



*FINAL
DRAFT*

2014/15
REVIEW

NEWCASTLE MUNICIPALITY
INTEGRATED DEVELOPMENT
PLAN 2012 TO 2017



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LIST OF ACRONYMS

ADM	-	Amajuba District Municipality
AG	-	Auditor General
ASGISA	-	Accelerated Shared Growth Initiative for South Africa
CBD	-	Central Business District
COGTA	-	Co-Operative Governance and Traditional Affairs
DBSA	-	Development Bank of South Africa
DHS	-	Department of Human Settlement
DOT	-	Department of Transport
EIA	-	Environmental Impact Assessment
EMF	-	Environmental Management Framework
EXCO	-	Executive Committee
FBS	-	Free Basic Services
GGP	-	Gross Geographical Product
GRAP	-	Generally Recognized Accounting Practice
GIS	-	Geographical Information System
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IDP	-	Integrated Development Plan
IGR	-	Inter Governmental Relations
JBC	-	Johnstone Blaauwbosch Cavan
KPA	-	Key Performance Areas
KZN	-	KwaZulu-Natal

LED	-	Local Economic Development
LUMF	-	Land Use Management Framework
LUMS	-	Land Use Management System
MEC	-	Member of the Executive Council
MFMA	-	Municipal Finance Management Act
MPAC	-	Municipal Public Accounts Committee
MIG	-	Municipal Infrastructure Grant
MTEF	-	Medium-term Expenditure Framework
NDBG	-	Neighbourhood Development Partnership Grant
NLM	-	Newcastle Local Municipality
NRW	-	Non-Revenue Water
NSDP	-	National Spatial Development Perspective
PGDS	-	Provincial Growth Development Strategy
PMS	-	Performance Management System
PTO	-	Permission to Occupy
RSC	-	Regional Service Centre
SCM	-	Supply Chain Management
SEA	-	Strategic Environmental Assessment
SDF	-	Spatial Development Framework
SDP	-	Site Development Plan
SMME	-	Small, Medium and Micro Enterprise
TLC	-	Transitional Local Council
WCDM	-	Water Conservation Demand Management
WSDP	-	Water Services Development Plan
WWTP	-	Waste Water Treatment Plant

SECTION 1: EXECUTIVE SUMMARY

1 INTRODUCTION

1.1 PURPOSE

This document presents an Integrated Development Plan (IDP) for Newcastle Local Municipality (NLM). The IDP is prepared in compliance with the requirements of Chapter 5, particularly Section 25 of the Local Government Municipal Systems Act (32 of 2000), which obliges a municipal council to adopt a single, all inclusive and strategic plan for the development of the municipality, within a prescribed period after the start of its elected term. It outlines a development agenda for the municipality for the period 2012 to 2017. The Newcastle IDP informs the budget and also tries to respond to community aspirations and needs. It is a document that set the level of economic growth for the City thereby identifying economic opportunities and areas of investments. Newcastle is well known for its abundance of industrial development particularly the manufacturing sector and service sector which are central to its growth and development.

1.2 INTRODUCTION TO NEWCASTLE MUNICIPALITY

The city of Newcastle started off life as Post Halt Two on the journey between Durban (then Port Natal) and the Zuid-Afrikaansche Republiek (Transvaal) and Johannesburg. It was strategically placed in the year 1854 by the Surveyor General of the Natal Colony, Dr. P. C. Sutherland. The city 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 forth settlement to be established in natal after Durban, Weenen and Pietermaritzburg. Newcastle was named after the British Colonial Secretary, the Duke of Newcastle. In 1873 Newcastle became a separate electoral division. In 1876 the Fort Amiel was built as a barrier against the Zulus. To commemorate Queen Victoria's diamond '60th Jubilee,' in 1897, a sandstone construction of the town hall started and it was completed two years later. The town was used as a depot by the British during both the First and Second Boer War. Newcastle functioned as a major transport junction and a popular stopover for wagons and post chaises during the late 19th century.

Newcastle also served as an arena when the British preparation work for the Pretoria Convention of 1881 was done. In 1890, the first train arrived in Newcastle and in the year 1891, Newcastle was declared a district with its own administrative unit. The discovery of coal brought a new era of prosperity and several ambitious building projects were planned.

Newcastle Local Municipality is one of the three local municipalities that make up Amajuba District. It is located on the northwest corner of KwaZulu-Natal, and borders onto Free State and Mpumalanga provinces to the west and north respectively. Utrecht and Dannhauser local municipalities are located along the eastern and southern boundary. It covers an area of approximately 1854km².

The total population in the NLM is estimated at 363 237 people spread unevenly among the thirty one (31) wards with nearly 80% residing within the Newcastle East. The population of Newcastle 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. Newcastle accounts for 73% of the district population.

The municipal boundaries were delineated in terms of the Municipal Demarcation Act, (Act No. 27 of 1998) and takes into account population movement trends, regional economic patterns and the current land use pattern. As such, the boundaries are not just administrative, but are also intended to promote social and economic development while also strengthening regional economic and functional linkages.

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, contributing 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.

The city's local authority has jurisdiction over the surrounding maize, livestock and dairy farms as well as industrial areas such as Karbochem, Mittal steel South Africa (previously ISPAT/ISCOR), and the textile and service industry. In addition, the city is also well endowed with coal reserves hence opportunities for coal mining within the area.

Arcelor Mittal produces over 105 million tons of steel products annually. Although the Arcelor Mittal steelworks and the Karbochem synthetic rubber plant dominate the Newcastle industrial portfolio, there is a wide range of manufacturing undertakings sharing in the success of the region. Newcastle has welcomed many Chinese and Taiwanese into the region with the addition of over a hundred textile factories.

During the year 2002, the chrome chemical plant was completed in Newcastle which comes as a clear reflection of the city's industrial future. This joint venture project between Karbochem and German speciality chemical manufacturing giant LANXESS has made Newcastle the largest producer of chrome chemicals in Africa. The company announced an investment of €40 million (almost R600 million) in 2012 towards the construction of a CO₂ plant at its site. Mittal Steel also recently completed a R400 million project to rebuild one of its coke batteries. Other large operations include a diamond cutting works, various heavy engineering companies, steel reinforcement and slag cement factories.

The Blackrock Casino Entertainment Hotel provides much entertainment to Newcastle and the surrounding areas. The newly built R500 million Newcastle Mall (by Zen prop) adjacent to the Blackrock Casino Entertainment Hotel serves as a one-stop shopping destination for the region. Currently, urban developments in Newcastle entail the new multi-storey Civic Centre; an 80 million expansion of the Victorian Mall; the Meadowlands Estate in Madadeni (residential estate with an open 30 000m² shopping mall); major extensions and upgrade of the Madadeni Hospital (set to become a regional hospital); a R100 million upgrade of the Madadeni Police Station; the Vulintaba Estate; more development at the corner of Allen street along Trim Park; a new Mercedes-Benz dealership next to the Newcastle Mall; the development of the Heartlands Dry Port next to the train station; and the possible extension of the Newcastle Airport. From the 1880s, Newcastle experienced rapid economic growth. Today Newcastle has the largest concentration of industry in the North Western KwaZulu-Natal region.

1.3 OBJECTIVES OF THE INTEGRATED DEVELOPMENT PLAN

The Newcastle Municipality IDP adopts a long term planning horizon, but also presents a short to medium term strategic agenda and a detailed five year programme commencing in 2012/2013 financial year and ending in 2016/2017 financial year. This period coincides with the term of office of the incumbent council and aligns with the budget cycle. The IDP is prepared in accordance with the requirements of the Municipal Systems Act and the

Box 1: Section 25 (1) of the Municipal Systems Act (2000)

Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, all inclusive and strategic plan for the development of the municipality which-

- a) Links integrates and coordinates plans and takes into account proposals for the development of the municipality;*
- b) Aligns the resources and capacity of the municipality with the implementation of the plan;*
- c) Complies with the provisions of this Chapter; and*
- d) Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.*

associated regulations (refer to Box 1), and is intended to serve as a strategic guide for public sector investment and development generally. It is based on the issues articulated by all

stakeholders and is informed by the national and provincial development imperatives. Its objectives are as follows:

- ☛ To guide decision making in respect of service delivery and public sector investment.
- ☛ To inform budgets and service delivery programs of various government departments and service agencies.
- ☛ To coordinate the activities of various service delivery agencies within Newcastle Municipality's area of jurisdiction.
- ☛ To engage communities and other key interested and affected parties in municipal affairs, particularly the continuous integrated development process.
- ☛ To position the municipality to make a meaningful contribution towards meeting the district and provincial development targets and priorities.

1.4 SCOPE OF THE NEWCASTLE IDP

In line with Section 26 of the Municipal Systems Act which prescribes the key components of an IDP, and the focus on development outcomes, Newcastle Municipality IDP is presented in four main sections as follows:

- ☛ An outline of the key development issues and trends based on an analysis of the current level of development (Situational Analysis).
- ☛ A strategic framework which outlines Council's long term vision with specific emphasis on the municipality's most critical development objectives, actions plans and strategies.
- ☛ A capital program including a one year program, three year program aligned to the Medium Term Expenditure Framework and the Five (5) Year Plan.
- ☛ An implementation framework which includes sector plans particularly the financial plan, spatial development framework, organizational performance management system and an organizational transformation and institutional development plan.

The IDP will inform the Medium Term Expenditure Framework (MTEF), and guide the annual budget process. Chapter 4 Section 21 (1) of the Municipal Finance Management Act (MFMA) requires a municipality to align and sustain a close functional link between its IDP and the budget.

1.5 APPROACH

The approach adopted in the review of the IDP for the 2013/14 financial year was strongly guided by the guidelines prepared by the Department of Co-Operative Governance and Traditional Affairs (COGTA) as set out in the Revised KZN IDP Framework Guide dated 12 February 2013. The guide pack advocates for a process that is integrative, sustainable, issue driven, people centred, practical and action oriented.

1.5.1 PUBLIC PARTICIPATION

The IDP preparation process involved extensive stakeholder and public participation as required in terms of the MSA. At least four IDP Representative Forum meetings were held, each coinciding with a distinct phase in the process. In addition, several meetings were held at ward level to establish community development needs and consult communities on municipal business generally. Budget/IDP Road shows also provided valuable input into the process. The review of the IDP over the next four years will also follow the same process.

1.5.2 BUDGET PROCESS PLAN FOR 2014/2015 MULTI-TERM BUDGET

The schedule below indicates the process followed towards the preparation of the IDP and its alignment with the budget.

EVENTS	DATES	RESPONSIBILITY
Joint meeting for IDP, Budget and PMS for alignment purposes	31 July 2013	Director IDP
MANCO to deliberate on IDP Process Plan	07 August 2013	Director IDP
Submission of the Draft IDP Process Plan to COGTA	31 July 2013	Director IDP
Draft Process Plan to EXCO for approval	20 August 2013	Director IDP
Advertisement of the IDP Process Plan to members of the public	29 August 2013	Director IDP
First IDP Representative Forum <ul style="list-style-type: none"> ▪ Presentation of the Process Plan ▪ The provision of feedback on the <i>status quo</i> and strategic framework components of the IDP. ▪ Training on IDP Guide Pack and PMS 	28 November 2013	Director IDP
Sector Departmental meeting	06 February 2014	Director IDP
IDP Progress Report to MANCO	18 February 2014	Director IDP
Strategic Workshop for IDP/Budget	23 - 26 February 2014	Director IDP
Second IDP Representative Forum <ul style="list-style-type: none"> ▪ Presentation of the draft IDP and Budget ahead of the public participation process. ▪ Prioritized Projects and Programs 	20 March 2014	Director IDP

▪ Sector Plans Progress and finalization		
EXCO approval of draft IDP	26 March 2014	Director IDP
Submission of draft IDP to COGTA	28 March 2014	Director IDP
Provincial IDPs Assessment week	23 April 2014	Director IDP
IDP/ Budget Road-shows	16 April 2014 – 04 May 2014	Director IDP
21 Days Advertisement Period for public comments	11 April – 14 May 2014	Director IDP
Final IDP Representative Forum for adoption. <ul style="list-style-type: none"> ▪ Feedback on comments received during the 21 day advert period on the Budget and IDP as well as the public participation process and suggested ways of addressing these issues. ▪ Recommendations by the IDP RF for adoption of the IDP by Council. 	22 May 2014	Director IDP
MANCO to deliberate on the Final Draft IDP document	19 May 2014	Director IDP
EXCO to recommend IDP approval by Council	27 May 2014	Director IDP
Special Council meeting to adopt the final IDP document	28 May 2014	Director IDP

1.6 BUDGET PROCESS PLAN FOR 2014/2015 MULTI-TERM BUDGET

DATE	ACTIVITY	RESPONSIBILITY
October 2013	Meeting with Mayor, Exco and Manco to discuss the strategic direction and objectives for the 2012/2013 financial year	MM/BTO
October 2013	Budget Framework Meeting the SED's to discuss budget process Preparation of budget framework to provide parameters and request budget inputs for 2013/2014	BTO
November 2013	Completion of Salary Budget	BTO/HR
November 2013	Budget strategic workshop	CFO and Mayor
December 2013	Submit all Budget related policies for review.	BTO
December 2013	Prepare draft budget three year operational and capital budget.	BTO
January 2014	Report back on progress with Budget inputs.	BTO MANCO
January 2014	Review of proposed of National and Provincial allocations for incorporation into the draft budget.	
January 2014	Review of current budget and inputs for new budget	MANCO
February 2014	<ul style="list-style-type: none"> • Submission of Budget Inputs Final date for SED's to submit departmental budget inputs. Proposed Capital projects from IDP	BTO/SED'S

DATE	ACTIVITY	RESPONSIBILITY
	<ul style="list-style-type: none"> Accounting officer finalizes and submits to the Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part the oversight report for the previous year's audited financial statements and annual report. 	
February 2014	Budget discussion document Compile discussion document from inputs and submit to EXCO and MANCO	BTO
February 2014	Budget/IDP Strategic Workshop	Extended MANCO and EXCO
March 2014	Budget Workshop Discussion of budget inputs, link capital and operational plans to IDP and determine proposed tariffs.	EXCO MANCO
March 2014	Draft Budget Submit draft multi-term operational and capital budget to Council, National and Provincial Treasury, COGTA	CFO/BTO
April 2014	Public Consultation Process Public Consultation on draft budget throughout municipality	MAYOR EXCO MM
May 2014	Respond to Public Comments Response to public comments and sector comments. Incorporate recommendations into draft budget if possible and feasible	MAYOR BTO MM
29 May 2014	Approval of Final Draft Budget Approve the draft multi-term operational and capital budget	COUNCIL
June 2014	Advertising Publication of approved budget. Place on municipal website.	MM BTO
June 2014	Submission of Budget Submit approved budget to National and Provincial Treasury and CoGTA	BTO MM
June 2014	Compile SDBIP Compilation of service delivery and budget implementation plan(SDBIP) 28 days after the approval of budget and submit to Council for approval	PMS MAYOR MM

1.6.1 PUBLIC PARTICIPATION

Public participation in the review of the IDP and budget unfolded as follows:

WARD	VENUE	DAY	DATE	TIME
8	Osizweni Bus Depo	Saturday	22/03/2014	12h00
9	Osizweni High School	Sunday	23/03/2014	12h00
6	Dicks Hall	Thursday	27/03/2014	12h00
7	Zazi Sports Field	Saturday	29/03/2014	12h00
30	Next to Handicraft centre	Sunday	30/03/2014	12h00
10	Osizweni Art Centre	Tuesday	01/04/2014	12h00
5	Hope High School	Wednesday	02/04/2014	17h00
11	Osizweni stadium	Thursday	03/04/2014	12h00
17	Sesiyabonga High School	Saturday	05/04/2014	12h00
12	KwaMkhwanazi Ground	Sunday	06/04/2014	12h00
13	Xolani High Sportsground	Wednesday	09/04/2014	12h00
19	H39	Thursday	10/04/2014	12h00
Business Chambers	EXCO Chamber	Thursday	10/04/2014	17h00
14	Stafford Clinic	Saturday	12/04/2014	12h00
29	Cathulani Primary Ground	Sunday	13/04/2014	12h00
27	Zanele Creche	Tuesday	15/04/2014	12h00
31	Esididini School	Wednesday	16/04/2014	12h00
26	Mdumiseni High School	Saturday	19/04/2014	12h00
28	Thobani School	Sunday	20/04/2014	12h00
24	Madadeni Community Hall	Monday/ Holiday	21/04/2014	12h00
23	Nkululeko Creche	Wednesday	23/04/2014	12h00
2,3,4, 25	Richview Hall	Thursday	24/04/2014	17h00
22	Mbalenhle Primary	Saturday	26/04/2014	12h00
21	Qhawelesizwe, Vezubuhle	Sunday	27/04/2014	12h00
20	KwaMathukuza	Monday/ Holiday	28/05/2014	12h00
1	Normandien KwaBhayi Store	Wednesday	30/04/2014	12h00
Forums	Town Hall	Thursday	01/05/2014	11h00
1	Charlestown	Saturday	03/05/2014	12h00
15,16, 18	Mzamo High Sportsfield	Sunday	04/05/2014	12h00

1.6.2 SECTOR DEPARTMENT INVOLVEMENT

In general, sector planning is very weak within the South African Local Government system as municipalities are not getting recognition as development oversees within their areas of jurisdiction. As yet there is no effective legislation that makes it compulsory for all sector departments to align their budgets with municipal budgets and allocate resources using the prioritization list available from municipalities through consultations with communities.

However, Newcastle Municipality has investigated an alternative mechanism which has brought sector departments to be fully involved into the IDP process. The mechanism adopted was to engage sector departments on one-on-one basis in order to deal with specific issues affecting the municipality. Sector departments have also fully participated on the IDP Representative Forums held by the municipality throughout the year. As a result, the

municipality has enjoyed working with the following departments and their participation has made a significant improvement towards service delivery;

- ☞ Department of Transport;
- ☞ Department of Co-Operative Governance and Traditional Affairs (COGTA);
- ☞ Department of Social Development;
- ☞ ESKOM;
- ☞ Department of Public Works;
- ☞ Department of Health;
- ☞ Department of Economic Development and Tourism;
- ☞ Department of Arts and Culture (Library and Museum sections); and
- ☞ Department of Human Settlement.

1.6.3 ALIGNMENT WITH THE DISTRICT FAMILY OF MUNICIPALITIES

Various meetings were also held with the district family of municipalities to align the IDPs. The following is an indication of some of the key alignment issues addressed to date:

- ☞ The IDPs of the Amajuba family are focusing on the outcome based IDP approach thereby incorporating the Key Performance Areas developed by national government.
- ☞ Both the SONA and SOPA have been incorporated into the IDPs.
- ☞ The Outcome 9 has been incorporated into the IDPs there by giving emphasis to good governance and housing development (Outcome 8).
- ☞ The revised Municipal Turnaround Strategies have also been incorporated giving the emphasis on thorny issues which municipalities needed to improve service delivery.
- ☞ The PGDS has been incorporated as part of improving the alignment between the province and local government.
- ☞ The IDPs have given emphasis on Sukuma Sakhe Program and its associated impact to communities. Fighting poverty through job creation.
- ☞ The IDP has also taken cognisance of the 8 Millennium Development Goals as signed in the Millennium Declaration by 189 World Leaders in the Millennium Summit (2000).
- ☞ Furthermore, the issues raised at COP 17 have also been incorporated. These include the implementation of solar energies and smart and conventional meters on new housing development.

- ☛ The new settlement patterns will consider flood lines and implementation of disaster management centres.

1.7 KEY DEVELOPMENT CHALLENGES

Although the NLM has made significant progress in addressing service backlogs and promoting development within its area of jurisdiction, there are still a number of key development challenges that face the municipal area and its people. These are discussed briefly and categorised according to the national key performance areas below.

