBC land (farms) by the MEC on the 04th of June 2014 was indeed a good evidence that this innovative method of Land Acquisition is quick and good.

FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAM

The approval of the first FLIP's for Newcastle Municipality scheme by the Provincial Department of Humans Settlements is a milestone indeed; as this Directorate will no longer provide houses for low income category; as this will assist the very important GAB Market Houses,

Emawozeni Housing Project –

Total number of units : 148 units

Total cost of the Project: 11 Million

The Directorate is building 148 houses at Osizweni Township Section A commonly known as “Emawozeni Housing Project. The houses are constructed for predominately disabled residents of this Township. The houses at Emawozeni are the best houses that this Municipality has produced so far.



Figure 79 Emawozeni Housing Project

Osizweni Section “E” Phase II

Total Number of : 1240

Total cost of the Project : R80 Million

During the 2013/2014 Financial Year Newcastle Municipality commenced with the construction of 1240 housing units at Osizweni Section “E” Phase II. This is an old project that was conceptualized in 2002 but the project only came into the construction stage in July 2013. The houses are being build with face brick and roof tiles and the poor residents some of whom have stayed in shacks since 2002 are now



Figure 80 Osizweni Section E Phase II

Khathide Rural Project Phase II

Total no of units : 2000

Total cost : 123 Million

Even communities who stay in rural areas are benefiting from the housing programmes that Newcastle is rolling out. During the 2013/2014 financial year, the Khathide Housing Project was also initiated, the project is meant to assist residents who do not have houses in Ward 6 and Ward 12, some of these residents never had a house of their own and now they are happy occupants of new RDP Houses.



Figure 81 khathide housing project

ECONOMIC DEVELOPMENT PERFORMANCE HIGHLIGHTS

NEWCASTLE SMALL BUSINESS WEEK –

An initiative between Newcastle Municipality, Seda and DEDT - to promote small businesses within Newcastle.

NEWCASTLE/NPC KHULANATHI CONTRACTOR DEVELOPMENT -

An initiative between NPC, Seda and Newcastle Municipality that assists block makers to improve the quality of their blocks and ensure that they meet SABS and building standards. Skills development initiative.

NEWCASTLE/ARCELOR MITTAL CONTRACTOR DEVELOPMENT –

Partnership between Arcelor Mittal and Newcastle Municipality. Seda has come on board to provide the services of a mentor. The aim is to incubate 4 contractors over a period of three years and allows a closed competitive bidding process.

POVERTY ALLEVIATION PROGRAMME -

Supports emerging businesses or that have already started up or start up especially those who have a strong business case in agriculture, manufacturing, tourism and service sectors.

HAWKER SHELTERS

To provide proper facilities for Hawkers to trade.



Local residents have lauded the investment toward poverty alleviation for health, income and...

Figure 82 Poverty Alleviation Projects





Figure 84 Poverty Alleviation Projects

Figure 85 Poverty Alleviation Projects

CHALLENGES AND INTERVENTIONS IN THE DEVELOPMENT PLANNING & HUMAN SETTLEMENT

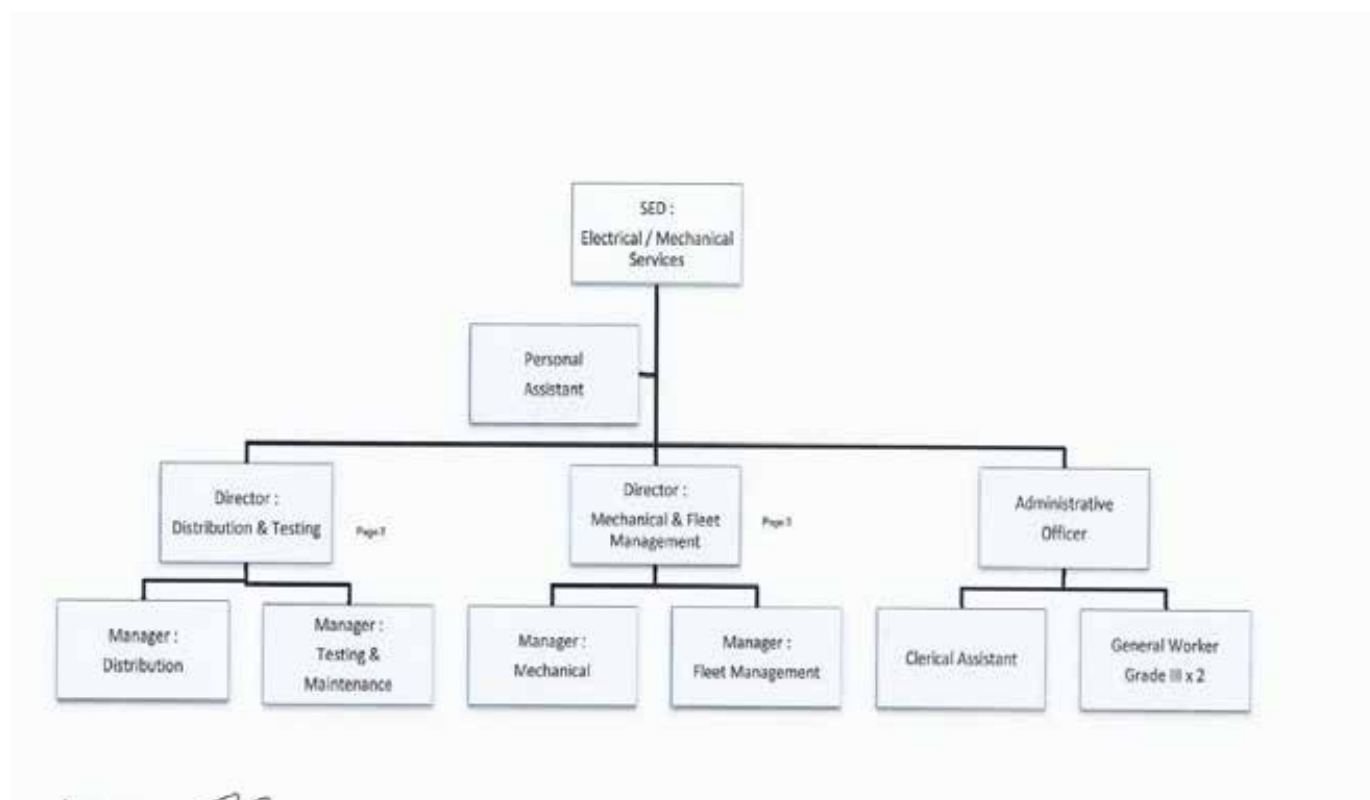
PROJECT OR AREA	CHALLENGE	INTERVENTION
DPHS	23. Shortage of qualifies construction Managers with the Municipality.	➤ Position have been advertised using level 2 Accreditation funding to solve this challenges.
	24. Interference by local Sub-Contractor and stoppages of work by labour.	➤ Regular meetings are being held with the representatives of the Sub Contractors to ensure that they understand the appointment process of Sub – Contractors.
	25. Bricklayer shortages in and around Newcastle.	➤ Amajuba FET College Intervention known as “a decade of artisan” will go a very long way in alleviating the shortage of bricklaying skills in Newcastle and Surrounding areas. ➤ Land audit that is being carried out will assist in solving this challenge,

	26. Shortage of suitable land for housing.	
--	--	--

CONCLUDING REMARKS BY THE DPHS

The Development Planning & Human Settlement department will continue to support the vision of the municipality and to ensure that our customers continue to receive excellent service.