1.7.1 SERVICE DELIVERY AND INFRASTRUCTURE

Huge backlogs in the delivery of public services have been identified as one of the key issues facing Newcastle Municipality. Backlogs are concentrated mainly in the Newcastle East, particularly Jonhston, Blaauwbosch and Cavan (JBC), Madadeni and Osizweni Townships, as well as the surrounding rural settlements located in the Ubuhlebomzinyathi area. They manifest themselves in various forms including the following:

- ☛ Poor access to basic services such as water, sanitation and electricity. This is more pronounced in the JBC area and the rural settlements. This is a direct result of the previous neglect of these areas from both development planning and delivery of services perspectives.
- ☛ The Newcastle Local Municipality is challenged with the maintenance and development of basic road and storm water infrastructure to serve the local community, particularly in the Newcastle East.
- ☛ Poor condition of public facilities and general lack of the requisite tools and equipment for an effective delivery of services. The facilities that require attention include schools, clinics, community halls, early childhood education centres, library services, etc.
- ☛ The huge housing backlog entails a large number of people who reside in informal settlements, backyard shacks and poorly developed rural traditional housing structures. The low cost housing need in Newcastle is currently estimated at 74 991 units with the majority of this concentrated mainly in the Newcastle East.

1.7.2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Over the last few years, Newcastle Municipality has gone through a process of fundamental transformation as an organisation with the intention of developing sufficient organisational capacity for an effective performance of municipal functions. As such, a new organogram was developed and is currently being implemented. The majority of critical positions, particularly those of Strategic Executive Managers and Directors have been filled. Management committees have been restructured and new systems and procedures introduced. The new

challenges facing the organisation are none other than those of a learning and growing organisation and include issues such as gender equity, cascading down the organisational culture down the hierarchy, horizontal integration of development programmes, etc.

1.7.3 LOCAL ECONOMIC DEVELOPMENT

Over the last few decades, the economy of the Newcastle Municipality's area of jurisdiction experienced variable trends marked, in all, by shift from one sector to the other and a general decline in both output and performance. Although some mining activities are still evident in the area, it is no longer appropriate to regard Newcastle as a coal mining town. The same applies to agriculture. Both sectors have shed a number of jobs and their contribution to the local economy is at the lowest point ever. Manufacturing remains the main economic activity in the NLM, but is itself facing a number of structural challenges which if not addressed at this juncture will relegate this sector into insignificance.

At a local scale, the challenge of unemployment, poverty and inequality fuelled by the concentration of employment opportunities in and around the Newcastle Town remains one of the features of the previously marginalized areas such as Newcastle East. Madadeni Industrial Centre is mostly vacant and unable to attract industrialists.

1.7.4 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The following are the main challenges facing the municipality in the area of financial viability and management:

- ☛ Inadequate revenue collection systems within municipalities.
- ☛ Low recovery of amounts owed for municipal services from consumer debtors.
- ☛ Lack of procedures to enforce recovery of debts or follow-up on outstanding amounts.
- ☛ Lack of advice to the council on revenue enhancement mechanisms.

1.7.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The Newcastle Municipality is a developmental local government structure that is committed to working with citizens and organised interests groups to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives. This assertion complements the right of communities to participate in the decisions that affect development in their areas, and a corresponding duty on the municipality to encourage community participation in matters of local governance. The Municipality achieves this goal mainly through

ward committees and a variety of other measures designed to foster open, transparent and consultative municipal government.

However, the functionality and effectiveness of the ward committees remains a major challenge. Some of these are not unique to Newcastle Municipality as they relate to the design of the ward committee system as well as the procedures for their operation. As such, they are systemic in nature and should be addressed as part of government programmes to deepen democracy. Synergistic relations should also be strengthened with the business community, farmers associations, organised labour and other stakeholders.

1.7.6 CROSS-CUTTING DIMENSIONS

The following are some of the cross-cutting issues facing the Newcastle Municipality:

- ☛ The town serves as an administrative and economic hub for the north-western part of KwaZulu-Natal. This includes the whole of Amajuba District and some of the surrounding areas in Mpumalanga Province and Umzinyathi District. This raises a key question whether the town is developed with sufficient infrastructure and has enough capacity to play its role as a sub-regional economic hub.
- ☛ The rate of urbanisation in Newcastle has been very rapid, resulting in the development of settlements along P483 in particular as linear settlements from KwaMathukuza through JBC to Khathide in the north. Rapid urbanisation brings with it many problems as it places huge demands on land, water, housing, transportation and employment.
- ☛ The NLM could broadly be described as an apartheid region in the sense that it embodies most if not all the attributes of apartheid spatial patterns. These include low density sprawl which is fuelled in the Newcastle West by anti-city values of suburbia which promotes large plots as an image of good urban living; cellular development pattern that occurs in relatively discrete pockets based on the introverted concept of neighbourhood unit or super block; and separation of land uses, urban elements, races and income groups. The dominant land use pattern resembles a series of relatively homogenous blobs of different uses tied together by high speed transport routes.
- ☛ The quality of the environment within the NLM requires an urgent attention. This is symbolized mainly by the deteriorating quality of water, poor air quality due to emissions, urbanization, waste collection and disposal and general lack of active open spaces in the NLM.
- ☛ Poverty manifests itself in different dimensions with income poverty and human poverty being the most common.

1.8 ORGANISATIONAL DEVELOPMENT STRATEGY

1.8.1 DEVELOPMENT VISION

The NLM long-term development vision was formulated within the context of the national and provincial vision statements as outlined in the National Development Plan (NDP) and the Provincial Growth and Development Strategy (PGDS). It reflects a joint commitment by the local leadership, municipal administration and the local communities to make Newcastle a better place and improve the quality of life for those who work and/or live in the NLM.

The vision is based on the following overarching principles:

- ☛ Sustainability.
- ☛ Integrated development.
- ☛ Equitable access to basic services and public facilities.
- ☛ Efficient and effective delivery of services.

1.8.2 DEVELOPMENT STRATEGY

NLM development strategy is based on a long-term vision, but acknowledges the significance of issues that need to be addressed in the short to medium term. As such, the municipality has formulated development goals that seek to address the challenges facing the institution currently and reposition the area in a development path as follows:

- ☛ To develop Newcastle as a service and industrial hub.
- ☛ To eradicate all forms of poverty and destitution/indigence.
- ☛ To be an example of service and governance excellence.
- ☛ To improve the quality of life.
- ☛ To achieve environmental sustainability.
- ☛ To promote gender equality and empowerment.

In the short to medium term, the municipality will initiate projects with clear targets and outputs towards the attainment of these goals. It will accelerate delivery of services and gradually consolidate outcomes so as to attain the desired future situation.

Particular focus will be paid to the following key areas of strategic intervention:

- ☛ Spatial integration and environmental sustainability: Particular focus will be paid on developing systems and procedures for effective land use and environmental management.
- ☛ Local economic development: The municipality has a responsibility to create a climate conducive for public and private sector investment. As such, the municipality is committed to work with other government agencies and departments to deliver state of the art economic infrastructure that will facilitate development of effective service and industrial sectors.
- ☛ Service delivery and infrastructure development: The NLM is the sphere of government that is closer to the communities. This bestows a huge responsibility to deliver services where the municipality is directly responsible and coordinate the delivery of services that fall outside the constitutional obligations of the municipality.
- ☛ Municipal transformation and organisational development: The attainment of development goals as outlined above requires the municipality to establish effective systems and procedures for both municipal administration and local governance. This includes attracting and retaining well trained, experienced and committed employees.
- ☛ Municipal financial viability and management: Funds will be a critical input in the process towards the attainment of the above-outlined goals. As such, it is critically important to ensure that the municipality is able to generate sufficient funds to be able to deliver services and facilitate development. Also important is the ability to account for the use and disbursements of public funds.
- ☛ Good governance and public participation: The municipality is committed to putting in place systems and procedures for accountable local governance. This includes oversight responsibilities, auditing function, risk management, etc. Members of the public will be kept informed and engaged in all municipal affairs.

1.9 PERFORMANCE MEASUREMENT

1.9.1 INTENDED IMPACT

Everything that the NLM does should be done to impact as much as possible on the social and economic development of the area. In particular, the municipality will provide services that meet the basic needs of the poor in their communities in a cost-effective and affordable manner. This can be achieved in two ways:

- ☛ The NLM will provide some relief for the poor. Government policy is to provide a free basic amount of services for particularly water and electricity to households that otherwise do not have access to these services. The NLM will also promote social development through arts and culture, the provision of recreational and community facilities, and the delivery of social welfare services.
- ☛ The NLM will work in partnership with local business to improve job creation and investment. It is not the role of the NLM to create jobs but it will take active steps to improve the conditions in the area for the creation of employment opportunities. This includes preferential procurement of services.

The NLM as a developmental local government will provide leadership to all those who have a role to play in achieving local prosperity. The IDP is a critical tool in this regard.

Municipal Councils such as the NLM play a central role in promoting local democracy. In addition to representing community interests within the Council, councillors will ensure that citizens and community groups are involved in the design and delivery of municipal programmes. Ward committees and community consultation are important ways of achieving greater involvement.

The municipality will also provide support to individual and community initiatives, and direct them to benefit the area as a whole. The involvement of youth organisations in this regard is particularly important.

1.9.2 PERFORMANCE MANAGEMENT SYSTEM

The municipality has developed an organisational Performance Management System to monitor the implementation of the IDP, and provide for corrective measures where there is insufficient progress. The PMS is based on a policy framework and covers the whole organisation. The following are some of the key aspects of this systems:

- ☛ Performance contracts which include performance plans for all section 57 employees.
- ☛ Service Delivery and Budget Implementation Plan.
- ☛ Annual report.
- ☛ Quarterly performance reviews.

Performance is measured against set targets.

**SECTION 2:
PLANNING AND DEVELOPMENT
PRINCIPLES**

2 POLICY REVIEW

Planning and development in the NLM occurs within the national and provincial policy framework, and provides for the implementation of the priorities as outlined in these documents.

2.1 NATIONAL POLICY FRAMEWORK

2.1.1 NATIONAL DEVELOPMENT PLAN

The national development vision is outlined in various national policy documents, and consolidated in the National Development Plan (NDP). The National Development Plan is presented in 15 chapters, addresses the major thematic areas facing the country in detail, and outlines a national development strategy. It focuses on the critical *capabilities* needed to transform the economy and society. Achieving these capabilities is not automatic, nor will they emerge if the country continues on its present trajectory. Rising levels of frustration and impatience suggest that time is of the essence: failure to act will threaten democratic gains. In particular, South Africa must find ways to urgently reduce alarming levels of youth unemployment and to provide young people with broader opportunities. As such, the NDP sets out clear objectives and targets as follows:

- ☛ The unemployment rate should fall from 24.9% in June 2012 to 14% by 2020 and to 6% by 2030. This requires an additional 11 million jobs. Total employment should rise from 13 million to 24 million.
- ☛ Broaden the expanded public works programme to cover 2 million fulltime equivalent jobs by 2020.
- ☛ The labour force participation rate should rise from 54% to 65%. Reduce the cost of living for poor households and cost of doing business through microeconomic reforms.
- ☛ The proportion of people with access to the electricity grid should rise to at least 90% by 2030, with non-grid options available for the rest.
- ☛ A comprehensive management strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2012, with reviews every five years.
- ☛ Create regional water and wastewater utilities, and expand mandates of the existing water boards (between 2012 and 2017).

- ☞ An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030.
- ☞ Increased investment in new agricultural technologies, research and the development of adaptation strategies for the protection of rural livelihoods and expansion of commercial agriculture.

The National Development Plan requires local government to play a meaningful and active role in ensuring the implementation of the vision 2030. The plan compels the local government to be service delivery oriented in ensuring that the following is achieved:

- ☞ A comprehensive management strategy including an investment programme for water resource development, bulk water supply and wastewater management for major centres by 2012, with reviews every five years.
- ☞ Create regional water and wastewater utilities, and expand mandates of the existing water boards (between 2012 and 2017).
- ☞ An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030.
- ☞ Increased investment in new agricultural technologies, research and the development of adaptation strategies for the protection of rural livelihoods and expansion of commercial agriculture.
- ☞ Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, support to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments
- ☞ A strong and efficient spatial planning system, well integrated across the spheres of government.
- ☞ Upgrade of all informal settlements on suitable, well located land by 2030.
- ☞ More people living closer to their places of work and Better quality public transport.
- ☞ More jobs in or close to dense, urban townships
- ☞ Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements.
- ☞ In 2030 people living in South Africa feel safe and have no fear of crime. They feel safe at home, at school and at work, and they enjoy an active community life free of fear. Women can walk freely in the street and the children can play safely outside.

The aim of the Plan was to respond quickly to South African's aspirations and ensure that inclusive economic growth was the main agenda for development.

2.1.2 NATIONAL OUTCOMES

The IDP adopts an outcome based approach in line with the national government priorities and the associated 12 outcomes (refer to Box 2 below). Early in the National Cabinet adopted were twelve outcome areas that collectively address the main strategic priorities of government. The strategic objective of the outcome based approach is to improve service delivery across all spheres of government and to introduce a systematic planning, monitoring and evaluation process.

High level Negotiated Service Delivery Agreements (NSDA) based on these outcomes have been concluded between

the President and national ministers. The Government outcome nine commits the Minister of Cooperative Governance and Traditional Affairs to develop a local government system which is efficient, effective, responsive and accountable. In line with Outcome 9 (refer to Box 3), Newcastle Municipality IDP responds directly to issues facing the area and its communities, in order to render local government services efficiently and effectively.

However, the municipality will also contribute directly and indirectly to the attainment of other outcomes, particularly those dealing with economic development, infrastructure development, rural development and environmental management. Therefore alignment with the relevant sector frameworks and programmes across the spheres of government is critical.

Box 2: 12 National Outcomes

1. an improved quality of basic education
2. a long and healthy life for all South Africans
3. all South Africans should be safe and feel safe
4. decent employment through inclusive growth
5. a skilled and capable workforce to support an inclusive growth path
6. an efficient, competitive and responsive economic infrastructure network
7. vibrant, equitable, sustainable rural communities with food security for all
8. sustainable human settlements and an improved quality of household life
9. a responsive, accountable, effective and efficient local government system
10. environmental assets and natural resources that are well protected and enhanced
11. a better Africa and a better world as a result of South Africa's contributions to global relations
12. an efficient and development-oriented public service and an empowered, fair and inclusive citizenship.

2.1.3 LOCAL GOVERNMENT OUTCOME 9

The national government has adopted an Outcome Based Approach to development as an effort to focus government initiatives and manage public expectations. Based on the Medium Term Expenditure Framework (MTEF), 12 outcomes have been identified (refer to Box 2). 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 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.

2.1.4 STRATEGIC INFRASTRUCTURE PROGRAMME (SIPS)

Government recently adopted an Infrastructure Plan that is intended to transform the economic landscape of South Africa, create a significant numbers of new jobs, strengthen the delivery of basic services to the people of South Africa and support the integration of African economies. The Presidential Infrastructure Coordinating Commission (PICC) with its supporting management structures has been established to integrate and coordinate the construction of long term infrastructure.

The plan is based on an objective assessment of the infrastructure gaps through spatial mapping which analyses future population growth, projected economic growth and areas of the country which are not served with water, electricity, roads, sanitation and communication. Based on this work, seventeen Strategic Infrastructure Projects (SIPs) have been developed and approved to support economic development and address service delivery in the poorest provinces. Each SIP comprise of a large number of specific infrastructure components and programmes.

Among the 17 projects are the initiatives to improve the movement of goods through the Durban-Free State-Gauteng logistics and industrial corridor by prioritising a range of rail and port improvements, supported significantly by a R300-billion investment programme by Transnet over the coming seven years. One of the rail links targeted for upgrading runs through Newcastle and is the main Durban Johannesburg link. Subsequent to this, is the upgrade and

expansion of the N11 road linking the City of Ethekekini in Durban, via Newcastle to Johannesburg and Mpumalanga Province. These infrastructure programs are meant to boost the economy of the country in order to achieve the vision 2030. In conclusion, Newcastle has also been identified as one of the Industrial hubs with particular emphasis on the manufacturing sector which is textile and chemicals.

2.1.5 THE STATE OF THE NATION ADDRESS (SONA) - 2014

In addition to the National Development Plan, the President outlined further national government priorities for this financial year in the State of the Nation Address. The President reported on the progress made since the dawn of democracy in the 2014/2015 State of the Nation Address. A programme for the next few years was not presented. In fact, it was left to be covered in the address by the President of the next coming administration after the May 2014 national and provincial government elections. Nevertheless, the following remains some of the priorities of the national government:

- ☛ Investment in major infrastructure projects as a means to unlock economic development potential and create new opportunities for employment. This includes rail infrastructure, national roads and water infrastructure. The State has to shift the transportation of coal from road to rail in Mpumalanga, in order to protect and ease the pressure on the provincial roads. Thus the construction of the Majuba Rail coal line will begin soon. Government has also committed to improve the movement of goods and economic integration through a Durban-Free State-Gauteng logistics and industrial corridor.
- ☛ The government has established an 800 million rand national green fund last year. To date, over 400 million rand investments in green economy projects has already been approved for municipalities, other organs of state, community organisations and the private sector across all provinces.
- ☛ Government has several programmes of supporting small business. A key project for the Presidency currently is to get government departments to pay SMMEs within 30 days. In the 2010 State of the Nation Address, the President announced the Job fund, and three billion rand has been approved for projects that will create jobs. Departments are required to submit monthly reports so that progress can be monitored in this regard.
- ☛ Just over a third of the population is under the age of 15. Our country, like many others, has a crisis of youth unemployment. Last May (2013) the President asked constituencies at NEDLAC to discuss youth employment incentives. The President is pleased that discussions have been concluded and that agreement has been reached on key principles. The State

will also use the Expanded Public Works Programme and the Community Work Programme to absorb young people.

- ☛ The government should also remain mindful of rapid urbanisation that is taking place. The Census Statistics reveal that 63% of the population are living in urban areas. This is likely to increase to over 70% by 2030.

Apartheid spatial patterns still persist in our towns and cities. Municipalities alone cannot deal with the challenges. Therefore, there is a need for a national approach. While rural development remains a priority of government, it is crucial that we also develop a national integrated urban development framework to assist municipalities to effectively manage rapid urbanisation. As part of implementing the National Development Plan, all three spheres of government need to manage the new wave of urbanisation in ways that also contribute to rural development.

2.2 PROVINCIAL POLICY FRAMEWORK

2.2.1 PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

The KwaZulu-Natal Province development vision is outlined in the recently introduced Provincial Growth and Development Strategy (PGDS). The PGDS is a primary strategy for KwaZulu-Natal that drives growth and development in the Province to 2030. It provides the province with a rational strategic framework for accelerated and shared economic growth through catalytic and developmental interventions, within a coherent equitable spatial development architecture, putting people first, particularly the poor and vulnerable, and building sustainable communities, livelihoods and living environments (PGDS, 2011). Concomitant attention is also given to the provision of infrastructure and services, restoring the natural resources, public sector leadership, delivery and accountability, ensuring that these changes are responded to with resilience, innovation and adaptability. The NLM IDP is formulated within the framework of the PGDS and is fully aligned with the provincial development goals.

The PGDS identifies 7 strategic goals and 30 strategic objectives designed to move the KwaZulu-Natal Province progressively towards the attainment of the 2030 development vision. These goals and objectives are as relevant to the Newcastle Municipality as they are for the KwaZulu-Natal Province. This is despite some not being direct functions of local government. Goal 3 to goal 7 all forms an integral part of local government agenda and focus areas for the Newcastle Municipality.

Figure 1: PGDS Strategic Framework



2.2.2 THE STATE OF THE PROVINCIAL ADDRESS (SOPA) - 2014

The Speech by the KZN Premier, Mr. Senzo Mchunu, was embedded upon the State of the Nation Address, when President Jacob Zuma elaborated on the triple challenge of poverty, unemployment and inequality. He called on all of us to work together to respond decisively to bring about a better life for all our people. The Government has always recognized the critical contribution that has to be made by KwaZulu-Natal for the whole of our country to move forward and, critically, meet the Millennium Development Goals as we progress to realize our vision for South Africa by the year 2030.

“South Africa has the potential and capacity to eliminate poverty and reduce inequality over the next two decades. This requires a new approach - one that moves from a passive citizenry receiving services from the State to one that systematically includes the socially and economically excluded, where people are active champions of their own development, and where government works effectively to develop people’s capabilities to lead the lives they desire. The main focus of the State of the Province Address was to reflect on the 20 years of democracy that have been achieved in KwaZulu-Natal. The speech highlighted the approach to be followed and it entailed the following:

- ☞ Education and skills development;
- ☞ Sustainable human settlements;
- ☞ Health and the combating of the HIV/Aids pandemic;
- ☞ Social development, social cohesion, and nation building;
- ☞ Arts and culture, sports and recreation;
- ☞ Economic growth and job creation;
- ☞ Agricultural development and food security (rural development, land reform and food security);
- ☞ Infrastructure development (regional airports, roads, water, electricity);
- ☞ Promoting spatial equity; and
- ☞ Fighting against crime and corruption.

The Province's contribution to the National Plan is expressed in its Vision, namely to ensure that: "By 2030 the Province of KwaZulu-Natal will be a prosperous Province, with healthy, skilled and secure people, acting as a gateway to Africa and the world".

2.2.3 OPERATION SUKUMA SAKHE

Operation Sukuma Sakhe (OSS) is a strategy to integrate departmental programmes and deliver jointly on outcomes since success depends on several departments cooperating. It has ensured that services are brought together at the level of communities in the wards and empowers communities to discuss with various government officials who do not necessarily work at ward levels in a venue designated as WAR ROOM. This strategy has been implemented to coordinate the efforts of various sectors and mobilize society for a common purpose.

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 the Operation Sukuma Sakhe Program thereby establishing partnerships with the local community and getting involved in War Rooms.

Operation Sukuma Sakhe has the 'whole of Government's 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 31 ward committees together with ward councillors do participate in this program through the 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 the 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 they 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 the Premier and Co-Operative Governance and Traditional Affairs through Community Development Workers (CDWs).

**SECTION 3:
CURRENT SITUATION
ANALYSIS**

3 STATUS QUO ANALYSIS

Future development within NLM should respond directly to the development trends, patterns, needs and aspirations of those who live and/or work within the area. It must be relevant to the local context while also contributing to the attainment of the provincial and national development imperatives. This section provides a detailed analysis of the current development situation within the NLM. It is structured substantially in accordance with the Key Performance Areas (KPA), but also considers issues that are pertinent to Newcastle Municipality. The national KPA's are as follows:

- ☛ Social and economic development.
- ☛ Infrastructure development (service delivery).
- ☛ Institutional development and corporate governance
- ☛ Financial management
- ☛ Democracy and good governance.
- ☛ Spatial planning and Environment

3.1 DEMOGRAPHIC PROFILE

3.1.1 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

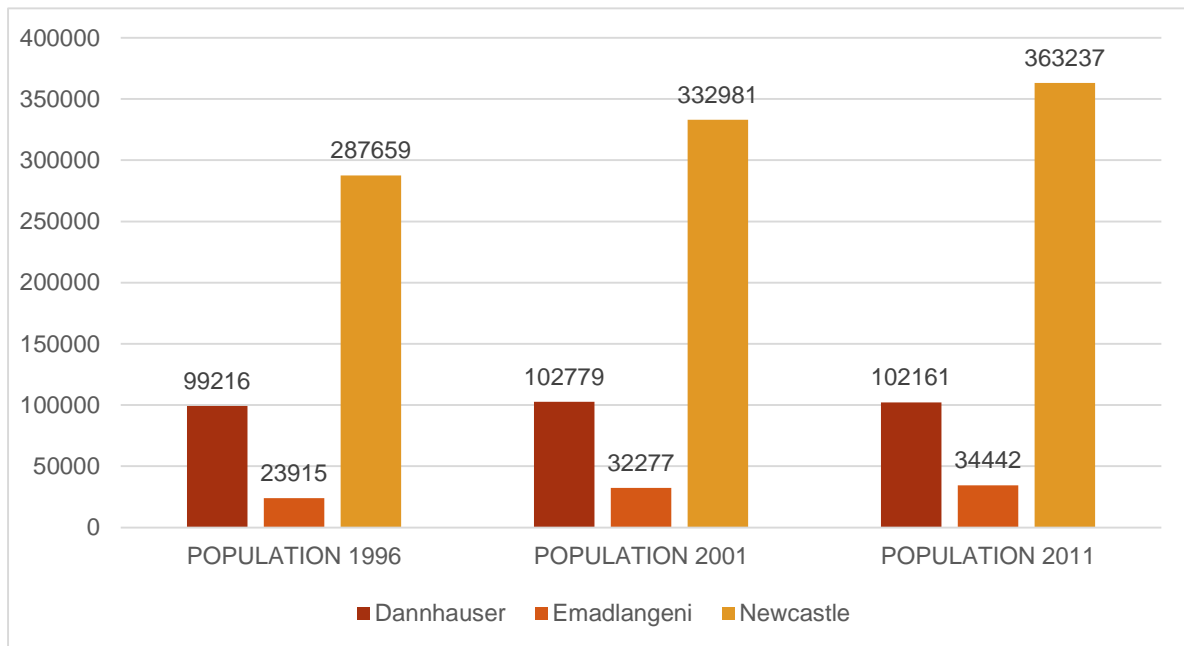
District	Population Size	% Share of KZN Population	% Share of Amajuba Population	Area in Square km	Population Density (ppl/km ²)
KwaZulu-Natal	10 267 299			93 378	110.8
Amajuba	499 839	4.9		6 921	72.9
Newcastle	363 237	3.5	72.7	1 689	197.7
Emadlangeni	34 440	0.3	6.9	3 714	18.3
Dannhauser	102 162	1.0	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.

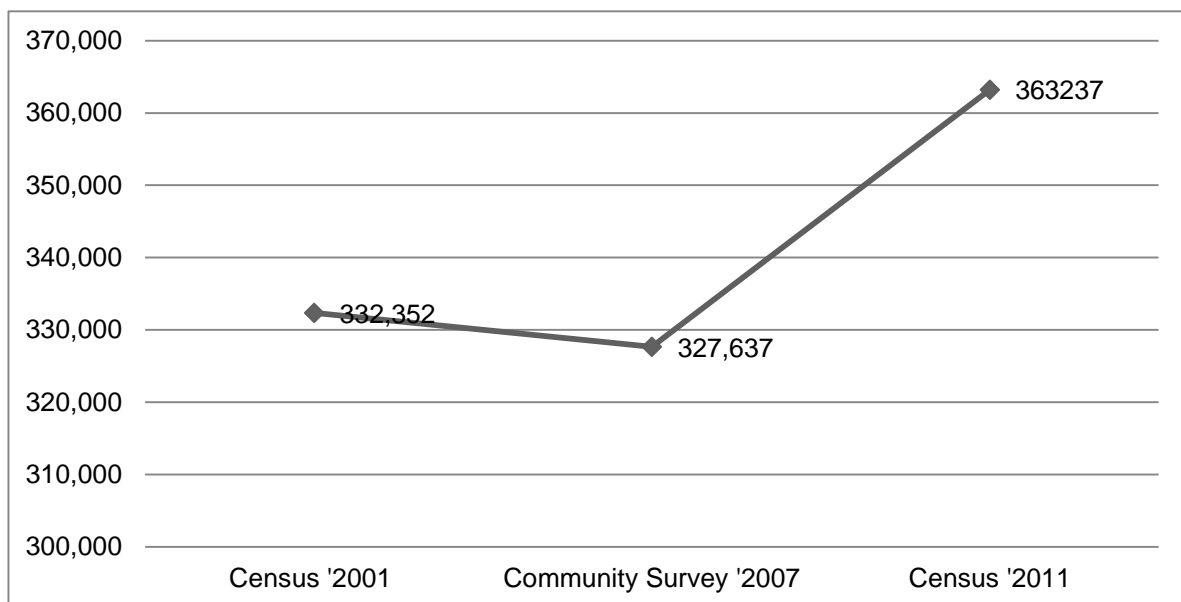
Newcastle accounts for 73% of the district population. 20% of the district population resides in Dannhauser while only 7% is found in Emadlangeni Municipality.

Figure 2: Population Growth in Amajuba District



Source: Stats SA, 2011 Census Data

Figure 3: Population Growth Rate in Newcastle



Source: Stats SA, 2011 Census Data

As indicated 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.

3.1.2 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 4: 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

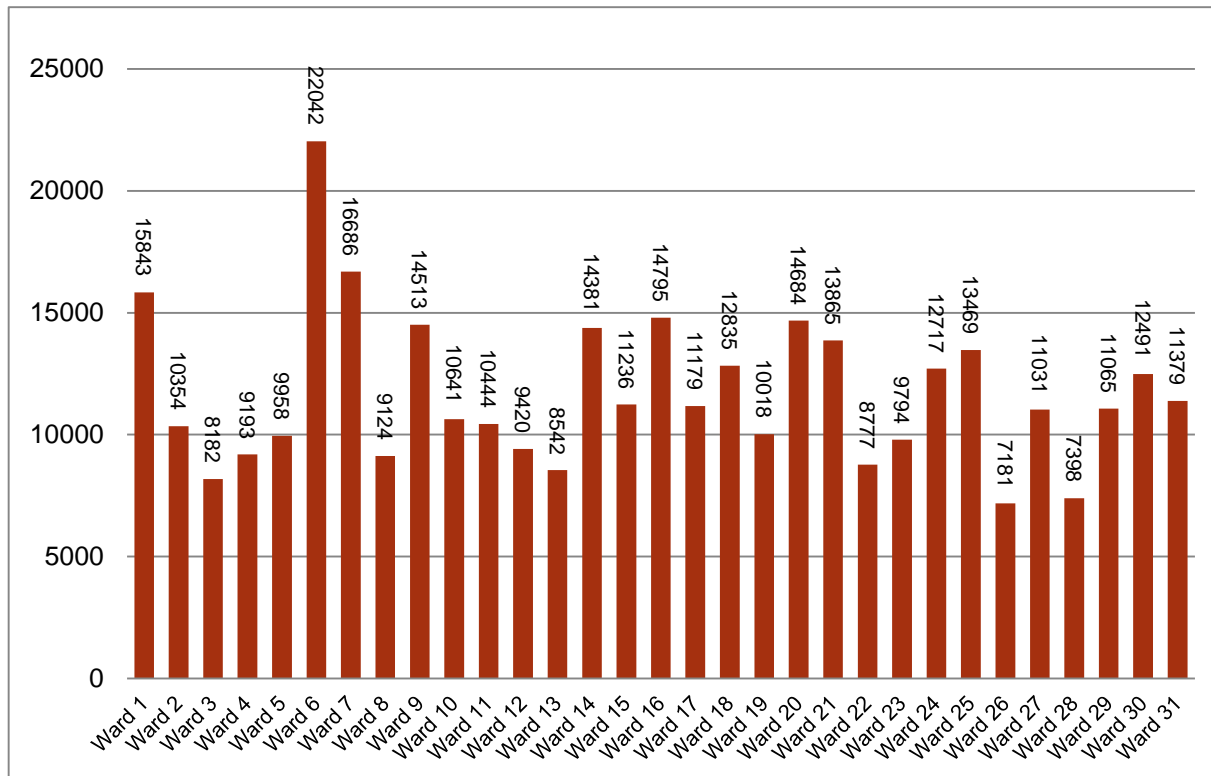
The number of households headed by women has increased from 45.1% in 2001 to 47.5% in 2011 in line with the district average of 47.6%. This read together with the relative decline in population growth rate suggests an increasing level of circular migration coupled with an increasing breakdown in extended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

3.1.3 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 settlements.

Figure 5: Population Distribution by Ward

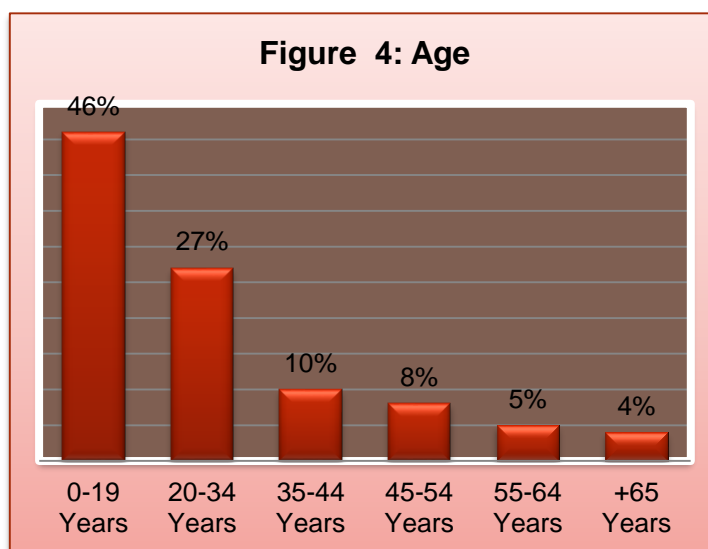


Source: Stats SA, 2011 Census Data

3.1.4 AGE STRUCTURE

Figure 6: Population Distribution by Age

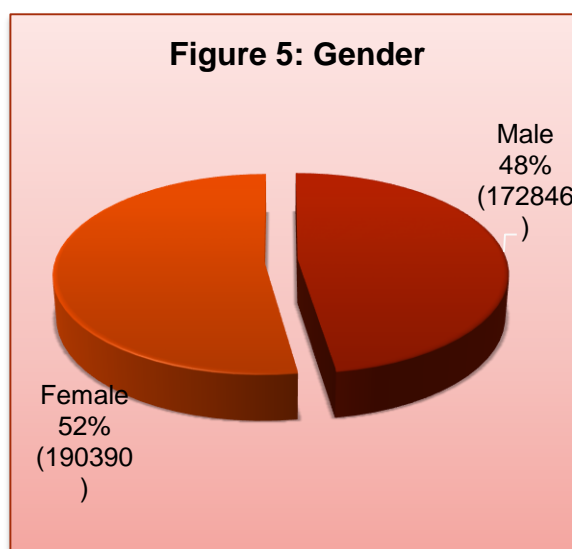
Newcastle population is relatively young with 46% of the population being younger than 19 years of age, while the age group between 20 and 34 years accounts for 27% of the population. This puts pressure on the provision of educational facilities, social welfare, health services and the stimulation of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



3.1.5 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.

Figure 7: Population Distribution by Gender



3.1.6 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.

3.2 SOCIO-ECONOMIC PROFILE

3.2.1 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

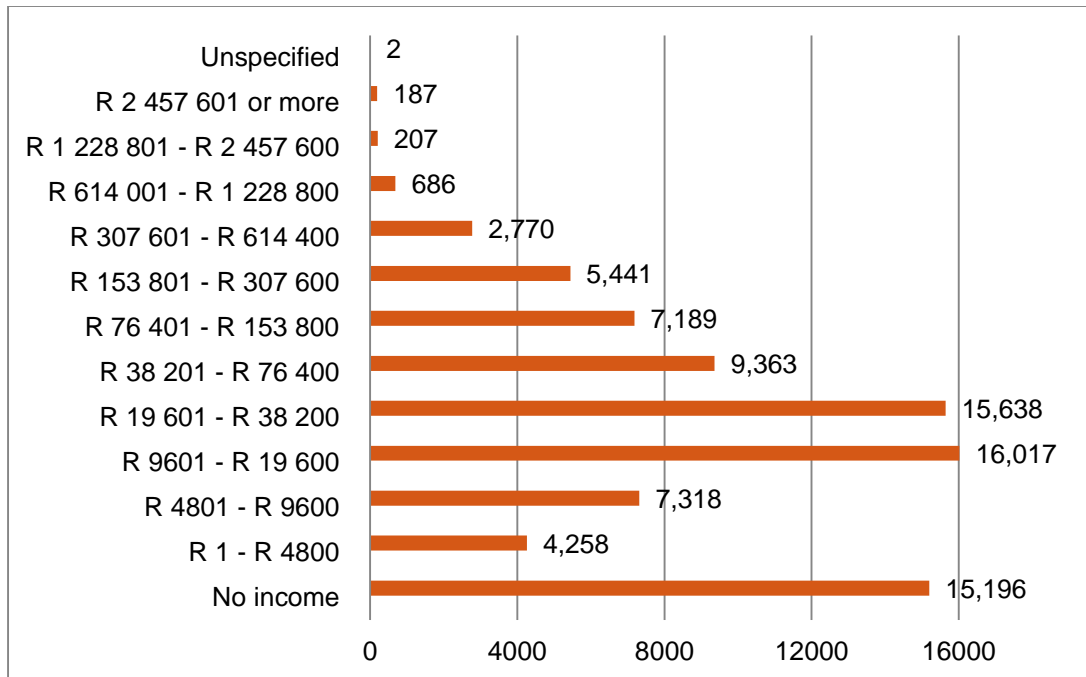
MUNICIPALITIES	NO SCHOOLING		HIGHER EDUCATION		MATRIC		PRIMARY EDUCATIONAL ENROLMENT AGED 6-13	
	2001	2011	2001	2011	2001	2011	2001	2011
Amajuba	16.1	7.8	7.0	3.7	23.1	30.5	91.0	94.6
Newcastle	13.3	7.0	8.2	4.4	25.8	32.8	90.9	94.7
Emadlangeni	25.2	14.0	4.4	2.6	11.6	18.8	87.3	93.0
Dannhauser	22.8	8.9	3.4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

3.2.2 INCOME PROFILE

Figure 8: Annual Household Income



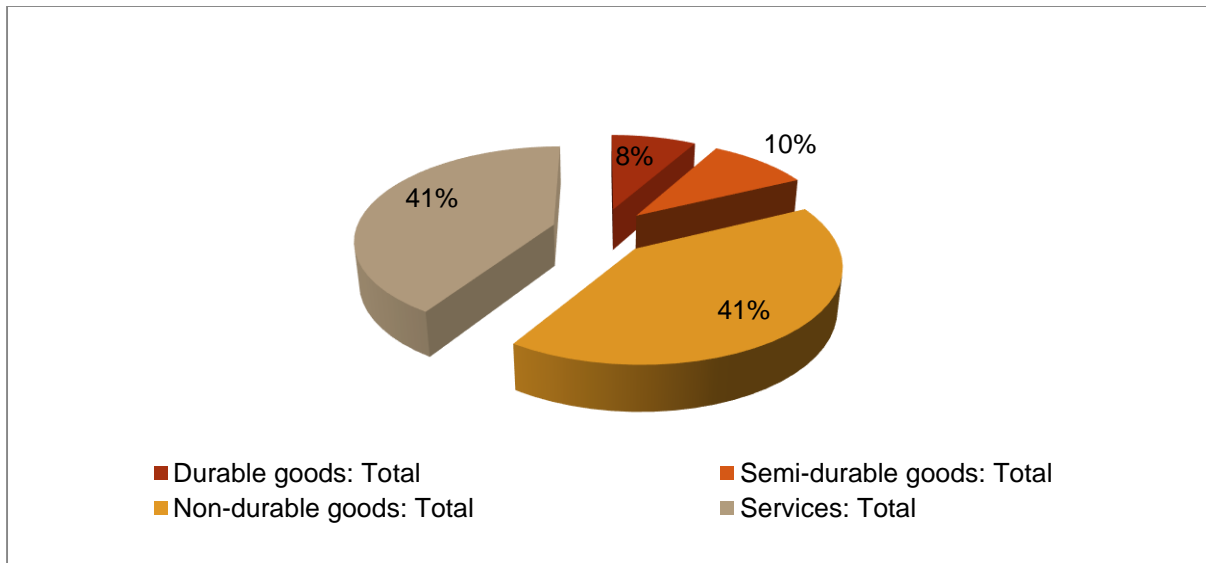
Source: Stats SA, 2011

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.

3.2.3 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.