ORGANOGRAM



OVERVIEW OF FUNCTIONS

UNIT	FUNCTION
ELECTRICAL DEPARTMENT	<p>Responsible for the provision and maintenance of electrical, mechanical and fleet management services within the municipality.</p> <ul style="list-style-type: none"> ➤ Network Planning ➤ Test and Measurement ➤ Protection and Control ➤ Distribution ➤ Public Lighting
MECHANICAL	<ul style="list-style-type: none"> ➤ Mechanical

ELECTRICAL AND MECHANICAL HIGHLIGHTS

RURAL ELECTRIFICATION OF HOUSEHOLD IN THE FOLLOWING AREAS:

- Ingogo = 140 households
- Dicks Hault = 190 households
- Bosworth = 69 households
- Normandien = 38 households
- Amajuba Forest = 94 households



Figure 86 Roypoint Electrification



Figure 87 Amajuba Forest Electrification

EARL SUBSTATION UPGRADE



Figure 88 Earl Substation upgrade



Figure 89 switching on of Earl substation by her worship the Deputy Mayor

COMPLETION OF 22 HIGH-MAST LIGHTS AND 120 STREET LIGHTS



Figure 90 Highmast Light



Figure 91 highmast light handover to community by his worship the mayor

PURCHASING OF MUNICIPAL VEHICLES

The following vehicles were purchased by the Mechanical department:

- A forklift and
- Backhoe (TLB)



Figure 92 forklift



Figure 93 BACKHOW (TLB)

INSTALLATION OF MUNICIPAL MONITORING SYSTEM INTO ALL MUNICIPAL VEHICLES

Background - The municipality had the following challenges regarding management of the municipal fleet.

- High Fuel Consumption Cost
- Wear and Tears Costs (parts, Tyres and repairs)
- Vehicle Management (Fines, Expired Disc)
- Poor Vehicle responsibility Management (kilometres travelled)
- Authorization of trips and Personnel
- Vehicle Safety.
- It was also an insurances requirement

The vehicle monitoring system is a system that will produce reports which allow the municipality to monitor all vehicles and ensure that the above mentioned challenges are addressed.



Figure 94 municipal vehicles with monitoring system installed

PROVISION OF ELECTRICITY FOR ELECTION 2014 IEC VOTING STATIONS



Figure 95 voting station

PURCHASING OF FESTIVAL LIGHTING

R 600,000.00 was utilized for the purchasing of Festival Lighting for the whole Newcastle



Figure 96 festival lighting

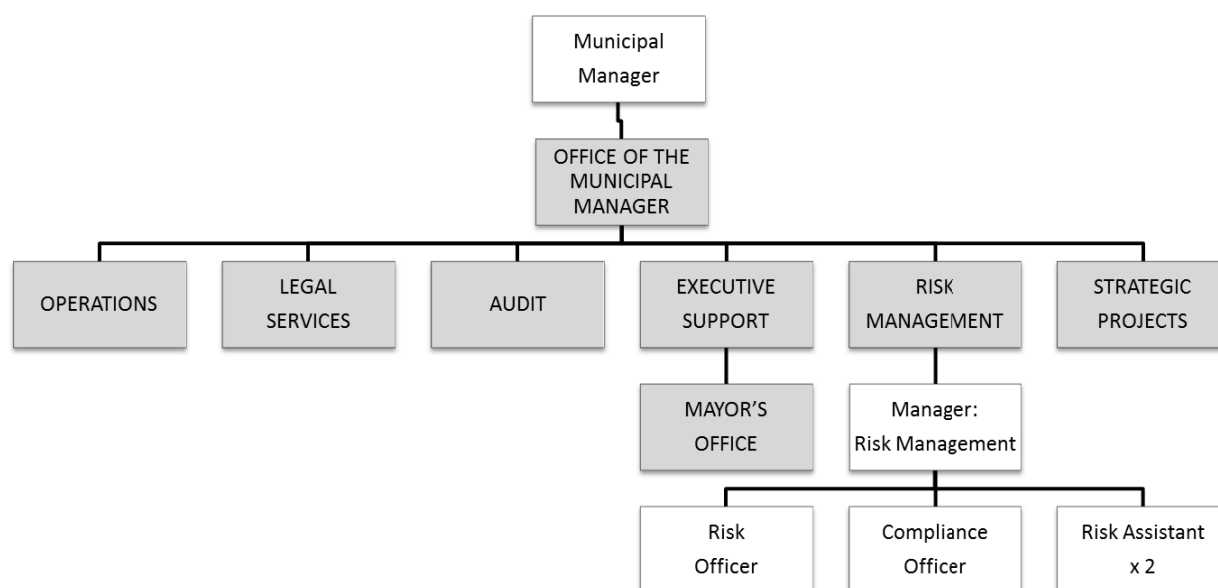
CHALLENGES AND INTERVENTIONS IN THE ELECTRICAL AND MECHANICAL DEPARTMENT

PROJECT OR AREA	CHALLENGE	INTERVENTION
Amajuba Forest	Amajuba Forest Land Use Rights for Amajuba Forest	Intervention of the Executive Committee and negotiations with the Trust
External loan funded projects	Delay in funds being available	Fast tracked projects
Shortage of skilled staff	Staff shortage	Accelerated intake of trainees and funding application for Infrastructure Skills Development Grant

CONCLUDING REMARKS BY THE ELECTRICAL MECHANICAL DEPARTMENT

The electrical/mechanical department will continue to support the vision of the municipality and to ensure that our customers continue to receive excellent service.

ORGANOGRAM



OVERVIEW OF FUNCTIONS

UNIT	FUNCTION
Senior managers	<ul style="list-style-type: none"> ➤ Provide administrative support to the office of the mm ➤ Communicate with community, staff and senior managers in consultation with mm
Executive support	<ul style="list-style-type: none"> ➤ Investigate and give mm full report in order for him to make an informed decision ➤ Provide information to the mm on matters before him ➤ Build a good relationship between the departments and the executive support office ➤ Need to establish the agenda of the mm for the day and make priorities or what the mm hopes to accomplish for the day ➤ Develop effective & sustainable stakeholder relations

UNIT	FUNCTION
	<p>(complaints & complaints register)</p> <ul style="list-style-type: none"> ➤ Need to establish the agenda of the mm for the day and make priorities or what the mm hopes to accomplish for the day ➤ Develop effective & sustainable stakeholder relations <p>(complaints & complaints register)</p> <ul style="list-style-type: none"> ➤ This monitoring and implementation includes manco resolutions as well, and follow up on implementation of same through sed's ➤
Chief of operations	<ul style="list-style-type: none"> ➤ Special programs <ul style="list-style-type: none"> - To establish ward aids committees - Establishment of the war rooms - Organizing workshops - Adherence, dissemination and implementation of legislation. - To commemorate. Womens day, childrens day etc - Establishment and maintenance of forums - Research on best practices - Policy formulation - To partner and support other stakeholders to implement programmes through Operation SukhuMa Sakhe - ➤ Performance management <ul style="list-style-type: none"> - Monitoring and evaluation of Section 56/57 Employees - Quarterly Monitoring and evaluation of the Service Delivery Budget Implementation Plans (SDBIP) - Monthly monitoring and evaluation of the Capital Status - Quarterly reports and monthly reports on performance to Exco, Mpac, Audit committee, COGTA and Auditor General

UNIT	FUNCTION
	<ul style="list-style-type: none"> - Compilation and submission of the Annual Report and Oversight report - Coordination of the Municipal Excellence Awards
Integrated Development Planning	<ul style="list-style-type: none"> ➤ Strategically manage the unit. ➤ Development and effective implementation of the idp. ➤ Supervision of staff and guidance thereof. ➤ Co-ordination of service delivery functions of the municipality. ➤ Facilitation of community and stakeholder participation. ➤ Annual review of the idp in compliance with legislation and council's policy. ➤ Managing the idp in line with the proposals of the mec. ➤ Ensuring that the idp document is prepared accordingly. ➤ Responding to comments and enquiries. ➤ Ensuring alignment of the idp with other idp's within the district. ➤ Co-ordinating the inclusion of sector plans into the idp document. ➤ Development, management and co-ordination of the community participation programmes and strategies for the municipality. ➤ Provision of support to the office of the speaker. ➤ Preparation of reports for exco and council on public participation activities. ➤ Responsible for ward committee functionality. ➤ Facilitating communication between ward communities and municipal departments on administration issues. ➤ Implementation of policies and maintenance of standards regarding municipal strategic projects. ➤ Cross-functional project management support and co-ordination. ➤ Provision of support regarding planning and co-ordination -