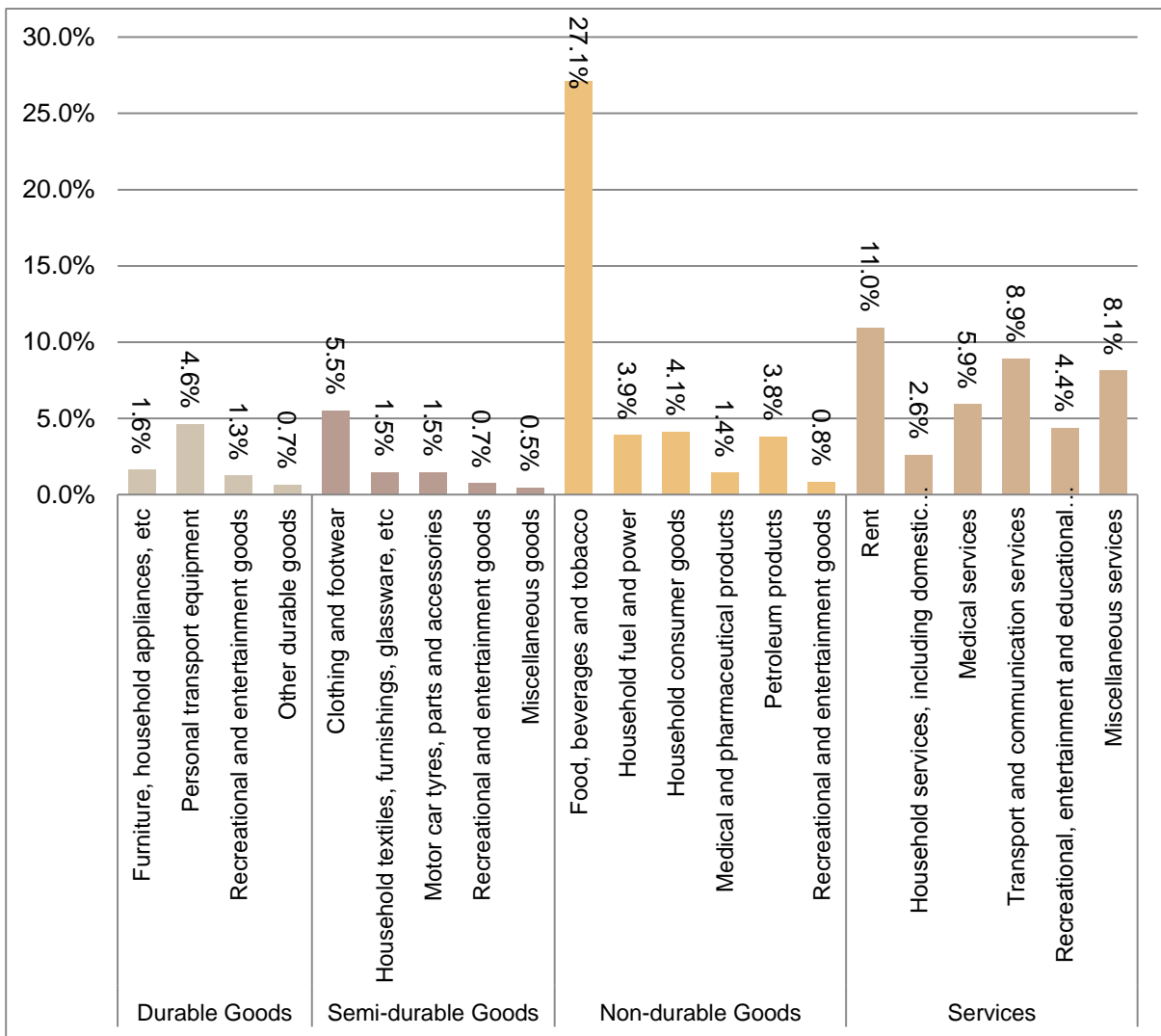
Figure 9: Household Expenditure



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 10: Sub-category Contribution to Total Expenditure (2010)



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

3.2.4 EMPLOYMENT

3.2.4.1 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: Employment Rate

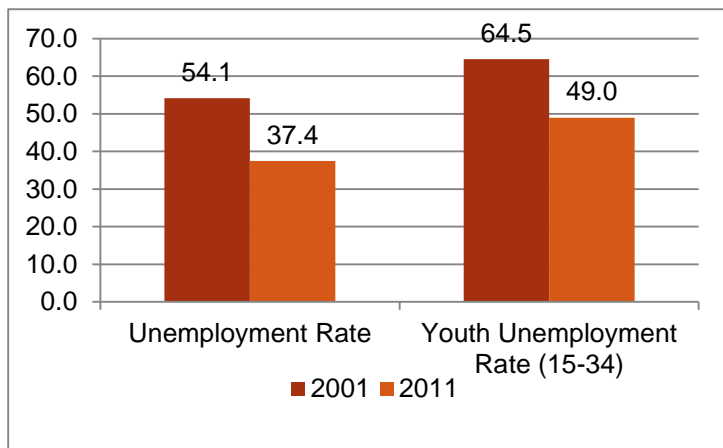
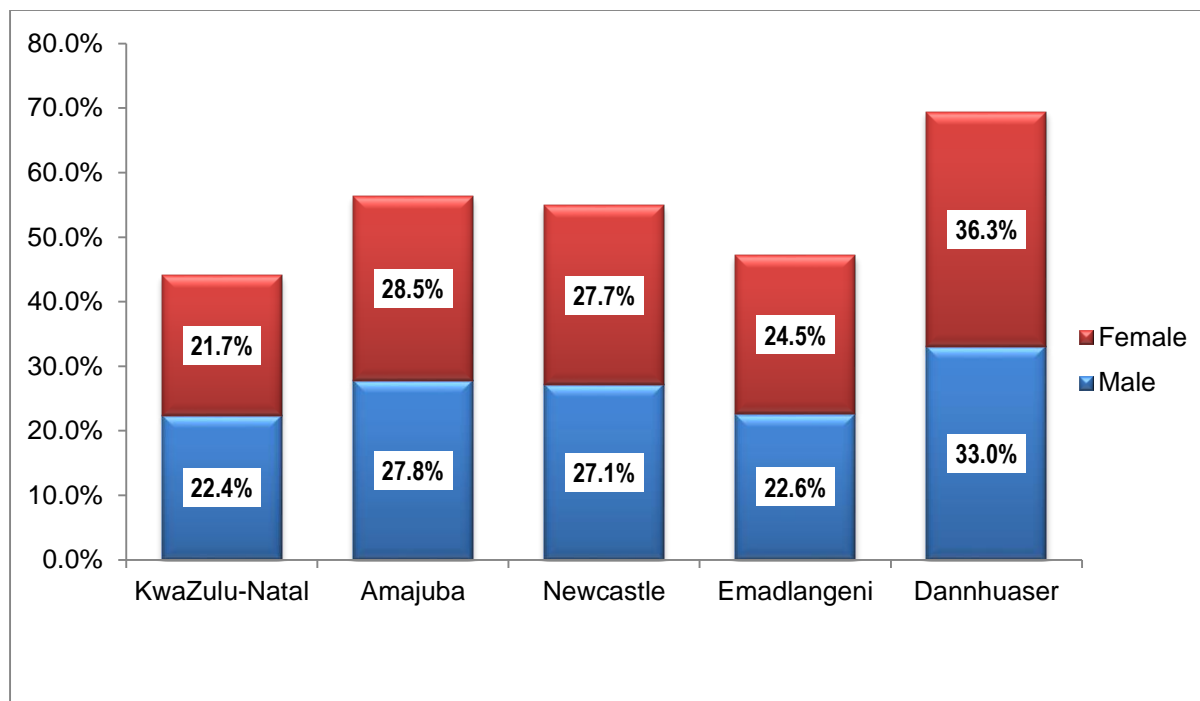


Figure 12: Unemployment Rate



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.

3.2.4.2 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.

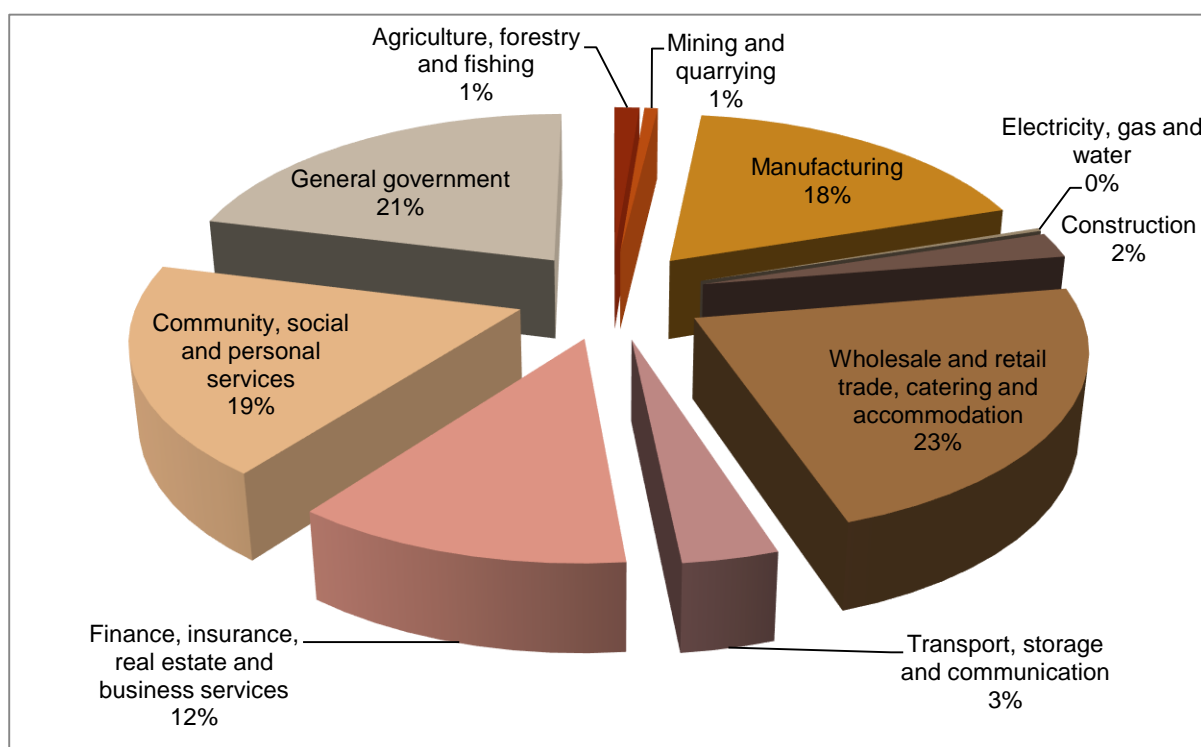
Table 3: Employment Profile

	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
Dannhuaser	5 814	2 023	7 837	0.4	0.4	9.5	5.9

3.2.4.3 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 13: 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.

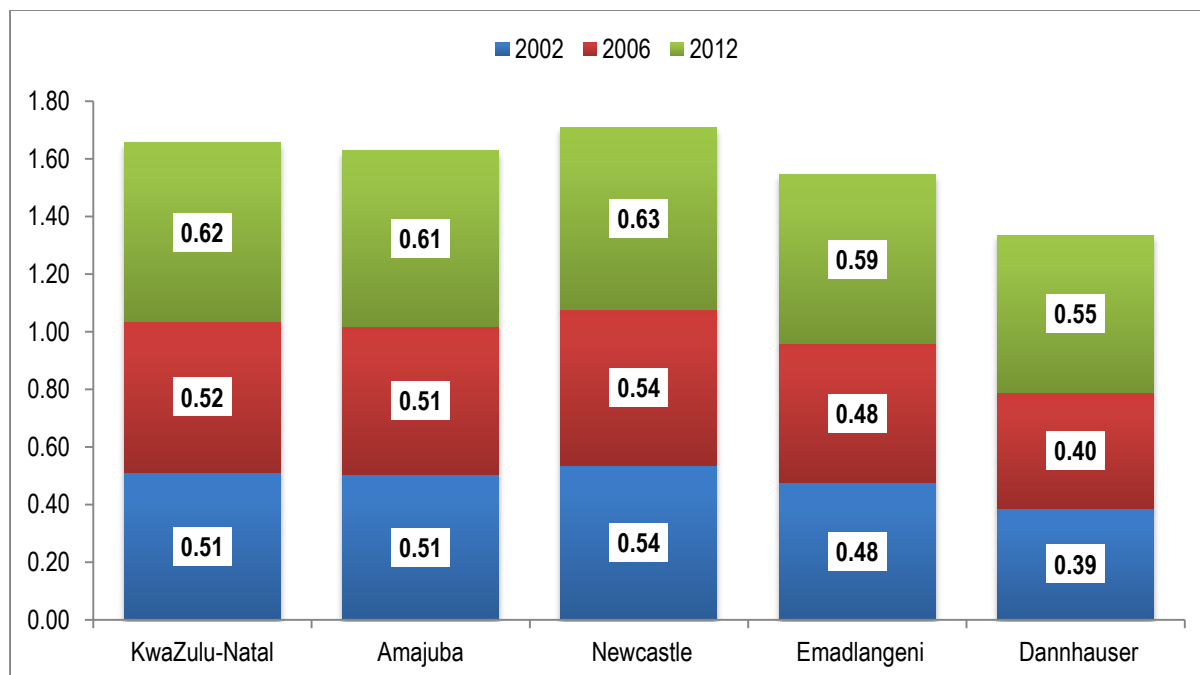
3.2.5 ECONOMICALLY ACTIVE POPULATION

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.

3.2.6 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 14: Human Development Index

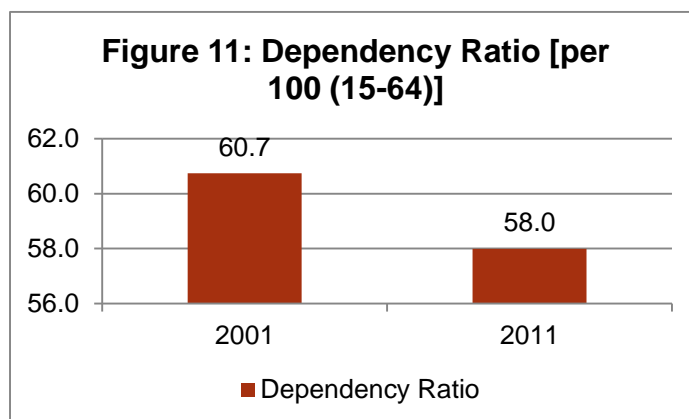


Source: Global Insight

3.2.7 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 15: Dependency Ratio [Per 100 {15 - 64}]



3.2.8 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

3.3 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.

3.3.1 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.

3.3.2 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.

3.3.2.1 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.

3.3.2.2 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

¹ Gross 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

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.

3.3.3 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.

3.3.3.1 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, densify and diversify it as well as to limit the loss of high yield agricultural land.

3.3.3.1.1 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.

3.3.3.1.2 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.

3.3.3.1.3 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.

3.3.3.2 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.

3.3.3.3 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.

3.3.4 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.

3.3.5 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.

3.3.6 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.

3.3.7 LAND REFORM PROGRAMME AND RURAL DEVELOPMENT

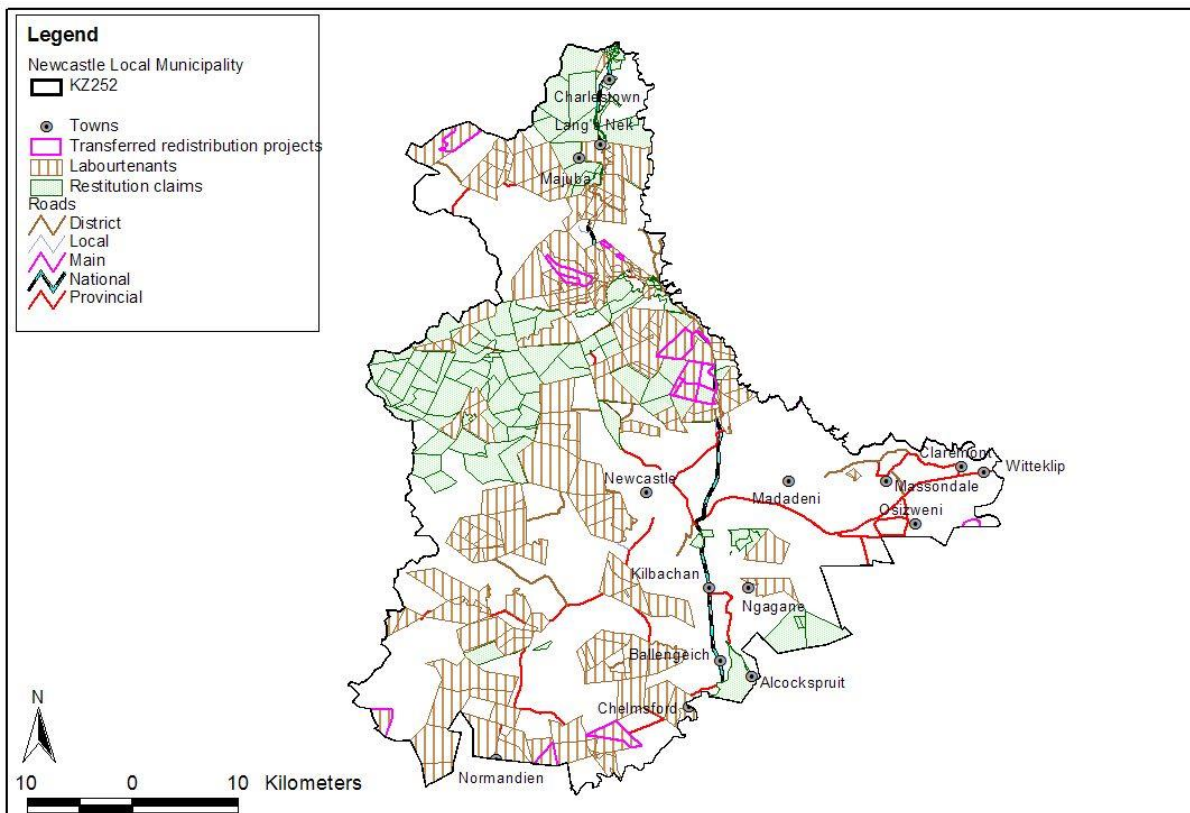
The Newcastle Area has long been grappling with the land issues and has been involved in the implementation of the land reform since its inception. Land issues in the area cover both urban and rural areas, and cuts across the various elements of the land reform programme. Despite this, the area still 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.

3.3.7.1 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 redistribution 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.

3.3.7.2 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

3.3.7.2.1 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.

3.3.7.2.2 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.

3.3.7.2.3 UBUHLEBOMZINYATHI

Communities occupying the area that falls under the jurisdiction of Ubhlebomzinyathi 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.

3.3.7.2.4 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 Ubhlebomzinyathi 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.

3.3.7.3 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.

3.3.7.4 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.

3.3.7.5 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.

3.3.7.6 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	THREATS
<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ 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

3.3.8 NATURAL ENVIRONMENT

3.3.8.1 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.

3.3.8.2 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 Zaaioek 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 %.

3.3.9 WATER QUALITY

3.3.9.1 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 tropic 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.

3.3.9.2 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.

3.3.10 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.

3.3.11 BIODIVERSITY ASSESSMENT

3.3.11.1 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.

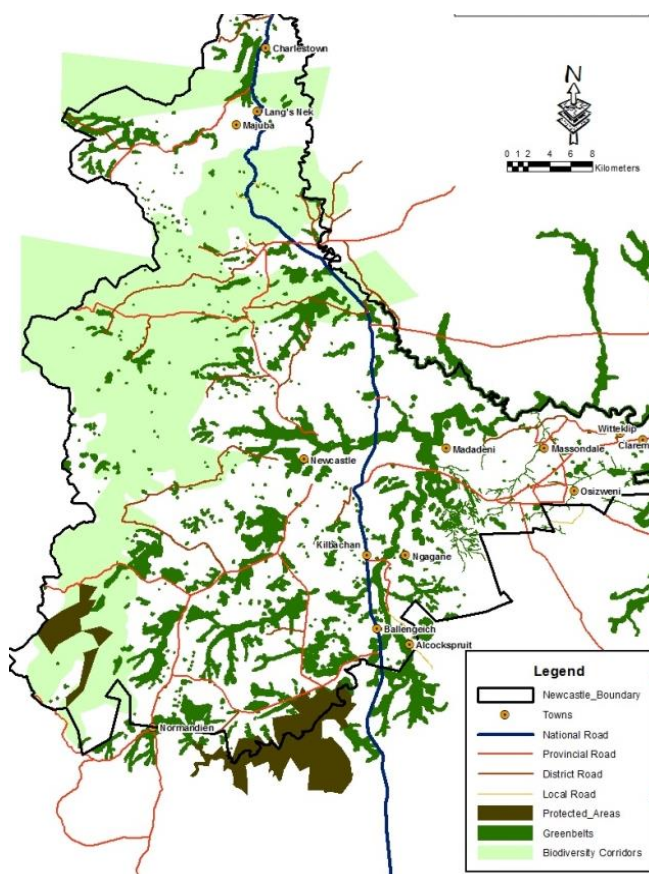
3.3.11.2 BIODIVERSITY CORRIDORS

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

Map 2: Biodiversity Corridors



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.

3.3.11.3 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.

3.3.12 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 	<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.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ● Climate conditions favourable for agricultural 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"> ● 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.

3.4 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

3.4.1 MUNICIPAL TRANSFORMATION

3.4.1.1 EMPLOYMENT EQUITY

During the last financial year the municipality developed a new Employment Equity Plan which was approved by Council on September 2012. The Employment Equity plan was aimed to address the injustices of the past by promoting affirmative action, gender equity for the previously disadvantage people. According to this plan, substantial progress has been made with regard to affirmative action. Table 8 below indicated distribution of staff according to gender and level in the organogram.

Table 5: Staff Breakdown by Gender

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	13	0	0	2	1	0	0	1	0	0	17
Senior management	18	0	2	1	8	0	2	2	0	0	33
Professionally qualified and experienced specialists and mid-management	21	1	3	7	22	1	2	8	0	0	65
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	70	9	20	26	67	3	10	26	0	0	231
Semi-skilled and discretionary decision making	134	0	14	5	61	3	15	13	0	0	245
Unskilled and defined decision making	328	5	12	1	140	1	0	0	0	0	487
TOTAL PERMANENT	584	15	51	42	299	8	29	50	0	0	1078
Temporary employees	63	3	3	4	34	0	9	9	0	0	125
GRAND TOTAL	647	18	54	46	333	8	38	59	0	0	1203

The NLM has a total staff complement of 1203 people. 1078 of these are permanent while only 125 are temporary employees.

The management (section 57 employees) comprises of four males and one female. This indicates a need for the transformation of this layer of management to include females and where possible the disabled as well. Gender composition for Post Level 1 – 3 is as follows:

- ☛ 25 African Males and 9 African females.
- ☛ 2 Indian Males and 2 Indian females.

- ☞ 0 Coloured Male and 0 coloured female.
- ☞ 3 White Males and 3 white females.

3.4.1.2 NEWCASTLE TURN AROUND STRATEGY

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 and 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

3.4.2 ORGANISATIONAL DEVELOPMENT

3.4.2.1 POWERS AND FUNCTIONS

The powers and functions of the Newcastle Municipality are derived from the Constitution of the Republic of South Africa and a range of local government legislation, and could be summarised as follows:

3.4.3 POWERS AND FUNCTIONS

The following Local Government Powers and Functions as authorized to Newcastle Municipality were separated into core and non-core functions. Further allocation of powers and functions is elaborated on under institutional arrangements section.

Table 6: Core/Primary Functions

Core/Primary		Capacity to implement (MDB)	Proposed intervention
Schedule 4 Part B	Building Regulations	Yes	None
	Electricity and Gas Reticulation	Yes	None
	Fire Fighting Services	Yes	None
	Municipal Planning	Yes	None
	Storm water Management systems in Built up areas	Yes	None
	Water and Sanitation Services	Yes	Await recommendations from MEC on intervention
Schedule 5 Part B	Cemeteries	Yes	None
	Cleansing	Yes	None
	Municipal Roads	Yes	None
	Refuse Removal, refuse dumps and solid waste disposal	Yes	None
	Street lighting	Yes	None
	Traffic and parking	Yes	None

Table 7: Non-core Powers and Functions

	Non-core /Secondary Functions		
Schedule 4 Part B	COMMENT FROM MDB(District Wide)	Schedule 5 Part B	COMMENT FROM MDB(District Wide)
Air Pollution	None	Beaches and Amusement Facilities	Not or being poorly performed
Child Care facilities	Not or being poorly performed	Billboards and the display of advertisements in public places	None
Municipal Airports	Not or being poorly performed	Control of undertakings that sell liquor to the public	Not or being poorly performed
Municipal Health Services	None	Facilities for the accommodation, care and burial of animals	Not or being poorly performed
Municipal Public Transport	Not or being poorly performed None	Fencing and fences	None
Municipal Public Works	None	Licensing of dogs	Not or being poorly performed
Pontoons, ferries, jetties etc	Not or being poorly performed	Licensing and control of undertakings that sell food to the public	Not or being poorly performed
Trading Regulations	Not or being poorly performed	Markets	Not or being poorly performed

Schedule 4 Part B	Non-core /Secondary Functions		COMMENT FROM MDB(District Wide)
	COMMENT FROM MDB(District Wide)	Schedule 5 Part B	
Local Tourism	Being poorly performed	Municipal Abattoirs	Not or being poorly performed
		Noise Pollution	Not or being poorly performed
		Pounds	Not or being poorly performed
		Public Places	None
		Street Trading	None
		Control of public nuisances	None
		Local Sports facilities	None
		Municipal parks and recreation	None
Funeral parlours and crematoria	None		

Newcastle Municipality has developed sufficient in-house capacity to perform all the core functions. None core functions are performed with the assistance of various government departments and other service delivery agencies e.g. Eskom.

There is a need to initiate the process of clarifying roles and responsibilities of all internal and external stakeholders in respect of Powers and Functions at all levels. This has accordingly been prioritised in the NNTAS.

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

In respect of the water and sanitation service – this service is rendered through a Water services provider (uThukela Water Pty Ltd) with the Municipality serving as the Water Services Authority. Amajuba District function being performed by the municipality is the Environmental Health Function and arrangements regarding the transfer of the function to the District are in progress.

3.4.3.1 ORGANOGRAM

Figure 16: Organizational Structure -Administration

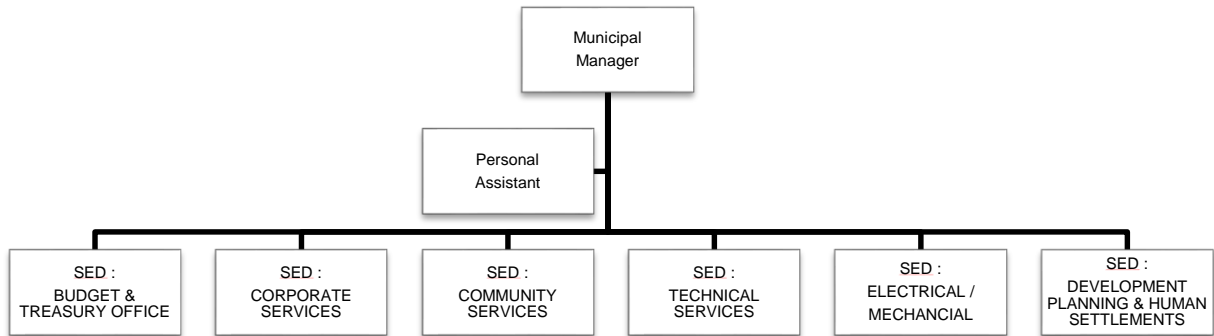
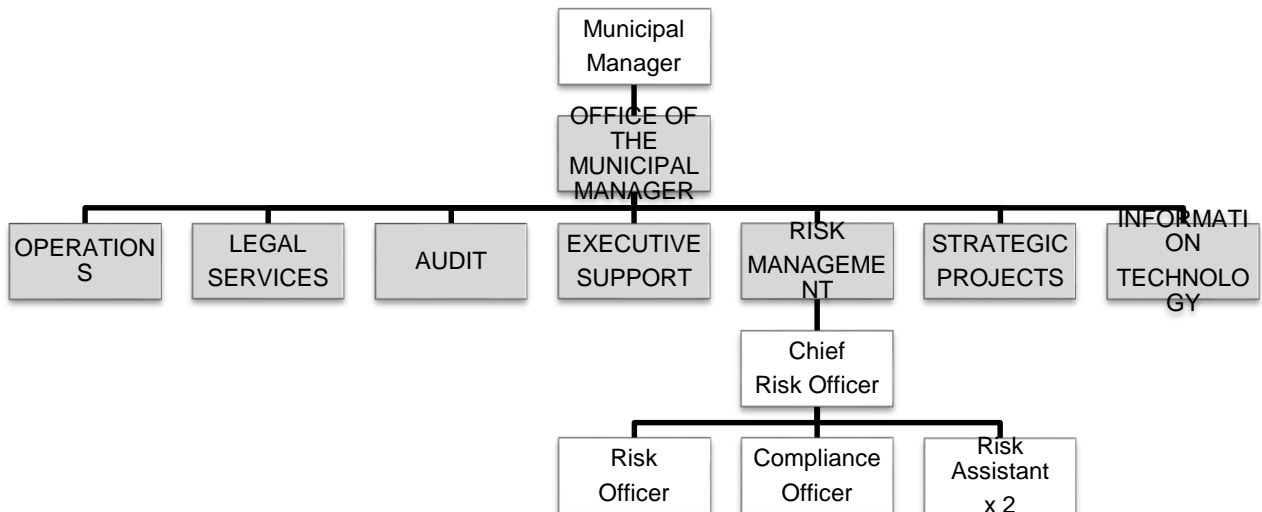
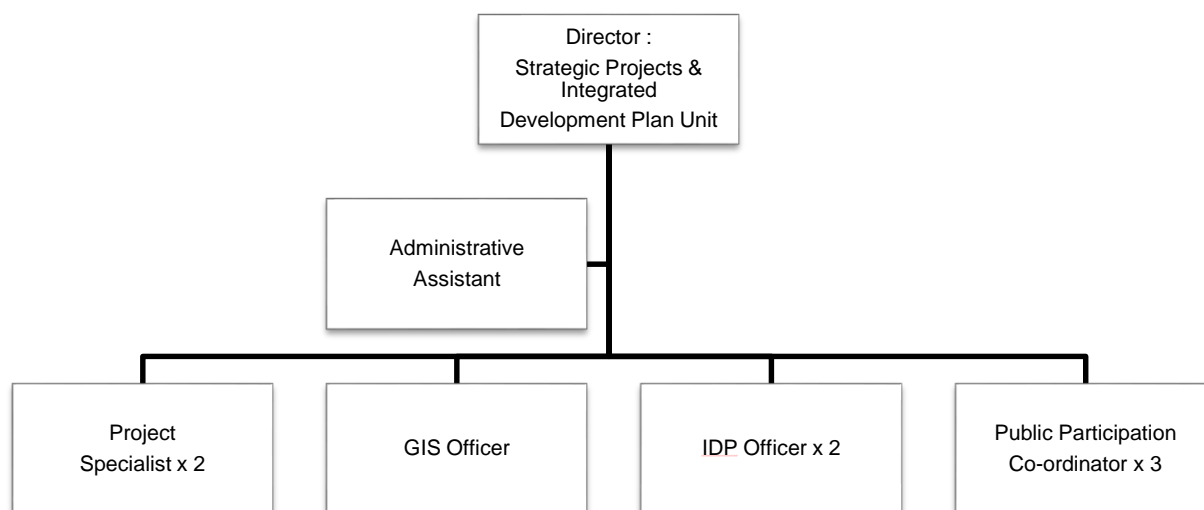


Figure 17: Office of the Municipal Manager





The organogram illustrated above and as approved by Council in September 2012, makes provision for a Municipal Manager, and 5 departments under each Strategic Executive Director (SED). The office of the Municipal Manager includes Internal Audit and Strategic Services such as IDP, Legal, Risk Management and PMS. The administration is structured for effective delivery of services and support to governance structures. The Council has made a provision of over R10 million for filling of vacant posts starting with senior positions. Consequently, the process of filling in all the vacant SED and senior management posts has been finalized and also makes provision for women in senior positions including the Strategic Executive Director position. However, challenges are being experienced on the scarce skills especially at Electrical Services Department whereby there has been huge staff turnover. However, the municipality has recruited a big number of Interns and some are being seconded by DBSA as part of Skills development program.

The organo-gram makes provision for Environmental Planners within the Department of Development Planning and Human Settlements. Funds have been made available to fill all the critical positions including the Environmentalists. This department has a huge role to play in ensuring that the municipality plans with the environment and promote sustainable development within the city. The Environmental Management (Waste Management) Services exist within the Department of Community Services. This department renders services of ensuring that the city remains clean all the times and promote sustainable living environment.

As a result, Newcastle Municipality has continuously placed itself on the map by achieving various accolades, ranging from the best Mayor, most innovative technology (going paperless),

cleanest town in the Province for three consecutive times and second Nationally and most recently the Govan Mbeki Award, Level 2 Accreditation.

3.4.3.2 STAFF BREAK-DOWN

As of 2012, the Municipality had a staff compliment of 1203 people, servicing areas of Newcastle, Madadeni, Osizweni, Blaauwbosch, Ngagane, Kilbarchan, and Charlestown. The total establishment should be 2000. However, the Micro structure is being reviewed as part the organisational restructuring process, and the staff complement could therefore increase to meet the service delivery challenges as highlighted in this IDP.

Table 8: Staff Complement by Function

DEPARTMENT	NO. OF EMPLOYEES	MALES	FEMALES
Municipal Manager and Mayor's office	42	22	20
Corporate Services			
- Administration	36	15	21
- Human Resources	22	9	13
Community Services			
- Culture & Amenities	241	164	77
- Protection / Community Services	452	304	148
Development & Planning			
- Town Planning	30	17	13
- Housing & Land	29	11	18
- Economic Development	11	8	3
Technical Services			
- Civil Services	182	126	56
- Electrical / Mechanical Services	66	54	12
Financial Services	92	35	57

The composition of senior management broadly reflects the demographic composition of Newcastle Municipality. One of the recently appointed SEDs is a female, which brings the female compliment of senior management to ten (10).

3.4.3.3 WORKPLACE SKILLS PLAN

Human Resources Division (HRD) has been successful in rolling out training programmes as per the Workplace Skills Plan. Employees representative of almost all Departments have been sent to different workshops which address the skills gaps identified by their respective departments. The most interesting and fascinating training undertaken by Newcastle Municipality has been the Municipal Finance Management Program which has enrolled all senior managers from level three upwards. This was congruent with National Treasury, MFMA minimum competency

regulation which compels municipal officials to enrol this course in order to be efficient on the implementation of MFMA.

Some other interventions are done through the Determination of Training Need. This training forms the bulk of all training that gets arranged. In all 245 employees including councillors have been trained. This works out to 77.7% of 311 officials that were planned to be trained. Training areas covered a wide range of fields related to municipal administration and delivery of services.

3.4.3.4 HUMAN RESOURCE POLICIES

The following Human Resource policies and Strategies are in place at the Newcastle Municipality:

- ☞ Macro Structure – Restructuring Plan
- ☞ Micro Structure – in progress
- ☞ Human Resources Policy
- ☞ Recruitment Policy
- ☞ Overtime Policy
- ☞ Subsistence and Travelling Policy
- ☞ Cell Phone Policy
- ☞ Sexual Harassment Policy
- ☞ HIV/AIDS Policy
- ☞ Employee Assistance Programme

3.4.3.5 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.

Below are a couple of activities that have taken place since IT was incorporated into the NLM and the future they hold:

- ☞ Network infrastructure: A data network ensures that revenue collection points are always live. Rate payers do not have to be turned away because systems are offline and thereby causing them great inconvenience. This also results in poor cash inflows for the

Municipality. NLM is committed to providing a stable and reliable network infrastructure for effective and efficient service delivery.

- ☛ Electronic Agendas: This is an IT solution that the NLM adopted for the distribution of electronic agendas to EXCO with a view to cascade it to the entire Council, and internally for the Bid and Portfolio Committees. NLM's long term view on this is the return on investment that will be seen from a decrease in printing and delivery costs, and Council's commitment to reducing our carbon footprint which is promoted to our stakeholders. COP17 has not gone unnoticed and the municipality will continue with developing such projects for the good of our environment.
- ☛ Website: NLM has taken a hands-on approach to the maintenance of the website. The municipality is legislated to publish policies and documents that directly affect the community; these are now published and updated frequently. A future total revamp of the NLM website is on the cards with the view to publish stories from the community, events that affect our community, view and pay municipal accounts online, online spatial map of Newcastle, view and pay traffic and parking tickets, view dam and water quality statistics, an efficient tourist information portal, and many other services. Accessibility of the website will be of great importance as the NLM is committed to provide these online services to special users like our senior citizens and younger children.

The NLM has other projects that it intends to run which will bring real social transformation to the communities of Newcastle. These include a Customer Relations Management (CRM) system for members of the public to log in their issues which will be allocated to relevant departments and attendance to these will be tracked by way of email updates on progress to the users and reminders to the relevant department. This will not only make the municipality more effective but it will also increase efficiency because employees responsible for handling these calls will be made accountable.

As a way to bridge the digital divide in Newcastle, the NLM will be introducing participation mechanisms to enhance communication, accountability, responsiveness, transparency and provide for active citizenship. This will be done through the provision of basic ICT Maturity e-government services such as: SMS alerts of council meetings, standing committees etc.; ICT enabled customer satisfaction surveys; Provision of online payment of rates, utilities, traffic fines etc.; SMS alerts for accounts due and service disruption warnings; electronic newsletter for the community. Successful implementation of this phase will see more of such e-governance services being offered to the community. In future, the municipality plans to take advantage of the National Broadband Policy of South Africa which will guide the NLM to ensure that all places in and around Newcastle have internet connectivity. Broadband infrastructure

is central in achieving the goal of digital inclusion, enabling universal, sustainable, ubiquitous and affordable access to ICTs by all, and providing sustainable connectivity and access to remote and marginalized areas within the NLM.

3.4.3.6 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Capacity to perform most of the critical functions. ▪ Effective systems and procedures including various management policies. ▪ Low vacancy rate especially among senior management posts and other critical posts. ▪ Advanced and integrated information management system. ▪ Good relationship between staff, management and councillors. ▪ Committed and dedicated staff. ▪ Organizational culture based on hard work and dedication. 	<ul style="list-style-type: none"> ▪ Dominance of males in senior management. ▪ Representation of women and the disabled in total staff complement. ▪ Weak knowledge management and institutional memory systems.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Government funded staff training programmes. ▪ Continuous staff training and development. ▪ Local government support from COGTA and Treasury. ▪ Municipal turnaround strategy. 	<ul style="list-style-type: none"> ▪ Constant changes in legislation and national policy. ▪ Withdrawal of government programmes for staff training and development. ▪ Changes in the formula for the allocation of government grants including equitable share.

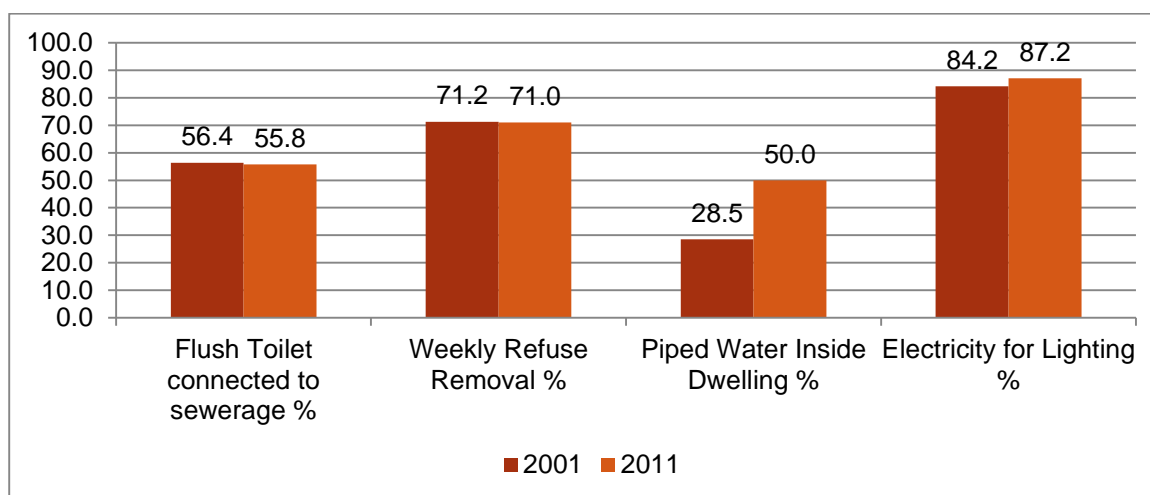
3.5 SERVICE DELIVERY AND INFRASTRUCTURE ASSESSMENT

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.