UNIT	FUNCTION
	<p>project scheduling, budgeting and administration.</p> <ul style="list-style-type: none"> ➤ Provision of assistance regarding the development of presentations. ➤ Recording of meetings minutes and action items during meetings and the performance of a basic follow-up
Internal audit	<ul style="list-style-type: none"> ➤ The Internal Audit Activity is established in terms of Section 165 of the Municipal Finance Management Act No 56 of 2003 (MFMA). ➤ The mission of the Internal Audit Activity is to provide independent, objective assurance and consulting service designed to add value and improve the organization's operations. ➤ The scope of work of the Internal Audit Activity is to determine whether Newcastle Local Municipality's network of risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure: <ul style="list-style-type: none"> ➤ that risks are appropriately identified and managed; ➤ that interaction with the various governance groups occurs as needed; ➤ that significant financial, managerial, and operating information is accurate, reliable, and timely;

UNIT	FUNCTION
	<ul style="list-style-type: none"> ➤ that employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations; ➤ that resources are acquired economically, used efficiently, and adequately protected; ➤ that programs, plans, and objectives are achieved; ➤ that quality and continuous improvement are fostered in Newcastle Local Municipality control process; and ➤ that significant legislative or regulatory issues impacting Newcastle Local Municipality are recognized and addressed appropriately. ➤ Evaluate and report on Performance Management
Legal services	<ul style="list-style-type: none"> ➤ To provide legal opinions to the municipality ➤ To address supply chain objections ➤ Addressing of all labor disputes ➤ To review contracts between service providers and municipality ➤ Reviewing of policy and legislation ➤ To address all legal matters for Newcastle municipality ➤ Debt management

UNIT	FUNCTION
	<ul style="list-style-type: none"> ➤ Strike Management ➤ Court Appearances
Mayor's office	<ul style="list-style-type: none"> ➤ The coordination of events for the Mayor ➤ Ensuring that correct protocol is followed ➤ Mass mobilization of communities ➤ To address any matter referred to the Mayor ➤ Mayoral bursary scheme ➤ Mayoral program ➤ Communication between the mayor, community and other stakeholders
Risk management	<ul style="list-style-type: none"> ➤ Providing oversight and direction to the institution on the risk management related strategy and policies; ➤ Influencing how strategy and objectives are established, institutional activities are structured, and risks are identified, assessed and acted upon;
Information technology	<p>by providing:</p> <ul style="list-style-type: none"> ➤ A secure IT environment; ➤ Effective IT leadership; ➤ A capable and adequate IT workforce; and ➤ An excellent customer service. ➤
Communications	

OFFICE OF THE MUNICIPAL MANAGER PERFORMANCE HIGHLIGHTS

INTEGRATED DEVELOPMENT PLANNING

- Provincial recognition as one of the municipalities that has produced the best IDP for the 2013/14 financial year in the Province of KwaZulu-Natal.
- Successful conduction of the 2013/14 IDP and Budget Roadshows together with the office of the Mayor.
- Successful conduction of the 2013/14 IDP Representative Forum.
- Successful conduction of the Ward Committee Functionality conference for the 2013/14 financial year.



Figure 97 IDP RF meetings



Figure 98 IDP budget roadshows

Innovative Service Delivery Achievements Towards Municipal Excellence -
 “Provincial Recognition As One Of The Municipalities That Has Produced The
 Best Idp For The 2013/14 Financial Year In The Province Of Kwazulu-Natal.”



Figure 99 Director IDP receiving award for The Best IDP in the Province

INTERNAL AUDIT PERFORMANCE HIGHLIGHTS

- Appointment of a CAE with CA qualification

- Appointment of audit manager with CIA qualification
- 6 audit committee meetings held during the year.

LEGAL SERVICES PERFORMANCE HIGHLIGHTS

- Appointment of additional staff:
 - 2 Legal officers
 - Manager: Contract Management
- Acquisition of An Electronic Library
- The review of 19 policies/by-laws
- The average number of days to address disciplinary matter was 57.1 days
- The average number of days taken to address SCM Objections was 4.76 days

SPECIAL PROGRAMS PERFORMANCE HIGHLIGHTS

- **HIV aids and health open days (2 events)** – *Build up to World Aids day encouraging the public to know their status and live a healthy lifestyle.*
- **HIV/Aids and substance abuse awareness campaign (4 campaigns)** – *raising awareness on HIV/Aids and substance abuse to prevent the occurrence of the pandemic.*
- **Base camp (1 event)** – *honoring/showing appreciation to stakeholders (government departments) for their continuous assistance in the special programs events.*
- **Youth employability workshop (16 Workshops)** – *equipping youth with employability skills, present bursary/learner ship opportunities and also registration on job seeker database, providing career guidance.*
- **Local Aids Council (2 meetings)** – *discussing strategies to overcome the HIV/Aids disease.*
- **Gender based violence training (5 trainings)** – *raising awareness on gender based violence training and also teaching the community how to protect themselves against such violence.*

- **Counselling and testing (1 two-day workshop)** – training for HIV/Aids counselling and how it should be carried out before and after testing, whether positive or negative.
- **TB for lay counsellors – (2 two-day workshop)** – training the councilors on TB (prevention, treatment process and defaulting treatment).
- **Adherence and counselling (1 two-day workshop)** – people are taught to adhere to the medication because if they don't their bodies will develop resistance to the drugs causing MDR (multi-drug resistance) how to counsel people about adherence.
- **Nelson Mandela day (1 event)** – *volunteering to servicing the community for 67 minutes or more. Building a house in Mndozo for a needy family whose house collapsed because it was built out of mud*

YOUTH EMPLOYMENT WORKSHOP



Figure 100 Youth employment workshop

ESTABLISHMENT OF SENIOR CITIZENS FORUM



HIV AND HEALTH OPEN DAYS



GENDER BASED VIOLENCE TRAINING



BASE CAMP CERTIFICATE



LOCAL AIDS COUNCIL



GOLDEN WEDNESDAY



NELSON MANDELA DAY



PERFORMANCE MANAGEMENT SYSTEM HIGHLIGHTS

- Tabling and submission of Annual Report
- Tabling and submission of the Annual Performance Report
- Tabling and Submission of the Oversight Report
- Quarterly door-to-door visits to all departments at Newcastle Municipality
- Coordination of the Municipal Excellence Awards – Mayor was awarded the Best Performing Mayor in KZN
- Coordination of the CPSI Awards
- No findings on the PMS by the Auditor General for the 2013/14 Annual Performance Report

COMMUNICATIONS

- 12 Internal newsletters were published
- 17 radio talk shows were conducted

- 100% of the communication plan was executed
- 100% of all queries/complaints/comments from the public/community was address

OFFICE OF THE MAYOR

- Budget roadshows were coordinated from the 01/042014 to the 3/05/2014
- 1 Meeting with the USA Consulate General in July 2013
- Women's day Celebration for all Government officials
- Diwali Celebration
- 20 years of Freedom Celebration
- Full bursary for 6 students
- Registration fees for 130 students
- State of the Town Address
- Greenest Town in KZN

INFORMATION TECHNOLOGY HIGHLIGHTS

- Microsoft Enterprise Agreement: is the best licensing program for organizations that want to standardize IT across the enterprise.
- Benefits of EA:
 - ✓ Flexible, cost-effective, manageable licensing
 - ✓ Full benefits of Software Assurance
 - ✓ Simplified license management through a single company-wide agreement
- Software Assurance:
 - ✓ Improve productivity across the organization by implementing the latest software versions as soon as they are available
 - ✓ Help employees be more productive with convenient online training developed by Microsoft experts.