3.5.1 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 18: Household Services

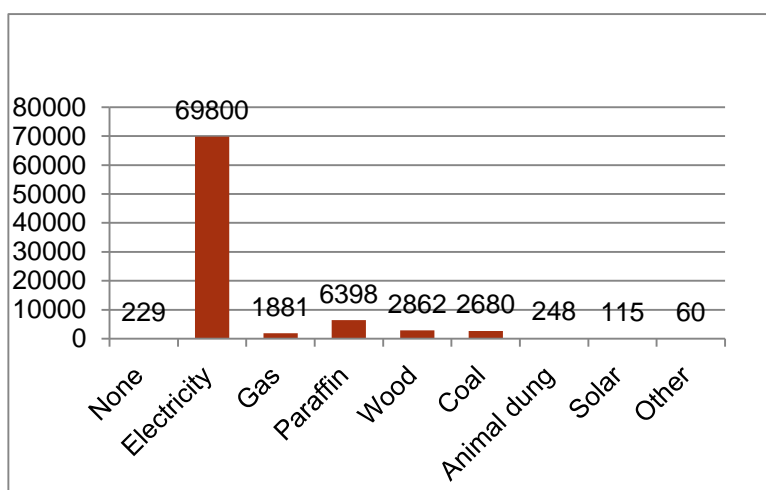


Source: Stats SA, 2011

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.

3.5.1.1.1 SOURCES OF ENERGY

Figure 19: Sources of Energy for Cooking



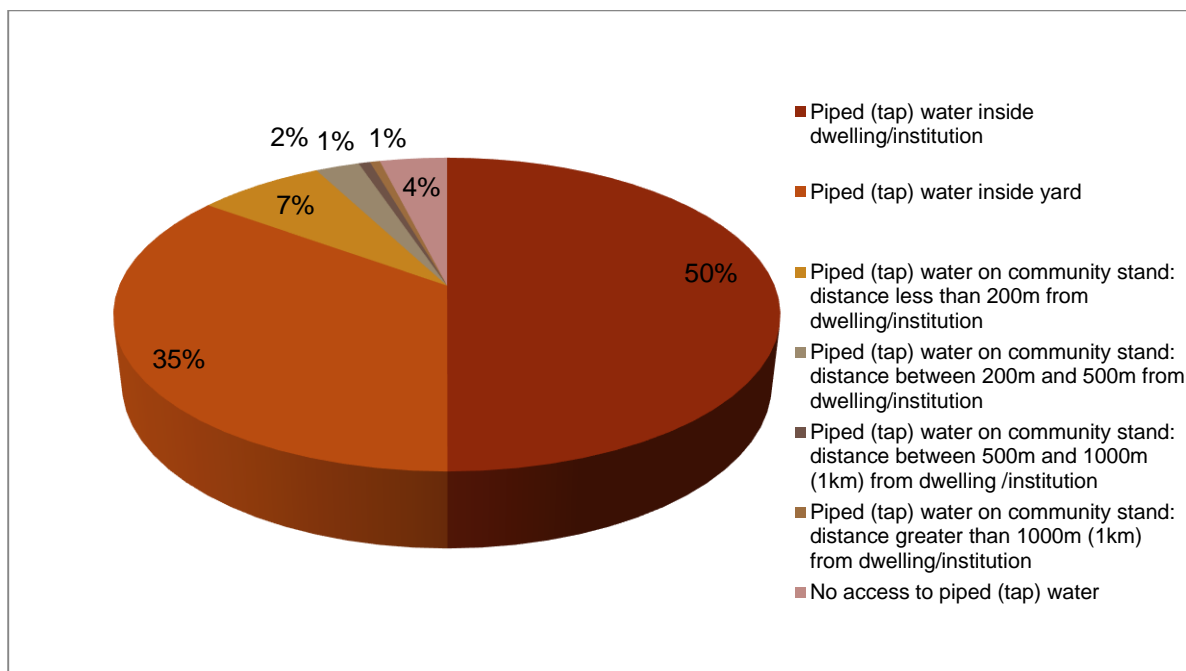
The municipality with the assistance of ESKOM has made substantial progress with the provision of electricity throughout its area of jurisdiction. 69 800 and 73 449 households are using electricity for cooking and lighting respectively. The number of people using sources of energy such as paraffin, wood,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

3.5.1.1.2 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 20: 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:

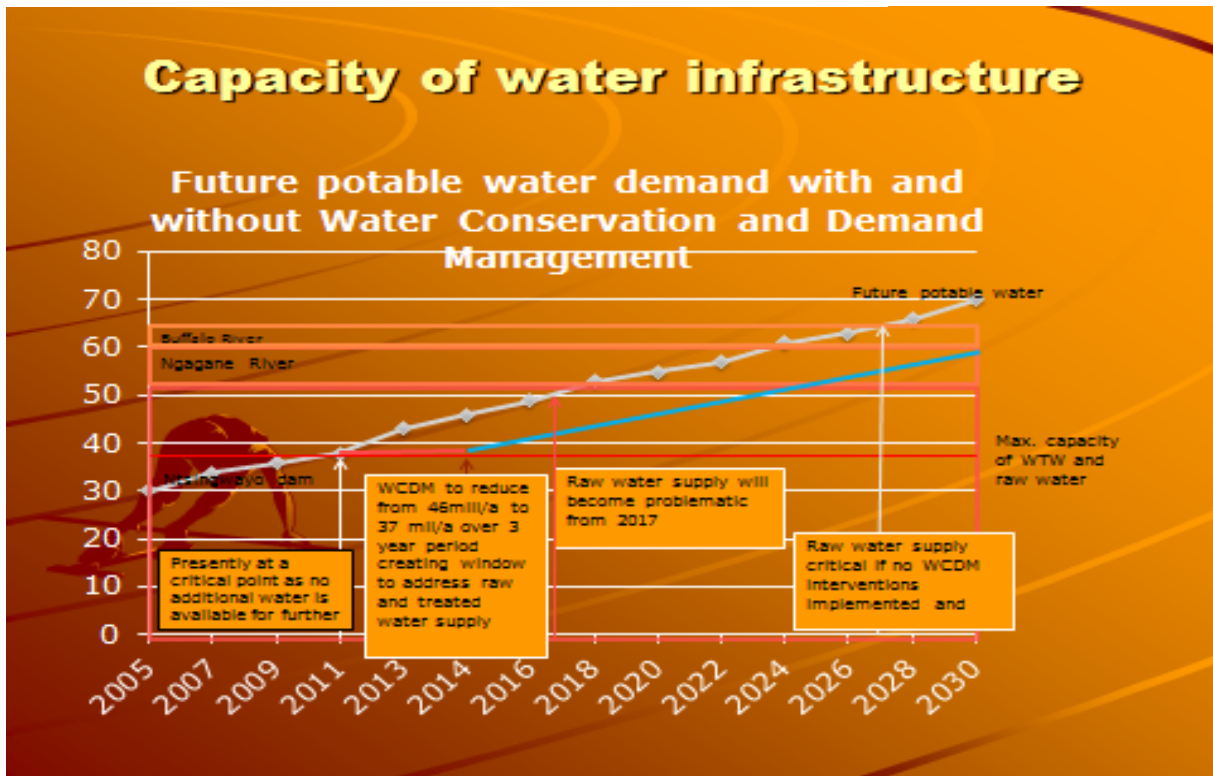
Table 9: Access to Sanitation

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
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
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

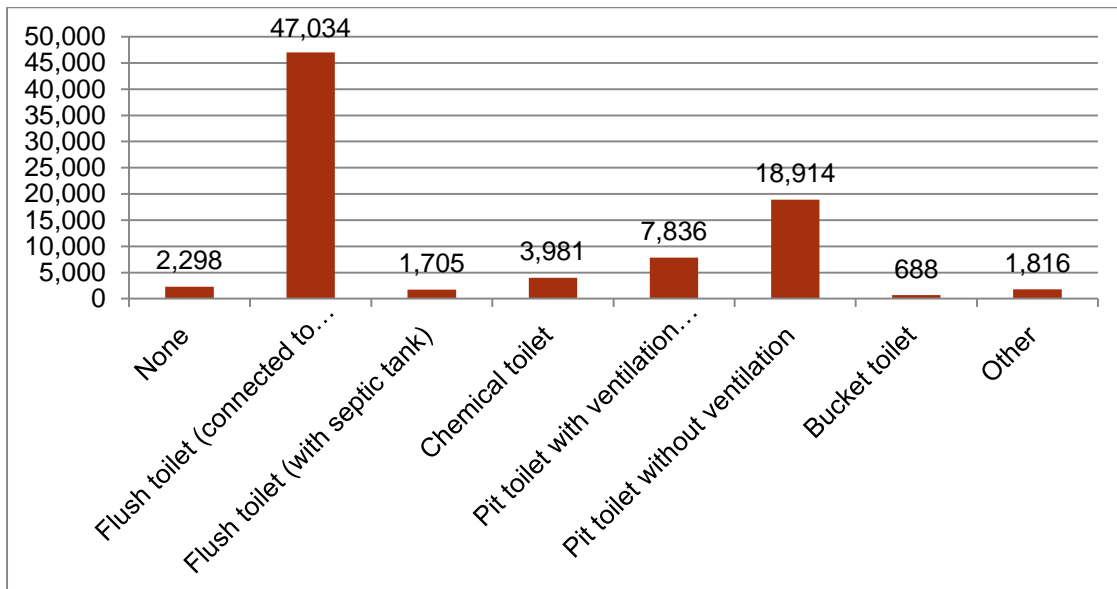
The graph below illustrates the demand for water and indicates the crisis that might face NLM if water issues are not given priority within LM.

Figure 21: Capacity of Water Infrastructure



3.5.1.2 ACCESS TO SANITATION

Figure 22: 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 10: 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
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
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

3.5.2 WATER

3.5.2.1 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.

3.5.2.2 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 an 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 MI/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 (57MI/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 10 below indicates the expected peak demand for the next 25 years with the expected shortfalls.

Table 11: Demand Forecast

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

3.5.2.3 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 Ml/d. The average annual flow rate of the WTW is estimated to be 103.3 Ml/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.

3.5.2.4 WATER SUPPLY AND RETICULATION

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

cement pipe and 600 mm diameter GRP pipe supply the 78 Ml Braakfontein reservoirs. The 29 Ml 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 Ml 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 6Ml reservoir at Blaauwbosch and the other serves the 2Ml 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 75Ml/day. The consumption figures from the Braakfontein reservoirs are about 46 Ml/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 20Ml reservoir at the Hill drop reservoir site including an additional 45Ml reservoir for the Braakfontein reservoir site.

3.5.2.5 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.

3.5.2.6 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 26Ml/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 26Ml 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.

3.5.3 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.

3.5.3.1 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.

3.5.3.2 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.

3.5.4 ELECTRICITY AND POWER SUPPLY

3.5.4.1 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.

3.5.4.2 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 loss. 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.

3.5.4.3 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.

3.5.5 ROADS, STORMWATER AND PUBLIC TRANSPORT

3.5.5.1 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.

3.5.5.2 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.

3.5.5.3 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 12: 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

FACILITY NAME – TAXI RANKS.	STATUS	OWNERSHIP	LOCATION
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.

3.5.6 SOLID WASTE MANAGEMENT

3.5.6.1 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.

3.5.6.2 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.

3.5.7 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 13: 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.

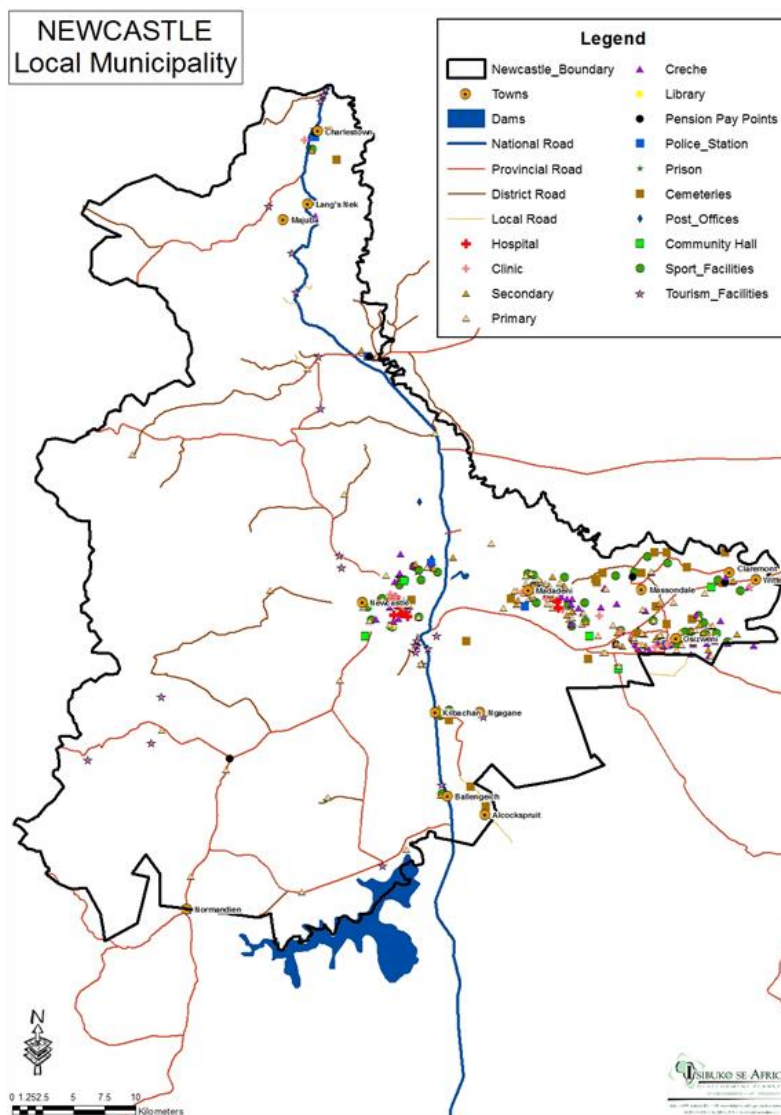
Tertiary education facilities include the old Madadeni College of Education (which is now used as a College for Further Education and Training), the Majuba FET (Newtech Campus), Majuba College FET, and Majuba FETC (MTC Campus).

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.

3.5.8 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 23: 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 14: 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 centre	70 000-100 000		
Hospital	10 000-80 000	2km(40min) 5km	

Source: Provincial Planning & Development Commission

3.5.9 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.

3.5.10 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.

3.5.11 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.

3.5.12 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.

3.5.13 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 a new 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 set 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.

3.5.14 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.

3.5.14.1 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.

3.5.14.2 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.

3.5.14.3 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.

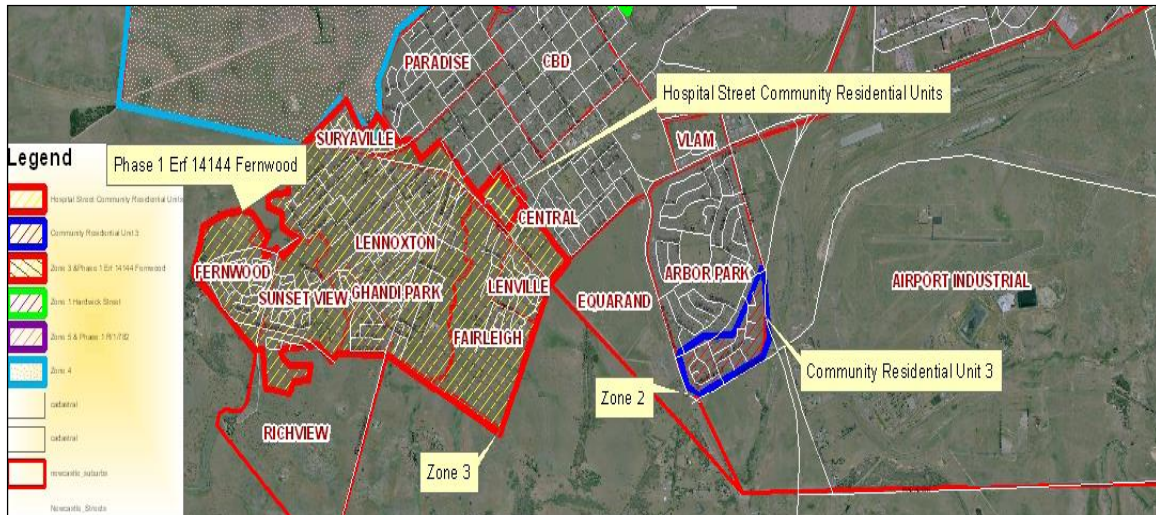
According to the Guidelines provided by the Department of Human settlements, for areas to be identified as Social Housing Restructuring Zones they should satisfy the following criteria:

- ☛ 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



3.5.14.4 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 15: 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 Latrines	None	None	None
JBC Informal Settlement	NA	45191	2408ha	Access Roads	Pit Latrines	Stand Pipes	None	Eskom

3.5.14.5 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).

3.5.14.6 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.

3.5.14.7 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

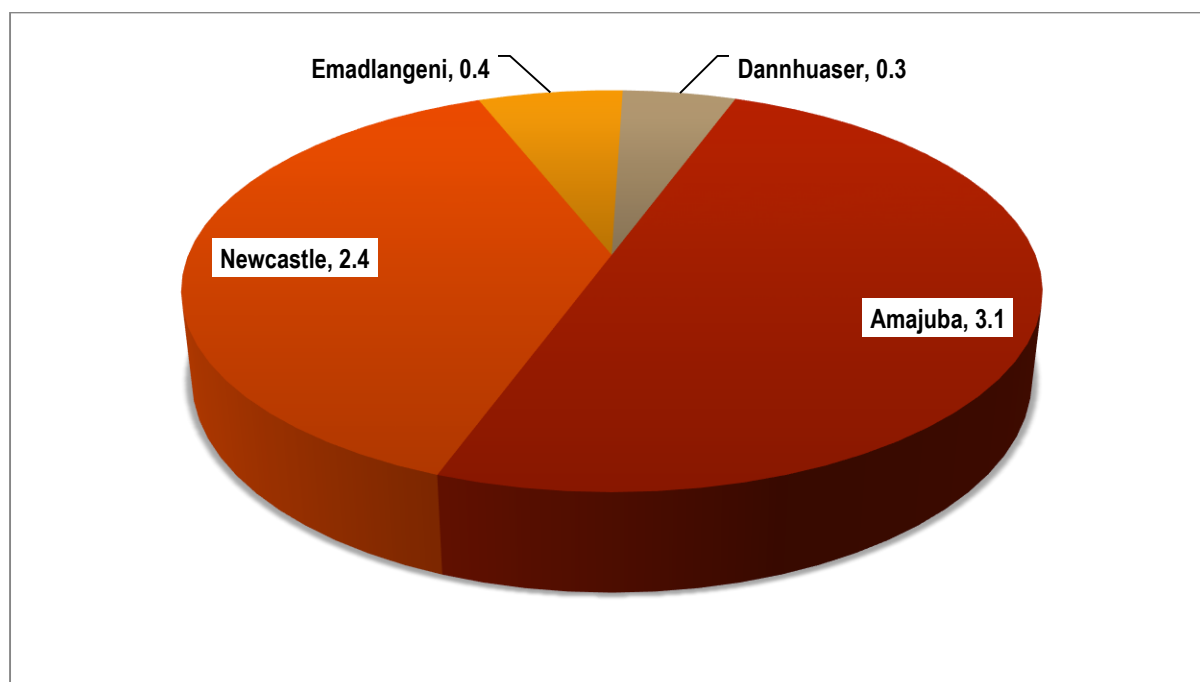
3.6 LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

Newcastle Municipality has a legal mandate to promote social and economic development within its area of jurisdiction. It is also required in terms of Section 153 of the Constitution, to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community. In furtherance of this mandate, Newcastle Municipality has initiated a process towards the development of a Local Economic Development (LED) Plan as a sector plan to the IDP and a strategic guide for promoting equitable economic development.

3.6.1 GROSS VALUE ADDED

The figure below indicates that Newcastle Municipality accounts for the majority share of the Gross Value Added for Amajuba District. This confirms the dominance of Newcastle in the region and its role as the main economic hub.

Figure 24: Gross Value Added (GVA) - Current Prices (R000)

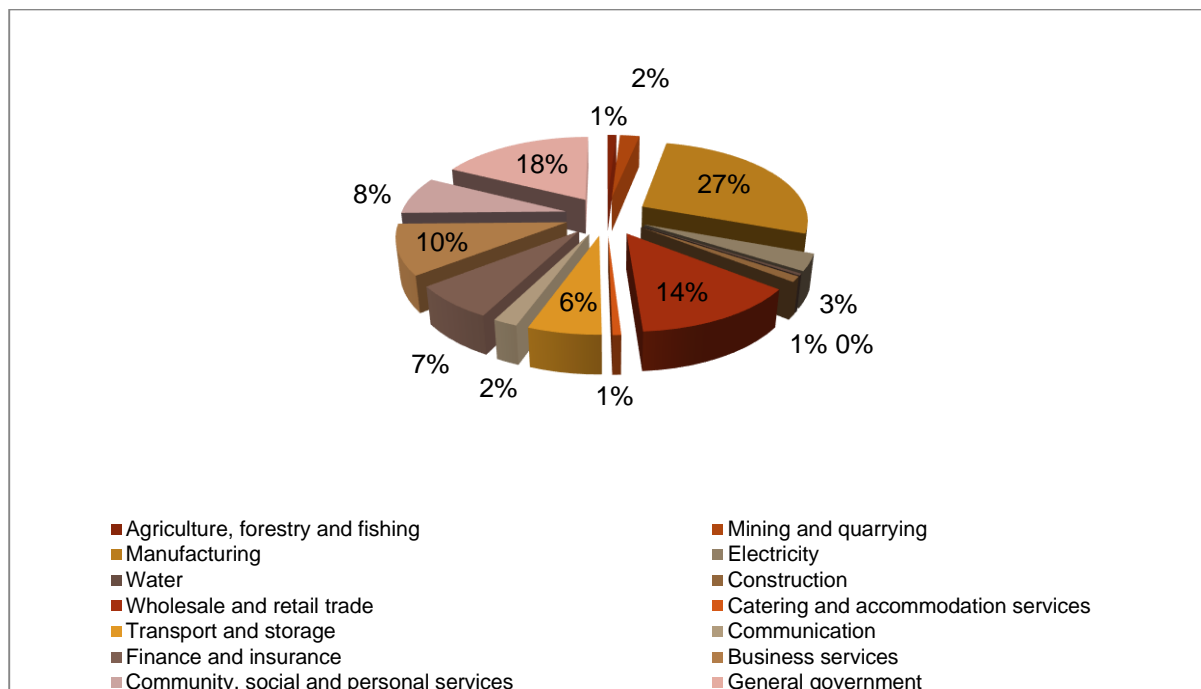


Source: Global Insight 2012

The graph below displays the sectoral contribution to total Gross Value Added (GVA) within the municipality, which is a measure of the regional gross domestic product contribution. The economy of Newcastle is largely driven by the manufacturing sector, which contributes approximately 27% to total GVA. This equates to almost R2,9 billion of the total R10,5 billion GVA generated. This is higher than both the district and provincial GVA contribution of

approximately 25% and 22% of total GVA respectively. The manufacturing sector has only experienced modest growth in the past decade (2000 – 2010), with an average real annual GVA growth rate of 0.6%, in comparison with Provincial average growth of 2.2%.

Figure 25: Economic Sectors



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

Other key sectors in terms of GVA contribution are the general government sector; wholesale and retail; and finance and business services sector. GVA generated through general government services approximately R1,8 billion, which contributes 17.6% to total GVA. This sector has experienced average annual real growth of 2.6% per annum. Just over 17% of GVA can be attributed to finance (6.9%) and business services (10.2%), which collectively generate R1.8 billion worth of GVA to the Newcastle economy.

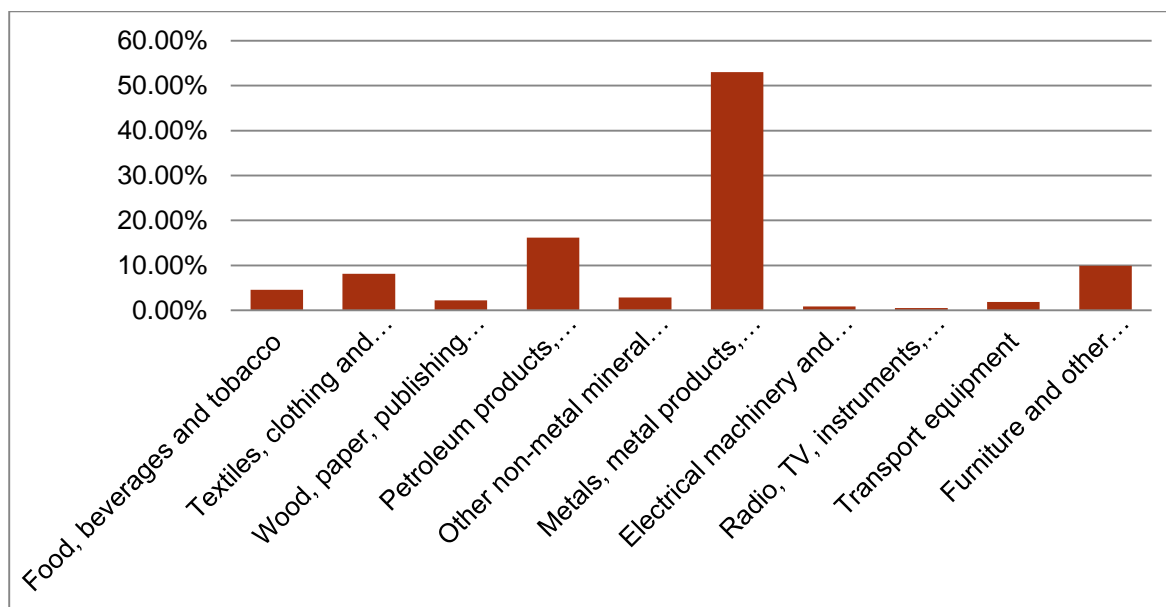
These have also been the fastest growing subsectors, with finance and insurance services growing at an average rate of almost 9% per annum since 2000, and business services growing at 6.2% over the same period. Wholesale and retail trade contributes R1.4 billion to the local economy, which accounts for almost 14% of total GVA. Wholesale and retail trade have been growing at a modest rate of 2.63% per annum from 2000 – 2010.

3.6.2 MANUFACTURING

Manufacturing is the largest contributing sector within the district economy, contributing approximately 25.2% to total GVA. Manufacturing activities in Amajuba include metal

production, chemicals and plastics, pharmaceuticals, clothing and textiles, food and beverages, leather and footwear. Most large industry is located within Newcastle, which accounts for over 83% of total GVA in the Amajuba manufacturing industry, followed by Dannhauser with 12.7% and Emadlangeni with 3.8% of GVA.

Figure 26: Distribution of Manufacturing GVA (Newcastle 2010)



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

Newcastle has a strong base of existing infrastructure geared towards manufacturing, and is considered an important node within the wider provincial manufacturing sector. Although the ArcelorMittal steelworks and the Karbochem synthetic rubber plant (which covers an impressive 500 000 m² of manufacturing space), dominate the Newcastle industrial portfolio, there is a wide range of manufacturing undertakings sharing in the economic growth of the region.

The manufacturing sector consists of strong clusters of manufacturing industries, and has historically attracted a large number of foreign (mainly Chinese and Taiwanese) manufactures due to incentives offered. The sector is however dominated by a few large firms, which presents the opportunity to diversify the manufacturing base to promote the growth of SMME's within the sector.

The graph below displays the breakdown of the manufacturing sector in terms of contribution to total manufacturing GVA within Newcastle. Overall, the manufacturing sector has only experienced modest growth since 2000, with average annual growth floating around 0.6%. The 'metals, metal products, machinery and equipment' industry contributes 53% to total manufacturing output within Newcastle, followed by 'petroleum products, chemicals, rubber

and plastics' with 16%. This is largely due to the contribution of major manufacturers such as ArcelorMittal, Siltech, and Karbochem. The metals industry has also experienced the greatest average annual growth since 2000 of 2.5%. 'Transport equipment', although only contributing around 2% to GVA experienced an average annual growth rate of 1.5% since 2000.

Table 16: Formal Employment within Newcastle by Industry

Industry	Number employed	Average annual growth (2000 – 2010)	Percentage contribution
Food, beverages and tobacco	435	-6.0%	3.8%
Textiles, clothing and leather goods	4878	-6.7%	42.6%
Wood, paper, publishing and printing	346	-5.2%	3.0%
Petroleum products, chemicals, rubber and plastic	840	-3.5%	7.3%
Other non-metal mineral products	416	-6.1%	3.6%
Metals, metal products, machinery and equipment	3173	-3.0%	27.7%
Electrical machinery and apparatus	130	-4.9%	1.1%
Radio, TV, instruments, watches and clocks	74	-4.9%	0.6%
Transport equipment	169	-6.9%	1.5%
Furniture and other manufacturing	992	-3.4%	8.7%
Total / average	11454	-5.1%	100%

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

Furniture and other manufacturing contributes 10%, while the 'textiles, clothing and leather goods' industry contributes 8% to total GVA within Newcastle. Both these sectors have experienced negative growth, with average annual growth at -0.57% and -1.5% respectively. Other less significant contributors are 'food, beverages and tobacco (5%)' and 'other non-metal mineral products (3%)', with 'transport equipment' and 'wood, paper, publishing and printing' both contributing 2%. The 'non-metal mineral product' and 'wood and paper industries' experienced the most negative growth rates with -3.3% and -3.1% per annum on average since 2000 respectively.

The table above illustrates formal employment within the manufacturing industries in Newcastle, the percentage contribution of each industry, as well as average annual growth in employment from 2000 – 2010.

It is clear from the table above that the textile industry is the largest contributing employment sector, with over 42% of total employment in manufacturing. This is despite the industry only contributing around 10% to total GVA, which indicates that textiles has the potential to create large amounts of employment. This industry has however experienced one of the highest negative average annual growth rates since 2000, of -6.7% per annum.

Newcastle accounts for approximately 86% of all textile and footwear manufactures in the district. The industry is however under threat, with a large number of textile manufacturers recently being closed down due to non-compliance with labour regulations. This has significantly reduced the size of the textile industry, over and above the decline already experienced over the past few years due to the dominance of Chinese textiles, with thousands of jobs being shed in the past few months already. Many textile manufacturers who cannot afford to comply with labour regulations have reverted to using their factory space as storage for imported textiles from China, while others are relocating to Lesotho and Mozambique. These countries present low labour costs as their competitive advantage. A major concern on the side of textile manufactures is that there has been little to no support for them during these bargaining council discussions. This issue is a complex one, especially because it results from National labour regulation, and therefore cannot be resolved through local initiatives. The worrying factor is that this industry accounts for over 40% of employment in the municipality, which is estimated to have declined by at least half since the end of 2010. The metals industry, despite contributing the greatest to total GVA, only contributes 27.7% to total employment. This indicates that the industry is less labour-intensive than industries such as textiles. Other significant contributing industries are 'furniture and other manufacturing' with 8.7% of total formal employment, and 'petroleum products, chemicals, runner and plastic' with 7.3% of formal employment. Of concern is the decline in employment within all industries of the manufacturing sector since 2000. The sector has declined at an average annual rate of -5.1%, which represents a loss of over 8000 jobs within this sector between year 2000-2010. The strategy must ensure that job losses are addressed as a priority while taking steps to reverse the recent situation through the creation of new manufacturing jobs within key industries.

3.6.3 TOURISM

The tourism sector is currently a small contributor to the region's economy, but holds a number of opportunities that can be explored. The NLM forms part of the Battlefields Route. This route attracts 7% of foreign visitors to KZN annually and approximately 42 000 domestic tourists (TKZN Tourism Statistics, 2010). Amajuba has developed a Tourism Development Plan, as well as a development plan for the Battlefields route. The Tourism Development Plan seeks to implement strategies that would create facilities and the marketing of draw card attractions and activities in the district, while the Battlefields Development Plan seeks to the Battlefields located within the Amajuba District Municipality that have never reached their full tourism potential.

It is estimated that the NLM generates approximately R116m in tourism related business per annum, with tourism related establishments generating R165m and creating 1066 jobs in the municipality (Tourism Sector Report: 2004). Comparative advantages identified within the Tourism Sector, are:

- ☞ Strong and well preserved historical heritage with well-developed museum structures.
- ☞ Falls within Zulu kingdom and engenders good linkages to this cultural heritage.
- ☞ Halfway point on N11 between two major centres, Johannesburg and Durban.
- ☞ Gateway to Battlefields Region.
- ☞ Long history of hosting national sporting events.
- ☞ Well established adventure tourism in pristine natural surroundings.

3.6.4 AGRICULTURE

Agriculture contributes about 0.7% to the local economy. While the contribution of the agricultural sector in Newcastle may seem particularly low, it remains an important sector for the following reasons:

- ☞ The sector has the potential to create jobs.
- ☞ The pursuit of national food security requires continued agricultural production and investment.
- ☞ While primary production accounts for 4.5% nationally, the larger agro-food complex contributes an addition 9% to GDP (South Africa, 2001). This contribution to GDP is concealed in the manufacturing and trade sectors GDP figures.
- ☞ A focus of support to agriculture is important to build capacity and productivity in land reform projects.
- ☞ Agricultural development and support is aligned with prevailing rural development policy objectives.
- ☞ There are a number of catalytic agricultural projects that have been identified for Newcastle Municipality.

Animal production, Forestry and Agronomic (Field) crops are the key farming enterprises in the region. The high contribution of Beef cattle sales emphasises the high proportion of grasslands occurring in the area. Maize for the production of grain is the major agronomic crop, followed by Soya and Wheat.

Dairy was a significant contributor to Provincial GFI in 2002. Local Farmers Association members report that the Northern Natal Dairy Cooperative, which used to service 28 Dairy farmers in the Normandien area, was bought out by Clover and subsequently shut down. The cooperative acted as a catalyst for dairy and value adding projects. There used to be 28 dairy farmers in the Normandien area and since the closure of the Cooperative, numbers of dairy farmers has declined to three active dairy farmers in the area (Philipps, pers comm).

According to local farmers, the key commodities produced in Newcastle are:

- ☞ Agronomic crops – mainly soya, maize and wheat
- ☞ Commercial timber plantations
- ☞ Extensive beef production
- ☞ Poultry – broiler and layer production
- ☞ Wool and mutton in some regions, although this is on the decline
- ☞ Other manufacturing and processing activities are as follows:
 - ☞ Cattle and sheep abattoir – halaal
 - ☞ Poultry abattoir
 - ☞ Grain mills – mostly private, with mill maize for whole maize, crush for poultry and maize meal for human consumption – hominy chop sold off as an animal feed
 - ☞ Local soya processing.

Agriculture in Newcastle faces a number of challenges. These include issues of land tenure and freehold, low penetration of commercial farming activity, low skills base of emerging farmers, land claims, increasing production costs, high transport costs etc.

Amajuba District Municipality commissioned a district level agricultural plan, which was completed in 2006. The main agricultural potential areas of the Amajuba District Municipality are intensive farming, irrigation, dry land farming and stock farming. The focus of Newcastle Municipality's agricultural planning is centred on the following investment opportunities:

- ☞ Soya bean production linked into oilcake and biodiesel production.
- ☞ Dairy products have massive potential. This include dairy based agro-processing opportunities for yoghurt, ice-cream, powdered milks, custards production.
- ☞ Floriculture, which is a sub-sector gaining momentum in the international export markets. Both traditional (roses, carnations and crysants) as well as indigenous (proteas, fynbos and bulbs) flowers are growing in popularity. The ideal location between two major export hubs

(Durban International Airport and OR Tambo International Airport) makes Newcastle highly suited to flower exports to Europe and the Middle East.

- ☛ Agri-processing: Expanded production in fruits, vegetable and nuts generates new opportunities for specialist agro-processing. Juicing, drying and canning are all reasonably low capital cost options for fruit processing while opportunities for cold processing (vegetables, herbs and aromatic plants), nut cracking and pressing, distillation of essential oils and hot processing of citrus (jams and spreads) are all highly viable in Newcastle.
- ☛ Meat processing (both game and cattle) is an attractive option for investment. Game meat has grown in market share both locally and internationally. The Agricultural Plan estimated that an additional 30000ha of grazing land is currently underutilized in the municipality, representing a considerable opportunity in the offing.
- ☛ Aquaculture development with the major thrust being an aquaculture processing plant.

3.6.5 INFORMAL SECTOR

The informal sector is especially evident in MBO and the Newcastle CBD. In the CBD, informal street trading is mostly concentrated along the northern end of Allen Street, around the bus and taxi rank and in the parking courts immediately adjacent to the rank. Trading structures have been erected in Scott Street close to its intersection with Allen Street, in the bus and taxi rank and on the triangular shaped site at the northern end of Allen Street, close to the Ncandu River. These structures are of good quality although their position does hinder traffic flow.

The MBO area accommodates more than 70% of the municipal population yet it is the most underdeveloped in terms of infrastructure and economic development opportunities. It has been selected for urban/township regeneration, in part, as a means to address the spatial distortions and economic marginalization inherited from the apartheid past. Informal trading is prevalent in nodal areas and exhibits the following characteristics:

- ☛ Informal trading takes place in the vicinity of taxi ranks, town centres and major public facilities (e.g. hospital, clinics, schools and pension pay points).
- ☛ The majority of informal traders are involved in small operations which involve a relatively small number of people.
- ☛ Most traders have are not authorized to undertake street trading and do not belong to a formal structure but would like to be part of one.
- ☛ High concentrations of informal traders in places such as taxi ranks create pressure on the available infrastructure and causes chaos.

- ☛ The operators who try to work within the rules are becoming frustrated at the lack of regulation.
- ☛ There is a general lack of market infrastructure (i.e. safe and secure trading sites) and general infrastructure (i.e. roads, electricity, water, sewerage).

The MBO LED strategy identified the following key areas of focus (strategic intervention areas):

- ☛ Sectoral development which includes tourism, commerce, manufacturing (industry) and community services.
- ☛ SMME development and support.
- ☛ Business support programme.
- ☛ Infrastructure development and upgrading.
- ☛ Housing delivery.

3.6.6 MINING

Mining forms an important component of the economy of Newcastle and the history of organized mining in the municipality which has generated associated industries. Mining activities includes coal mining, brick clay, Iron Oxide, dimension stone, aggregate and sand. Particularly two areas are of interest, namely KIB and the MBO area.

3.6.6.1 COAL MINING

Mintek (2007) estimates that 23% of the coal resources still remain within the Klip River coalfield, of which 51% are found in the Top seam and 49% within the Bottom seam. The coal reserves can (and probably will) be increased with additional coal exploration. It is also estimated that there are approximately 4.5Mt of *in situ* coal within the Klip River coalfield – a large portion of which is located within the Newcastle LM. The vast majority (87%) of this coal is considered to be thermal (or steam) coal with a minor portion (8%) of anthracite and 5% of metallurgical coal. The only coal mining and associated operations that appear to be taking place within the LM are related to dump / stockpile reclamation along the N11 outside Newcastle and to the east near the old Ngagane Colliery, as well as a char plant and siding stockpiles (for coal from outside the Newcastle area) within the Ballengeich area.

There are a number of areas where mining has ceased through decommissioning or abandonment, but rehabilitation has either not taken place or is incomplete. These include:

- ☛ Macalman Walmsley
- ☛ Tendeka North Opencast (Osizweni area)

- ☛ Ballengeich / Natal Cambrian Colliery
- ☛ Kilbarchan Colliery
- ☛ Horn River Colliery – Gardinia
- ☛ Witklip Colliery near Charlestown

This has implications for environmental management in terms of water, ground stability and issues of safety. Many of the operations were underground with a number of audits (underground access points) that were linked to a single mining entity or operation. This has an impact on potential land use; however the footprint of the workings cannot be determined from surface².

According to the DMR, there are several prospecting projects that are currently being carried out within the NLM. The accuracy of this data is questionable as there are duplicate holders of prospecting rights over the same farms and farm portions. Nevertheless, coal applications are located north-south and east of the N11. In September 2010 a six month moratorium on prospecting right applications was put in place to audit the applications, process and irregularities. It is therefore important for the LM to obtain an updated database from the DMR.

3.6.6.2 IRON OXIDE

Iron oxide potential is concentrated east of Newcastle within the Madadeni / Osizweni areas. Two mines appear to have been operational to the far east of Osizweni, with a number of abandoned areas of mining or with mining potential. However, field verification of these areas show no latent evidence of mining, with most being within areas that are now built up. It is now unclear whether surface disturbance within these areas is from mining or construction activities. In general, it would appear that the deposits are small and may have been mined out. Mining of weathered dolerite within the area may be a source of iron oxide for pigment; however much of this may also be used in the construction industry.