- ✓ Home Use Program which offers employees the latest Office programs to use at home, via a low-cost download
- 400+ Microsoft Office Professional, Sharepoint, MS Lync, and Windows 8.1; additional select licenses for MS Visio and Project for the next 3 years ending in 2018.
- Procurement of IT Asset Management software to provide a single interface for the tracking and viewing of all IT assets, auditing of hardware and software, and tracking of asset ownership. Its features includes software license compliance and usage tracking, asset tracking, IT asset scanning, asset ownership tracking, hardware and software inventory, maintain audit history, software asset management, software license management, maintain software compliance, and software usage tracking.

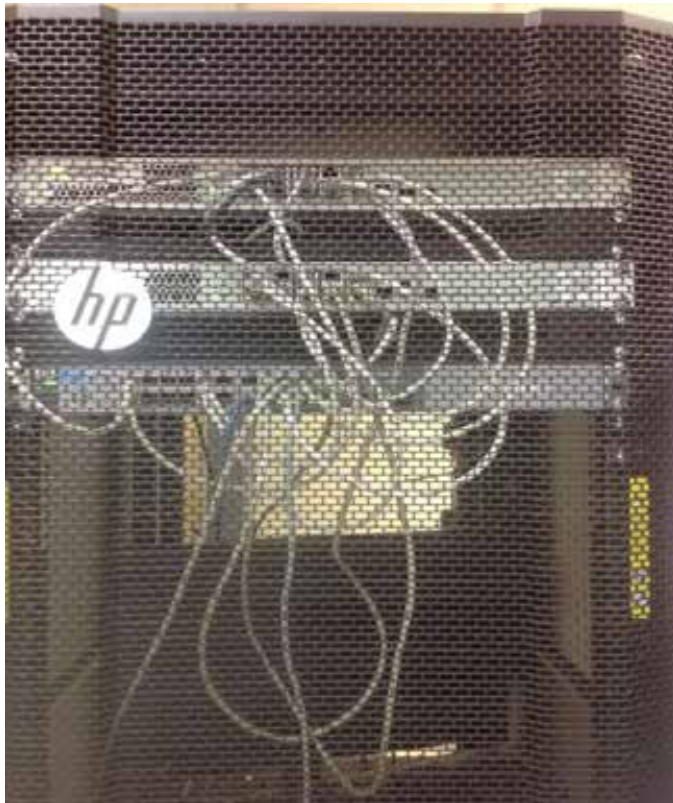


Figure 101 Fortigate Firewall Components



Figure 102 Infrastructure Upgrade - Fortigate Firewall Management Console



Figure 103 Biometric System



Figure 104 Data Center Security

CHALLENGES AND INTERVENTIONS IN THE OFFICE OF THE MUNICIPAL MANAGER

PROJECT OR AREA	CHALLENGE	INTERVENTION
IDP	<ul style="list-style-type: none"> ➤ MONTHLY Ward Committee meetings are not held as frequently as possible. ➤ QUARTERLY public meetings ARE NOT held as required. ➤ Monthly reports are not submitted by SOME WARD COMMITTEE members. ➤ Secretary not competitive. ➤ monthly meetings NOT held AS 	<ul style="list-style-type: none"> ➤ Quarterly meetings with ward Councilors ➤ Ward committee Operational Plan Development. ➤ Monthly secretaries meetings. ➤ Portfolio committee meetings.

PROJECT OR AREA	CHALLENGE	INTERVENTION
	<p>PER THE REQUIREMENTS.</p> <ul style="list-style-type: none"> ➤ ABSENCE OF team-work & cooperation between the ward Councilor and the ward committee. ➤ Political bickering between the ward Councilor and the ward committee THUS hindering THE community work. ➤ Some ward committees are dysfunctional. ➤ Deadline for submission of reports were not met in the first and second quarter. ➤ Reports: no reports are submitted from portfolio and individual members. ➤ No proper cooperation between the ward Councilor and the committee. ➤ The ward Councilor is always not available for convening the meetings. ➤ There's a general lack of cooperation between the ward Councilor and some committee members. ➤ Absenteeism is a big problem. 	<ul style="list-style-type: none"> ➤ Annual meetings. ➤ Constituency meetings. ➤ Capacity Building Workshops.

PROJECT OR AREA	CHALLENGE	INTERVENTION
Insufficient human capacity	Insufficient staff in most units that are in the Office of The Municipal Manager	Critical posts have been identified, some were advertised and others will be advertised and filled in the 2013/14 financial year.
Performance Management	<ul style="list-style-type: none"> ➤ Inadequate Monitoring and Reporting – departmental level ➤ Effect standing item on Portfolio Committee Agenda ➤ Integration and co-ordination with other processes ➤ Resource Constraints 	<ul style="list-style-type: none"> ➤ Effect standing item on Portfolio Committee Agenda ➤ Effect standing item on Portfolio Committee Agenda ➤ IDP/Budget/PMS task team to be established ➤
Special Programs	<ul style="list-style-type: none"> ➤ Mainstreaming of special programmes ➤ Budget being shared by other departments ➤ Politicisation of special programmes ➤ Short staffed most staff, are interns ➤ Places of Work outreached ➤ Office space 	<ul style="list-style-type: none"> ➤ Establish Special Programmes ICC ➤ Ring fence special Programme activities organisational wide ➤ ➤ Prioritise vacancies to be filled ➤ Develop Outreach strategy ➤ In progress
Legal Service	<ul style="list-style-type: none"> ➤ Not being consulted timeously by department to give legal advice. ➤ By-laws: Department not co-operative in identifying crucial by laws. 	<ul style="list-style-type: none"> ➤ Departments to ensure that all submissions are submitted to the legal service unit timeously ➤ Department to identify all by-laws that are relevant to their departments ➤ Posts have been advertised and awaiting HR Process to appoint successful staff

PROJECT OR AREA	CHALLENGE	INTERVENTION
	<ul style="list-style-type: none"> ➤ Department's failure to deal with less serious misconduct at Department level, thus overburdening the Unit. 	<ul style="list-style-type: none"> ➤ Information notices have been circulated to all staff members
	<ul style="list-style-type: none"> ➤ Inadequate capacity ➤ Inadequate Management Commitment ➤ Inadequate reporting by Departments ➤ Inadequate communication ➤ ERM not embedded into municipal operations and processes 	<ul style="list-style-type: none"> ➤ Capacity enhancement ➤ Management commitment ➤ Proper and timeous reporting ➤ Improved communications strategy ➤ ERM to be embedded into municipal operations and processes
Internal Audit	<ul style="list-style-type: none"> ➤ Communication ➤ Lack of Co-operation from Departments ➤ Staff Turnover/Staff Shortages ➤ Staff Capacity 	<ul style="list-style-type: none"> ➤ Improve communications ➤ Management commitment ➤ Fill in critical posts
	<ul style="list-style-type: none"> ➤ Network performance upgrade 	<ul style="list-style-type: none"> ➤ Multi Protocol Label Switching (MPLS) roll over ➤ Termination of contract with Telkom due to none delivery ➤ Delays in securing section 32 documents from City of Johannesburg ➤ BTO to assist with centralizing the telecoms

PROJECT OR AREA	CHALLENGE	INTERVENTION
	<ul style="list-style-type: none"> ➤ Decentralized telecoms budget ➤ Human Capital 	<p>system budget, departments to still retain telecoms usage budget</p> <ul style="list-style-type: none"> ➤ None delivery of critical services due to lack of capacity

ORGANOGRAM

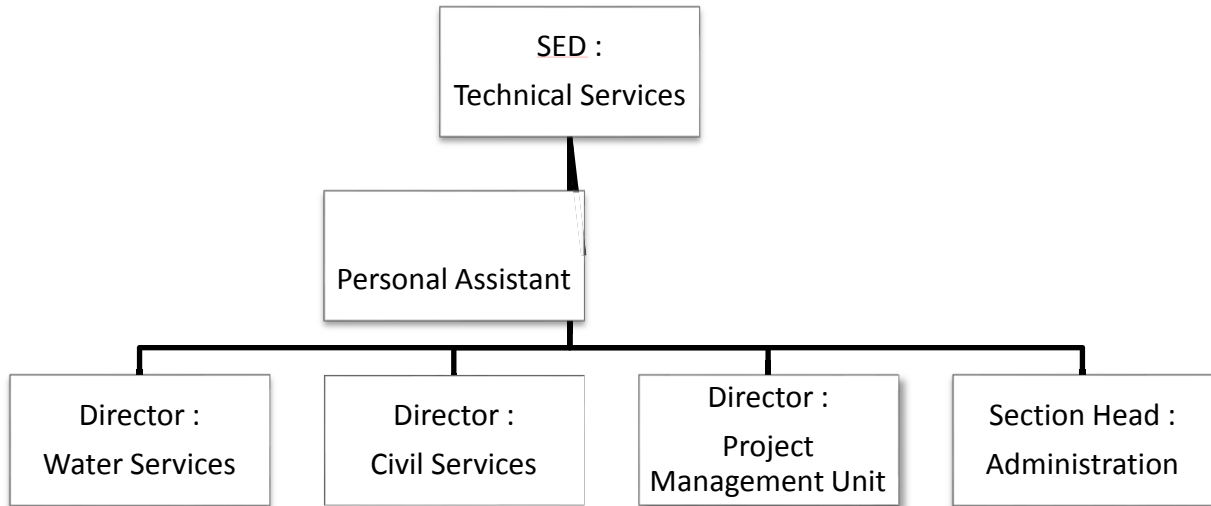


Figure 105 Technical Service Organogram

OVERVIEW AND FUNCTIONS OF TECHNICAL SERVICES

UNIT	OVERVIEW OF FUNCTIONS
PMU	<ul style="list-style-type: none"> ➤ To ensure that the Municipality complies with the provisions of the Municipal Finance Management Act, Act No. 56 of 2003. ➤ To ensure that internal control measures are in place to monitor expenditure on Capital Projects. ➤ To ensure that records of expenditure on Capital Projects are kept. ➤ To evaluate internal controls implemented to produce complete, reliable and accurate sets of financial reports related to Capital Projects.

UNIT	OVERVIEW OF FUNCTIONS
	<ul style="list-style-type: none"> ➤ To evaluate the internal controls implemented to select service providers to achieve the Municipality objectives in order to address infrastructure backlogs and to provide basic services to the poor.
ROADS & STORM WATER	<ul style="list-style-type: none"> ➤ To provide, cost effective, safe, efficient and affordable roads and storm water infrastructure in Newcastle in order to improve the quality of life our communities ➤ To provide safe and accessible civil infrastructure for vehicles and pedestrian traffic ➤ To render an efficient and effective roads and storm water function ➤ To provide and upgrade storm water drainage ➤ To ensure the maintenance of industrial sidings ➤ To provide safe and accessible civil infrastructure for locomotives and rolling stock ➤ To provide and upgrade storm water drainage on railway siding ➤ To manage the repairs and maintenance of all municipal buildings ➤ To maintain council property to a pre-determined standard ➤ To prevent deterioration of council property
WATER SERVICES AUTHORITY	<ul style="list-style-type: none"> ➤ Abstraction & WTW (UThukela Water) ➤ Water Services Operations and Project Management ➤ Planning and Regulation including WCDM ➤ Customer Services & Public Relations ➤ To provide at least a minimum level of Water and sanitation services to all communities within the jurisdiction of Newcastle Municipality in a sustainable manner

TECHNICAL SERVICES PERFORMANCE HIGHLIGHTS FOR 2013/14

PROJECT MANAGEMENT UNIT HIGHLIGHTS

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Equarand Link Road	R 11,000,000	R 1,930,000	R 11,078,150	The processing of base layer is completed and primed. The contractor is awaiting surfacing.	Ward 25



Figure 106 Equarand Link Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Construction of Kwa-Mathukuza Road	R6,449,235	-R3,449,235	R2,426,061	The tipping of base layer is in progress.	Ward 20



Figure 107 Construction OF Kwa-MATHUKUZA ROAD

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Hillbrow Street Construction	R1,815,000	R 385,000	R 1,108,049	Contractor is busy processing base layer.	4



Figure 108 Construction Of Hillbrow Street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Kirkland/Hardwick Completion	R 2,000,000	-R495,035	R 1,335,767	Project Completed	4



Figure 109 Kirkland/ Hardwick Street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
MB6& MB 10 Roads	R7,800,000	R1,828,465	R 5,588,920	Project Completed	22



Figure 110 MB 6 & MB10 Roads

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Madadeni Johnston Link Road Portion	R 622,189	R	R 612,022	Project Completed	26

A&B (Sidewalks)					
--------------------	--	--	--	--	--



Figure 111 Madadeni Johnston Link Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
MC1, MC2 & MC3 Roads	R 6,100,000	-R 1,095,763	R 4,668,995	Project Completed	23



Figure 112 MC1 Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
---------------------	---------------	------------------------	--------------------	---------------	----------------------

MC23, MC36, MC43 & MC45 Roads	R 5,580,286	R 1,597,796	R 6,889,474	Project Completed	23
-------------------------------------	-------------	-------------	-------------	----------------------	----



Figure 113 MC 23 Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
ME1,ME2,ME3&ME7 Roads	R1,500,000	R500,000	R1,867,174	Contractor is busy processing sub base layer.	21



Figure 114 ME 1 Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
ME31,ME35,&ME38 Roads	R7,400,000	-R2,083,040	R1,335,767	Project Completed	28



Figure 115 ME 31 Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Osizweni Urban Access Roads Phase II	R9,453,553	R	R8,102,052	The contractor for road H has completed the base layer and awaiting for surfacing. The contractor for Road R is busy with storm water pipe works and with the sub-base layer	



Figure 116 Osizweni Urban Access Roads Phase II

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Panorama Storm water	R1,000,000	R120,000	R899,785	Project Completed	3



Figure 117 Storm-water piping on Panorama Drive

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Rehabilitation of Ayliff Street	R900,000	R2,285,694	R2,388,117	Project Completed	4



Figure 118 Ayliff Street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Bridger Road	R770,000	R330,000	R626,527,38	Contractor busy with base layer	4



Figure 119 Construction of Bridger Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Rehabilitation of Dongas	R1,000,000	-R25,577	R974,423,00	Project Completed	2



Figure 120 Rehabilitated Donga in ward 2

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Soul City pedestrian bridge	R300,000	R400,000	R241,947,65	Construction phase	20



Figure 121 Construction of Soul City Bridge

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Traffic Calming Device	R600,000	R7,399	R568,656	Project Completed	Multi - wards



Figure 122 Completed Traffic Calming Device (Speed Hump)

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Widening and Rehabilitation	R1,500,000	R0	R636,276	Contractor is busy with	4

of Murchison extension				base layer and kerbing	
------------------------	--	--	--	------------------------	--



Figure 123 Construction At Murchison Street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Widening of Allen street	R10,000,000	-R 4,889,125.00	R 4,802,571.00	Contractor is busy with relocation of 700mm diameter pipe and fill earthworks	4



Figure 124 Construction At Allen Street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Widening of	R22,000,000	R935,837	R20,647,217	Project	22

Asiphephe Road Marconi to Clifford Manana				Completed	
---	--	--	--	-----------	--



Figure 125 Asiphephe Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Re-Opening of Draper of portion of Draper Street	R4,536,567	R	R3,666,612	The contractor is busy with the remedial works	3



Figure 126 Construction On Draper Street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
-------------------------	---------------	----------------------------	--------------------	---------------	--------------------------

Dry-cut Cemetery Road	R4,280,000	R	R4,001,474	Project Completed	
-----------------------	------------	---	------------	-------------------	--



Figure 127 Dry-Cut Cemetery Road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
Long Bridge Street-Mndoza	R3,858,175	R	R3,557,973	PMPZ Construction was terminated, we have recently appointed another contractor to complete the outstanding works.	



Figure 128 Construcion On Long Street Bridge

<u>PROJECT</u>	<u>BUDGET</u>	<u>ADJUSTED</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD</u>
----------------	---------------	-----------------	--------------------	---------------	-------------

<u>NAME</u>		<u>BUDGET</u>			<u>LOCALITY</u>
Construction of Ncandu River Bridge	R4,034,918	R	3,450,437	Project Completed	4



Figure 129 Ncandu River Bridge

TOTAL KM'S OF ROADS CONSTRUCTED, KM'S OF STORM WATER PIPE COMPLETED AND KM'S OF SIDEWALKS COMPLETED

<u>PROJECT NAME</u>	<u>KM's</u>	<u>KM's STORMWATER PIPE WORK</u>	<u>KM's Sidewalks</u>
Equarand Link Road	1,870 km	600mm dia – 50m quantity concrete class 100D 750mm dia – 14.60m quantity concrete 900mm dia – 39.00 m quantity 1050mm dia – 27.00 quantity	1.870 km
Rehabilitation of Ayliff Street	0,192 km	450mm dia – 120m quantity concrete class B	0.384 km

<u>PROJECT NAME</u>	<u>KM's</u>	<u>KM's STORMWATER PIPE WORK</u>	<u>KM's Sidewalks</u>
Re-opening & Construction of Draper Street	0.575 km	450mm dia – 260m quantity concrete 310x210x100 canal lining – 2000m ² quantity 160mm dia – 600m quantity PVC	0.575 km (Internal)
Construction of ME31,ME35,ME38	1.148 km		1.1488 km
Widening of Asiphephe Road	1.7 km	450mm dia – 45m quantity concrete	1.7 km
Construction of MB6 & MB10	1.234 km	110mm dia – 800m quantity PVC 450mm dia – 625 quantity concrete class 50D 600mm dia – 210 quantity concrete class 50D	1.234 km
Construction of MC23,MC36,MC43,MC45 & MC48	2,362 km	75D – Load type sc pipes with inter locking joints <ol style="list-style-type: none"> 600mm dia – 260m quantity 750mm dia – 50m quantity 100D – Load type sc pipes with inter locking joints <ol style="list-style-type: none"> 600mm dia – 20m quantity 750mm dia – 10m quantity 	2.362 km (Internal)

<u>PROJECT NAME</u>	<u>KM's</u>	<u>KM's STORMWATER PIPE WORK</u>	<u>KM's Sidewalks</u>
		Removing and relaying existing pipes <ol style="list-style-type: none"> 450mm dia – 20m quantity 600mm dia – 20m quantity 	
Construction of MC1,MC2 & MC3	0.898 km	375 dia – 650m quantity concrete class 50D 480mm dia – 100m quantity 600mm dia – 150m quantity	0.898 km
Construction of Long Bridge Street	1,4 km	750mm dia – 12m quantity concrete 750mm dia – 15m quantity concrete 75D class 750mm dia – 15 m quantity concrete class B	0
Drycut Cemetery Road	1,357 km	100D Load type sc pipes with inter locking joints <ol style="list-style-type: none"> 600m dia – 40m quantity 750m dia – 15m quantity Portal and rectangular culverts <ol style="list-style-type: none"> 1800x900mm dia – 40m quantity 	0

<u>PROJECT NAME</u>	<u>KM's</u>	<u>KM's STORMWATER PIPE WORK</u>	<u>KM's Sidewalks</u>
Kirkland & Hardwick	37 m	160mm dia – 240m PVC 450mm dia – 10m class 75D concrete 450mm dia – 10m class 100D concrete 600mm dia – 10m class 75D concrete 600mm dia – 10m class 100D concrete	0
TOTAL	13.106KM		10.171

ROADS AND STORM WATER CAPITAL PROJECT HIGHLIGHTS

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
ALBERT WESSELS STORMWATER	R 800,000	R	R 427,922.53	This project is in progress and will be rolled over to the 2014/15 financial year	25



Figure 130 Construction On Albert Wessels Drive

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
NEWCASTLE WEST STOCKPILE YARD FENCING	R 200,000.00	R	R 127,700.48	Project completed in January 2014	Institutional



Figure 131 After Fencing Was Completed



Figure 132 Before Fencing Was Completed

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD</u>
---------------------	---------------	-----------------	--------------------	---------------	-------------

		<u>BUDGET</u>			<u>LOCALITY</u>
NEWCASTLE WEST CONSTRUCTION OF SIDEWALKS	R 500,000.00	R	R 500,000.00	Project completed in June 2014	Wards



Figure 133 Before Construction



Figure 134 After Construction



Figure 135 Completed Sidewalks In Ward 25

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
CONSTRUCTION OF SESIYABONGA BRIDGE	R 686,542.00	R	R 581,799.20	The project is completed	



Figure 136 Construcion Of Sesiwabonga Bridge

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
STAFF LOCKERS: MADADENI, OSIZWENI & NEWCASTLE	R 300,000.00	R	R 138 566.10	Remaining funds will be utilized for additional lockers. This project will be rolled over to the 2014-2015 financial year	Institutional



Figure 137 Staff Lockers That Were Purchased

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
TRAFFIC SIGNS: SAFETY DEVICE	R	R 2447.10	R 1804.32	Project is completed	Institutional



Figure 138 Road Traffic Signs That Were Purchased

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
BUILDING ABLUTION BLOCK MADADENI	R	R 105,036.13	R 100,238.21	Project completed	



Figure 139 Madadeni Ablution Block

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>STATUS</u>	<u>WARD LOCALITY</u>
STORMWATER PIPING: AMAJUBA MALL	R	R 107,677.59	R 102,754.67	Project completed	



Figure 140 Storm Water Piping At Amajuba Mall

OPERATIONAL MAINTENANCE BY ROADS AND STORM WATER UNIT

REPAIRS TO BASE FAILURE AT JORDAN PARKING



Figure 141 Repairs On Jordhan Road

TAR PATCHING AT INTERSECTION OF HARDING AND VOORTREKKER



Figure 142 Tar Patching On Intersection Of Harding And Voortrekker Streets

RESEALING OF DRAKENSBURG ROAD



Figure 143 Drakensburg Road Before Figure 144 Drakensburg Road After

RESEALING OF IMPALA ROAD



Figure 145 Impala Road Before



Figure 146 Impala Road After



Figure 147 Road M 17 After Resealing

WATER SERVICES STATISTICS FOR 2013/14

Water Category	Water Need Description	Settlements	Population	Households
10	No Service	-	-	-
7	Infrastructure Upgrade	15	27 906	6 474
7	Infrastructure Extension			
7	Infrastructure Refurbishment			
6	O&M Need (Total Settlement)	0	0	0
5	Water Resource Needs	0	0	0
8	Infrastructure O&M Need	15	27 906	6 474
9	Infrastructure & O&M Need & Water Resource Needs	15	27 906	6 474
Adequate:	Stand Pipe	16	26 552	6 160
Adequate:	Yard Connection		127 192	29 508
Adequate:	House Connection		181 586	42 127
Informal Below	No Service	-	-	-
Informal Adequate	Temporary Services Provided	-	-	-
TOTALS		31	363 236	84 269

Water Category	Water Need Description	Settlements	Population	Households
10	No Service	-	-	-
7	Infrastructure Upgrade	15	27 906	6 474
7	Infrastructure Extension			
7	Infrastructure Refurbishment			
6	O&M Need (Total Settlement)	0	0	0
5	Water Resource Needs	0	0	0
8	Infrastructure O&M Need	15	27 906	6 474
9	Infrastructure & O&M Need & Water Resource Needs	15	27 906	6 474
Adequate:	Stand Pipe	16	26 552	6 160
Adequate:	Yard Connection		127 192	29 508
Adequate:	House Connection		181 586	42 127
Informal Below	No Service	-	-	-
Informal Adequate	Temporary Services Provided	-	-	-
TOTALS		31	363 236	84 269

WATER SERVICES AUTHORITY CAPITAL PROJECT HIGHLIGHTS

REPAIR OF THE GRP WATER MAIN



Figure 148 repair of GRP MAIN PIPE

REFURBISHMENT OF NEWCASTLE WASTEWATER TREATMENT WORKS PHASE I

The objectives of this project are as follows:

- To refurbish the Newcastle Wastewater Treatment Works to improve its operational efficiency.
- To bring the plant back to their design capacity and ensure compliance of the effluent discharged into the environment



Figure 149 Newcastle Waste Treatment Works

MADADENI WASTE WATER TREATMENT PLANT

This refurbishment project was intended to revive the Madadeni Wastewater Treatment Works by refurbishing the chlorine contact tank, upgrading of chlorination system, drying beds drainage system and associated mechanical works, secondary sedimentation tanks mechanical equipment, electrical control panels and Operator building to ensure effluent quality and safety compliance and that the aforementioned certain process unit are operated at their design capacity since the works is already hydraulically overloaded.



Figure 150 Madadeni Waste Water Treatment Plant

JOB'S CREATED THROUGH THE MADADENI WASTE WATER TREATMENT PLANT PROJECT

Number of persons planned to be employed	Total Number of persons	Adult		Youth		Disabled	
		Women	Men	Female	Male	Female	Male
Number of persons planned to be employed (A)	62	7	6	18	32	0	0
Average length of employment (Days) (B)	81	48	27	58	81	0	0
Number of planned person days C=AxB	5 022	336	162	2 592	5 022	0	0

STAFFORDHILL WATERBORNE SEWER PUMP STATION

The project is for construction of a sewer pump station in Stafford for the areas that cannot flow to the bulk sewer main by gravity.

The municipality has an enormous task of emptying the VIP toilets as they fill up regularly. The goal of the project is to eradicate this operation task and cost by providing flushable toilets which will require much less maintenance. With this aim comes the requirement of having waterborne sewerage pipelines. There are some areas that cannot drain using gravity and a pump station is required



Figure 151 Construction Of Stafford Waterbourne Sewerage Pumpstation



Figure 152 Site Inspection By Mr N Mncube: Wsa Manager At Stafford Water Borne Sewerage Pumpstation Project

JBC SANITATION

The construction of 120 VIP toilets in each of the following wards:

- Ward 6
- Ward 7
- Ward 12
- Ward 13
- Ward 15
- Ward 16
- Ward 18



Figure 153 Handover Of Vip Toilets



Figure 154 Handover Of VIP Toilets By The Deputy Mayor

CONSTRUCTION OF NEW 400mm DIA RISING MAIN AND 500mm DIA GRAVITY FEED BETWEEN HILLDROP RESERVOIR AND VILJOENPARK RESERVOIR

The objective of this specific project is to provide a new 400mm diameter rising main from the Hilddrop Reservoir pumping station to the Viljoenpark Reservoir and a new 500mm diameter gravity feed from the Viljoenpark Reservoir to supply:

- high lying areas in Newcastle (in the vicinity of the casino);
- the new Siyahlalala housing development;
- and future developments in the surrounding area



Figure 155 Construction Of New 400mm Dia Rising Main And 500mm Dia Gravity Feed Between Hilddrop Reservoir And Viljoenpark Reservoir

CHARLESTOWN BASIC WATER SUPPLY

The project entails the installation of a water reticulation scheme in the Northern section of Charlestown community comprising of reticulation pipework approximately 15000m and its associated valves and fittings.

The goal of the project is to provide an upgraded water supply solution to the community of Charlestown.



Figure 156 Charlestown Basic Supply Of Water

NORMANDIEN BASIC WATER SUPPLY

Drilling and Equipping Of Boreholes, Spring Protection and Rudimentary Water Supply at Normandien Ward

The goal of the project is to provide water supply solution to the community of Normandien who did not have water at all and where pipelines are impossible to install.



Figure 157 Community With Access To Water In Normedian

INGOGO BASIC WATER SUPPLY

The goal of the project is to provide water supply solution to the community of Normandien who did not have water at all and where pipelines are impossible to install.



Figure 158 Boreholes In Ingogo

CONSTRUCTION OF SEWAGE RETICULATION STAFFORD HILL (SECTION 7 MADADENI) AND CONVECTION OF VIPS TO WATERBORNE

The project is for construction of

- 8000m of sewer main lines
- Convert 2300 VIP to waterborne sewer

The municipality has an enormous task of emptying the VIP toilets as they fill up regularly. The goal of the project is to eradicate this operation task and cost by providing flushable toilets which will require much less maintenance. With this aim comes the requirement of having waterborne sewerage pipelines.



Figure 159 Toilets In Section 7 Of Madadeni

SEWAGE RETICULATION OSIZWENI AND CONVECTION OF VIPS TO WATERBORNE UNIT E&F PHASE 3

The project is for construction of

- 7410m of sewer main lines
- Build 301 new toilets
- Convert 1301 VIP to waterborne sewer
- Renovate 400 VIP toilets and convert to waterborne sewer
- Install 1301 yard stand pipes

The municipality has an enormous task of emptying the VIP toilets as they fill up regularly. The goal of the project is to eradicate this operation task and cost by providing flushable toilets which will require much less maintenance. With this aim comes the requirement of having waterborne sewerage pipelines.



Figure 160 VIP Toilets Osizweni E & F

INNOVATIVE SERVICE DELIVERY ACHIEVEMENTS TOWARDS MUNICIPAL EXCELLENCE

Newcastle Local Municipality was awarded with **3rd BEST** municipality in the country in the category of Local Municipalities for Water Conservation and Water demand Management



Figure 161 Award For 3rd Best WCDM In 2013



Figure 162 Certificate Received For 3rd Best WCDM In South Africa

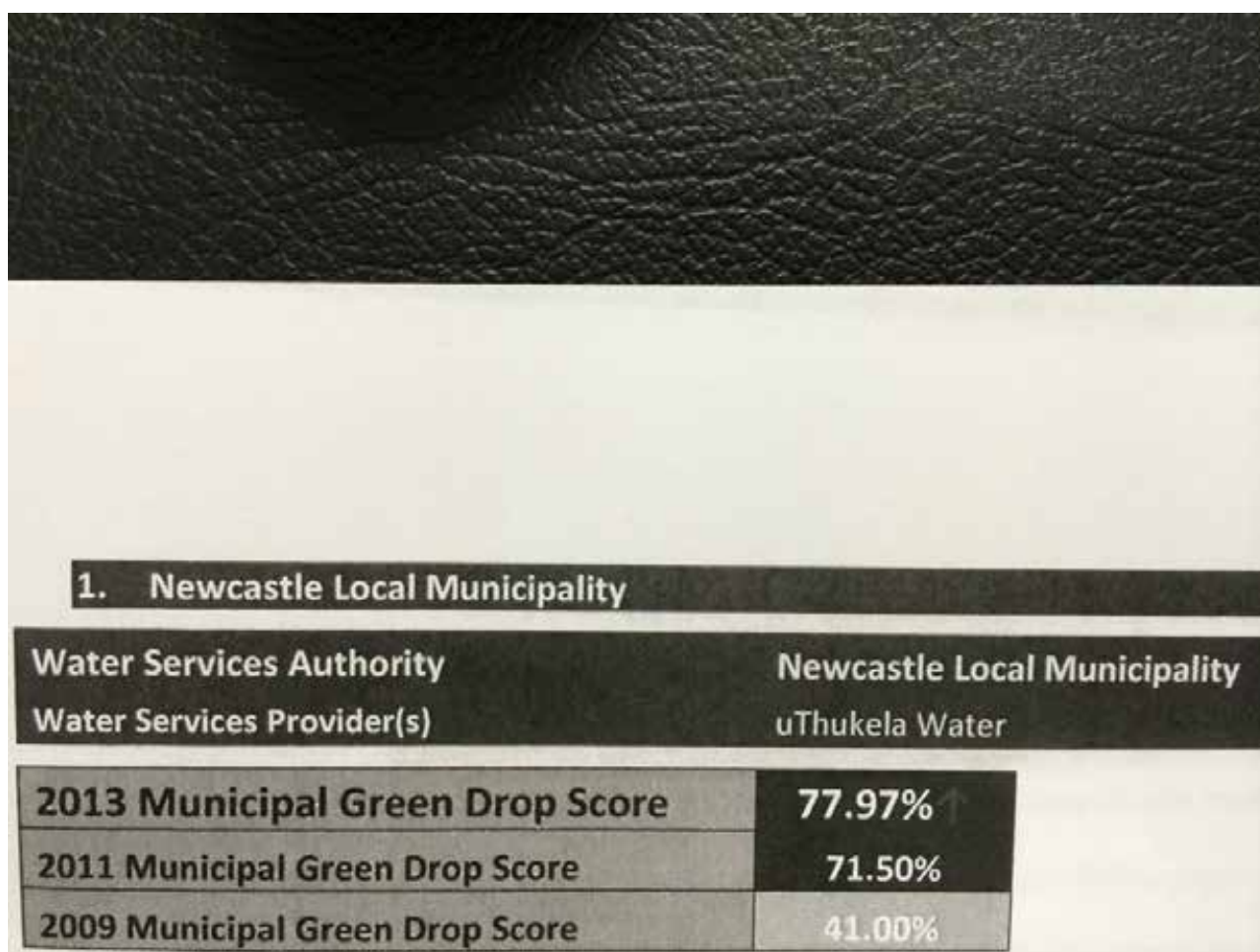


Figure 163 Awarded 77.97% Green Drop Status

ADDITIONAL DELIVERABLES ACHIEVED BY TECHNICAL SERVICE

UNIT	DELIVERABLES
PMU	<ul style="list-style-type: none"> ➤ Monthly meetings with Consultants and Contractors to monitor performance on capital projects. ➤ Site Inspections Audit so as to comply with the provisions of Occupational Health and Safety Act (Act No.85 of 1993), the Construction Regulation Act of 2003 and other applicable legislation. ➤ To facilitate and enhance good coordination on all project implemented, making sure that all relevant stakeholders (Ward Councilors, Service providers and Community) are happy with the services rendered. ➤ The internal implementation of Gabion projects so as to prevent the erosion of Municipal and Community assets.

	<ul style="list-style-type: none"> ➤ The creation of temporary job opportunities through the Expanded Public Works Program (EPWP).
ROADS & STORMWATER	<ul style="list-style-type: none"> ➤ Repair of trenches and potholes. ➤ replacement of missing manhole covers ➤ unblocking of storm water drainage systems ➤ repairs to guard rails ➤ construction of vehicle access too properties (at owners <ul style="list-style-type: none"> ○ Expense) ➤ Storm water control and related problems ➤ maintain clean water course, rivers and streams ➤ rehabilitation of internal borrow-pits ➤ tar patching ➤ sweeping of roads, cleaning catch-pits and reconstruction of catch-pits and manholes ➤ repair damaged paving in CBD cleaning of open drains ➤ Maintenance of all council buildings
WATER SERVICES AUTHORITY	<ul style="list-style-type: none"> ➤ Upgraded level of water services from JOJO tanks to communal standpipes within 100m in outlying areas of Newcastle. ➤ Leak repairs & installation of new water meters for households. ➤ Over disludged of VIP toilets. ➤ Provision of water tanker services

CHALLENGES AND INTERVENTIONS

Unit	PROJECT	CHALLENGES	INTERVENTIONS
PMU	Various projects that were delayed or still in progress	Late appointment of Service Providers.	The department has provided Project Implementation Plans to SCM to be incorporated to the procurement plan
	Various projects that were delayed or still in progress	Minimum DoRA allocation delays the accelerated service delivery.	National Treasury to assist in acquiring front loading budget.

ROADS AND STORM WATER	ACCESS TO MUNICIPAL ROADS	<p>Finalisation of roads & storm water maintenance plan.</p> <ul style="list-style-type: none"> -Inadequate budget -Insufficient budget allocation to the roads. -Insufficient resources -Inadequate skills -Lack of experienced staff -Review and implement maintenance plan(Asset Management Plan) -Budget allocation of all planned projects. Internal controls to be implemented -Appointment of staff as per organogram. Filling critical posts. -Purchase of new plant and equipment. -Review asset replacement 	<p>Investigate methods for sourcing funds for maintenance.</p> <ul style="list-style-type: none"> -Review and implement maintenance plan -Improve on management policies and practices -Capacity and competency to be reviewed
-----------------------	----------------------------------	---	---

	GRAVEL ROADS	<p>Insufficient funds to gravel roads in the areas mentioned below:</p> <p>Madadeni (163km) –R125 716 500,00</p> <p>-Osizweni (158km) – R118 295 250,00</p> <p>Funds required for 150mm gravel;</p>	Investigate methods for sourcing funds for re-gravelling
WATER SERVICES		Raw water pipelines from Ntshingwayo can only supply 100ML/d due to losses	
		Ngagane WTW treating capacity is 93ML/d though design capacity is 115ML/d	
		Expected water Demand is 104ML/d vs supply of 101ML/d	

CONCLUDING REMARKS FOR TECHNICAL SERVICE

Unit	CONCLUDING REMARKS
PMU	<p>The municipal Finance Management Act imposes extensive governance obligations as officials and executive associated with municipal finance administration. Through the good governance the Department of Technical Services for the past four (4) consecutive years, we've been obtaining 100% expenditure on Municipal Infrastructure Grant (MIG). The lack of intergovernmental relation within municipal departments and delays in the procurement of service providers has a detrimental effect on service delivery.</p>
ROADS & STORMWATER	<p>The 2013-2014 financial year has been a successful year for the Roads, Storm water and Buildings Department. Expenditure within the Department has been excellent with all the planned maintenance and additional unforeseen maintenance accomplished</p>
WATER SERVICES AUTHORITY	<p>Water services main objective was to take over all WSP functions for Reticulation. Although there were challenges the take-over was smooth. The Section also was awarded as the 3rd best local Municipality in the country for Water Conservation and Demand management. We also managed to maintain Blue Drop status of 97% marking us as one of the best cleanest and safest water in the world. The Green Drop also saw us improve from 71.5% to 77.97% meaning we lost by 0.03% to get a Green Drop Status. Water Services is continuing to render Water Services in a sustainable manner</p>