3.6.6.3 BAUXITE (AL)

Several bauxite occurrences have been reported from within the Newcastle LM. These can be found to the west and southwest of the town, but are all considered to be of insufficient scale and / or grade to be economically viable at this stage. However, further detailed exploration

² An application for access to the DMR records of the final mine plans for these operations is recommended.

may well prove otherwise. At this stage, bauxite is unlikely to be mined within the LM therefore the potential environmental risk is low.

3.6.6.4 DIMENSION STONE

In the Newcastle area, there is an abundance of dolerite and sandstone, which both have potential as sources of dimension stone. The dolerite is commonly very dark in colour – due to its fine grain size and enrichment in magnetite – with the result that it is often commercially attractive and is marketed as “Black Granite”. Despite this, there do not appear to be any dimension stone mines within the Newcastle LM. Dolerite outcrops throughout the LM, primarily west of the N11. Although the quality of these deposits for use as dimension stone is currently unknown, there is significant potential.

3.6.6.5 AGGREGATE

AfriSam have an aggregate quarry southwest of Newcastle town off the N11. This dolerite quarry appears to be well run and supplies gravel for crush and cement. A number of other abandoned quarries and borrow pits are in evidence north and east of Newcastle town. Most of these would have been used for road construction and water services infrastructure, as well as for the local building industry.

3.6.6.6 SAND WINNING

There are plenty of quaternary deposits along stream and river courses for sand winnowing (such as along the Buffels, Horne and Ngagane Rivers) In the Newcastle area. Much of the sand mining within the Newcastle LM is associated with the wetland areas adjacent to water courses and not within/immediately adjacent to the dynamic zone. Sand mining was prevalent east and southeast of Newcastle town in close proximity to the target market (Osizweni/Madadeni building industry. This has serious environmental implications. According to the DMR there is only one sand application (mining permit) northeast of Osizweni from 2005. The accuracy of this data is questionable and appears to be an irregularity as the area covered by this permit far exceeds 1.5 ha (the limit of a mining permit).

3.6.6.7 BRICK CLAY

The Department of Mineral Affairs is currently busy with a project worth R120 million, to rehabilitate an illegal coal mine in the Blaauwbosch area. The intention of the project is to rehabilitate the mine by using the local community that is mining there and create economic opportunities by developing a block-making facility and brick-making yard. The bricks will be collected and purchased by Corobrick.

3.6.7 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Central location to existing industrial centres - Johannesburg and Durban • Good existing agricultural and manufacturing base • Large domestic market - located between the Gauteng, KwaZulu-Natal and Free-State markets • Array of events that occur within Newcastle attracting thousands of people each year, as well as business visitors • Good base of educational and research institutions (a number of higher education institutions including Amajuba college, Damelin, Boston and UNISA) • Relatively reliable transportation network and relatively good basic infrastructure • Relatively safe locality • Close proximity to mining centres – mainly Dannhauser and Mpumalanga 	<ul style="list-style-type: none"> • Lack of value-adding (including agro-processing) • Decline in employment within agriculture and manufacturing • Insufficient funding for the implementation of LED projects • Lack of coordination between the private and public sector (especially provincial and national departments relevant to the project) • Poor institutional support and assistance in the region from public sector. • Red-tape is creating an regulatory and administrative burden for business (incl environmental processes) • Current weak tourism sector • Lack of business retention and expansion • High levels of unemployment • Inadequate infrastructure (road and rail network, and bulk services) • Limited access to credit
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Community development through agro-processing and community agricultural projects • Diversification of the manufacturing sector and development of new value-chains (incl renewable energy products) with a clear vision • Infrastructure development • Opening of new mines in Dannhauser (30 km away) - Newcastle has traditionally provided housing for mining workers • Targeting of national, provincial and regional sporting events and conferences/functions • Capturing of the new emerging skilled workforce • Development of an ICT and Innovation base within Newcastle to stimulate the knowledge economy (including industrial product design) <p>Investment promotion and facilitation (including development of incentives)</p> <ul style="list-style-type: none"> • Development of under-utilised or unutilised agricultural and industrial land (vacant farms and industrial lots) – such as an inland logistics hub geared for exports • Promotion of business retention and expansion programmes • Upgrading of the airport 	<ul style="list-style-type: none"> • Increased international competition in both the manufacturing and agricultural sectors, with limited protection or support from government • Threat of mechanisation in both industrial and agricultural development • Increasing input costs (electricity, transport, capital and equipment) • Collapse of the rail network and unreliability of the current rail service • Corruption and a lack of accountability (financial and management) • Worsening climatic conditions which have translated into water scarcity and therefore negatively impacting on farming around Northern KwaZulu-Natal. • National labour regulations which has impacted negatively on the textile industry with little support for the industry by local government • Lack of relevant and suitable skills being produced by FET and tertiary institutions (particularly engineers)

- | | |
|---|--|
| <ul style="list-style-type: none"> • Establishment of industry driven training and skills development through internships and apprenticeships. | <ul style="list-style-type: none"> • Land reform and associated challenges (poor skills transfer to new farmers, slow process, etc) |
|---|--|

3.7 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The Newcastle Municipality is a Category B Municipality. It 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. 31 of the 61 councillors are ward elected councillors while the other 30 comprises of proportional representation councillors. The Council has five Portfolio Standing Committees, with members of the Executive Committee serving as a Chairperson and Deputy Chairpersons.

3.7.1 GOOD GOVERNANCE

3.7.1.1 INTEGGOVERNMENTAL RELATIONS

Newcastle Municipality participate in the District IGR forum which is in two folds, the Mayors Forum and the Technical Forum for Municipal Managers. These Forums gives the strategic and political direction for all municipalities within the District particularly on planning and development. There is also a Growth and Development Summit that is being held annually for municipalities to discuss development agenda for the region. Newcastle being the District hub takes the leading role as well as the centre stage on infrastructure development and economic issues. At the Provincial level, the municipality participate on the Premiers Coordinating Forum and Min-Mec Forum for Municipal Managers. For Economic Issues, the municipality participate on SIP2 forum which is a body coordinated by the KZN Trade and Investment.

3.7.1.2 AUDIT FUNCTION

Newcastle Municipality is a high capacity municipality and has established its own Audit Committee than using the Shared services function supported by COGTA. The requirement for municipalities and municipal entities to establish Audit Committee is contained in Section 166 of the Municipal Finance Management Act 56 of 2003 and article 14 (2)(a) of the Municipal Planning and Performance Management Regulations 2001.

The Audit Committee is an independent advisory body, appointed by Council to assist Council in discharging their responsibilities.

The Audit Committee Charter sets out the committee specific responsibilities and details the manner in which it will operate.

3.7.1.3 OBJECTIVES

- ☞ Maintaining oversight responsibilities of all financial and performance reporting.
- ☞ Seek reasonable assurance that the operations of the municipality are conducted efficiently and effectively.
- ☞ Seek reasonable assurance that the Council has developed and complies with its policies, plans, procedures and internal controls.
- ☞ Seek assurance that the Council complies with relevant legislation, regulations and professional pronouncements.

3.7.1.4 INTERNAL AUDIT

- ☞ Review and approve the Internal Audit Charter
- ☞ Review of the Audit Committee Charter and submit to council for approval
- ☞ Advise Council as to whether the internal audit unit is given the resources and operational independence required to fulfil its role as outlined in the Internal Audit Charter.
- ☞ Review and approve the annual risk based internal plan
- ☞ Ensure that all identified risk areas are prioritized and incorporated in the annual audit plan.
- ☞ Receive and review the quarterly internal audit report on the implementation of the internal audit plan and any of the matters relating to;
 - ✓ Internal Audit
 - ✓ Internal controls
 - ✓ Accounting procedures and practices
 - ✓ Risk and risk management
 - ✓ Performance management
 - ✓ Loss control
 - ✓ Compliance with the Municipal Finance Management Act, division of Revenue Act (DORA) and any other applicable legislation
 - ✓ Investigate any other matter as requested by the Municipal Manager
- ☞ Receive reports prepared by the internal audit unit on significant findings and recommendations to address those findings together with management responses with timeframes to implement recommendations.
- ☞ Ensure that all findings and recommendations as per 4.1.7 are adequately addressed by management.

3.7.1.5 INTERNAL CONTROL

- ☛ Evaluate the overall effectiveness of the internal control and risk Management frameworks and consider whether recommendations made by the internal and/or external auditors have been implemented by management.
- ☛ Assess whether proper adequate accounting records are being maintained.
- ☛ Ensure that Council has the necessary policies in place to protect and safeguard assets and to ensure legal compliance with all relevant legislation. Examples - Prevention of Fraud Policy, Procurement Policies

3.7.1.6 MUNICIPAL GOVERNANCE STRUCTURES

The Newcastle Municipality has 61 democratically elected councillors which constitute the council. Council meets at least monthly and is the final decision making body within the municipality.

The Executive Committee (EXCO) is responsible for the day-to-day running of the organization, and decision making. They meet regularly to receive reports from the Municipal Manager. EXCO is supported by the following portfolio committee, who serve as oversight structures in respect of various line functions and responsibilities of the municipality:

Table 17: Portfolio Committees

PORTFOLIO	INITIALS AND SURNAME
Finance Chairperson	Cllr. A.F.Rehman : Mayor
Technical Services Chairperson	Cllr. R.N. Mdluli: Deputy Mayor
Technical Services Deputy Chairperson	Cllr. J.A. Vorster
Community Services Chairperson	Cllr. N.P. Kunene
Community Services Deputy Chairperson	Cllr. T.Z. Hadebe
Development Planning Chairperson	Cllr. M. Shunmugan
Development Planning Deputy Chairperson	Cllr. S.B.M.Lukhele
Corporate Services Chairperson	Cllr. B.S. Ntombela
Corporate Services Deputy Chairperson	Cllr. R.B. Ndimba

In addition, 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 on the table below:

Table 18: Municipal Public Accounts Committee

PORTFOLIO	INITIALS AND SURNAME
Finance MPAC	Cllr. M.V. Buhali
MPAC	Cllr. J.K. Gabuza
MPAC	Cllr. T.S. Hlabisa
Development Planning MPAC	Cllr. S.B.M. Lukhele
MPAC	Cllr. H.S. Madonsela
Finance & Development Planning MPAC	Cllr. M.G. Mlangeni
MPAC	Cllr. G.A. Mncube
Community Services MPAC	Cllr. D.O. Shabalala
MPAC	Cllr. D.E. Tshabalala
Technical Services MPAC	Cllr. S.J. Zulu
Finance MPAC	Cllr. T.M. Zulu
MPAC	Cllr. N.A. Zwane

3.7.1.7 RISK MANAGEMENT

Newcastle Municipality has implemented risk management system in compliance with Section 62 (1) (c) (i) of the Municipal Finance Management Act No. 56 of 2003 (MFMA), which requires 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. Newcastle Municipality recognizes risk management as a critical part of the Municipality's strategic management; which is a process whereby the Municipality both systematically and intuitively mitigates the risk attached to its strategic objectives with the ultimate goal of achieving sustained benefit within each programme and across the portfolio of activities. Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted throughout the Municipality as good management practice for ensuring good governance.

Like all other government institutions, Newcastle Municipality also face uncertainty, and the challenge for management is to determine how much **uncertainty** the Municipality is prepared to accept as it strives to grow stakeholder value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance **value**. Newcastle Municipality recognizes that value is maximized when management sets objectives to strike an optimal balance

between growth and related risks, and effectively deploys resources in pursuit of the Municipality's objectives.

3.7.2 PUBLIC PARTICIPATION

3.7.2.1 MECHANISMS FOR PARTICIPATION

Public participation is important to determine the exact needs that exist in the communities in relation to the developmental priorities during the public meetings and information gathering. The Newcastle Municipality will be utilizing the following mechanisms for public participation when developing its IDP.

- ☛ **IDP Representative Forum (IDP RF):** This forum represents all stakeholders and key interested and affected parties. This includes the Ward Committees, AmaKhosi, Non-Governmental Organizations (NGOs), Community Based Organisations (CBOs), Organized Business, Faith Organizations and organized agriculture.
- ☛ **Media:** Local newspapers will be used to inform the community of the progress of the IDP and further due meetings' including the IDPRF and community road shows.
- ☛ **Radio Slots:** The Newcastle Community radio station will be used to make public announcements where necessary.
- ☛ **The Newcastle Website:** The Newcastle Municipality's website will also be utilized to communicate and inform the community. Copies of the IDP and Budget will be placed on the website for communities, general stakeholders and service providers to download.
- ☛ **Ward Committees:** The Newcastle Municipality has adopted the Ward Committee policy which has resulted to the establishment of ward committees. The municipality considers ward committees as one of the institutional bodies to fast-track service delivery and deepen democracy. Ward Committees will be represented in the IDP RF meetings and their inputs are always considered. They will also being used to disseminate the information about the developmental agenda of the municipality.
- ☛ **IDP/ Budget Road Shows:** The Newcastle Municipality will be hosting its community road shows through ward committee system to publicize the draft IDP and Budget during April and May 2013. The venues for these meetings will be publicized at the IDP RF, public places and as well as through the local print media.

3.7.2.2 WARD COMMITTEE SYSTEM

The Municipality has thirty one (31) wards, and each ward has a Ward Committee. In line with the requirements of Outcome 9 All of these wards combined at a municipal wide level shall constitute a Region. The region shall be divided into three (3) zones, viz;

- ☛ Zone A which will have 10 wards.
- ☛ Zone B which will have 10 wards.
- ☛ Zone C which will have 11 wards.

The Ward Committee system shall be structured according to the following fora:

- ☛ Regional Ward Committee Fora,
- ☛ Zonal Ward Committee Fora,
- ☛ 31 Ward Committees.

A public Participation unit established in the Office of the Municipal Manager and supports the Speaker, is responsible to ensure that the ward committees are functional in line with an approve Ward Committee policy.

3.7.3 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Well established and functional IGR structures. • Well-functioning MPAC and well established internal audit function. • Risk management strategy and in-house capacity. • Functional portfolio committees that perform an oversight function. • Public involvement in municipal affairs. • Functional ward committees. • Good governance systems. • New offices. 	<ul style="list-style-type: none"> • Failure to obtain a clean audit report from the Auditor General. • Implementation of policies. • Legislative compliance.
OPPORTUNITIES	THREATS

<ul style="list-style-type: none"> • Support from national and provincial government. • Public confidence and good media coverage • Publicity and good marketing campaigns 	<ul style="list-style-type: none"> • Constant changes in local government legislation and policies. • Political violence and intolerant • Slow pace of service delivery which may spark service delivery protests.
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3.8 FINANCIAL VIABILITY AND SUSTAINABILITY/PROFILE

3.8.1 FINANCIAL MANAGEMENT POLICIES

The following Financial Policies have been developed and adopted by the municipality:

- ☞ Asset Management Policy
- ☞ Cash Management & Investment Policy
- ☞ Credit Control Policy
- ☞ Supply Chain Management Policy
- ☞ Municipal Property Rates Policy
- ☞ Credit Control, Debt Collection and Customer Care Policy
- ☞ Tariff Policy

3.8.2 PROPERTY RATING SYSTEM

The municipality implemented the new valuation roll compiled in terms of the Property Rates Act, 6 of 2004, on 1 July 2009. All properties under the jurisdiction of the Newcastle Municipality are now included in a single valuation roll.

3.8.3 FINANCIAL PERFORMANCE

The revenue base of the Municipality has increased from R851 014 835 in 2009 to R1 420 050 630 in the financial year ended 30 June 2012. This represents phenomenal growth ranging from 53% in 2010, a slight decline of 8% in 2011 and 20% increase from 2011 to 2012. The 20% growth in 2012 was attributed to Landfill Site Provision Adjustment of R50, 7 million and Doubtful Debt Adjustment of R137 million. These adjustments were mere book entries, and thus not indicative of revenue actually earned, during the year under review. The last two year's increases were significantly higher than the inflation rates which is indicative of good performance by the Municipality, although there was slight decline of 8%, which was caused

by the reversal of impairment of investment in UThukela Water of R363 801 328.00, in 2010 which was a mere book entry and thus not indicative of revenue actually earned. All major revenue streams showed a sharp increase of 28% in 2011 if we ignore the effect of reversal of impairment of investment in UThukela Water and acceptable increase of 10% in 2012, which is a comforting scenario.

Table 19: Changes in Revenue (2009 to 2012)

Year	Total Revenue (R)	% Increase
2012	1 420 050 630	20%
2011	1 182 506 661	-8%
2010	1 289 670 253	53%
2009	850 774 918	

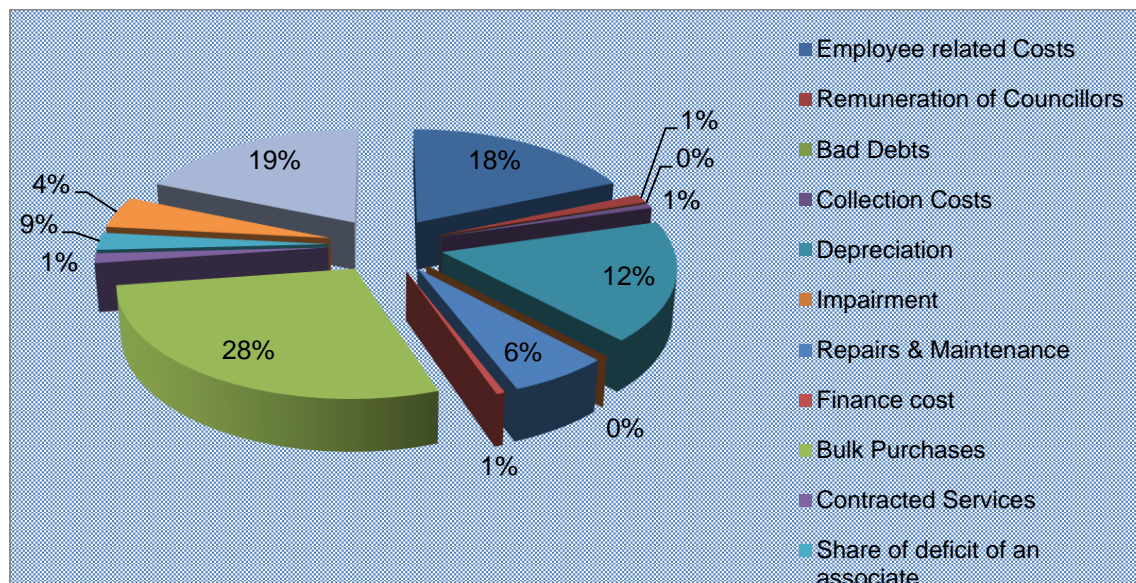
From the table above, the municipality generates more than half its total revenue base from service charges, which is 48%. The other significant sources of revenue are Property Rates 11%, and Government grants and Subsidies 25%. All other revenue sources are not considered significant and have not formed part of this analysis. The percentage contributions of various income sources to total income have remained constant in the years under consideration save for the Property rates which used to contribute 19% in 2008 and have shrunk to around 11% in 2012. The Government Grants and Subsidies on the same token have increased by 91% from 2009 to 2012. In the Analysis below, the focus is on the material revenue contributing elements in order to analyse their behaviour. In total these contributed R1 195 320 900 to the Municipality's R1 420 050 630 revenue in 2012, which represents over 84% of the Municipality's revenue base.

Table 20: Contribution by Revenue Elements

Item	% Contribution 2012	2012 (R)
Property Rates	11%	157 893 000
Service Charges	48%	683 860 407
Rental of facilities and equipment	0%	5 703 174
Interest earned - External Investments	2%	23 125 136
Fines	0%	1 572 104
Governments Grants & Subsidies	25%	352 567 493
Doubtful adjustment debts provision	10%	137 038 490
Landfill site provision adjustment	4%	50 765 425
Other Income	0%	6 525 401
Total Revenue	100%	1 420 050 630
Percentage Increase		20%
Contributions by material revenue elements		1 195 320 900
%Contributions by material revenue elements		84%

The following graph depicts a contribution of major revenues elements:

Figure 27: Contribution by Revenue Elements



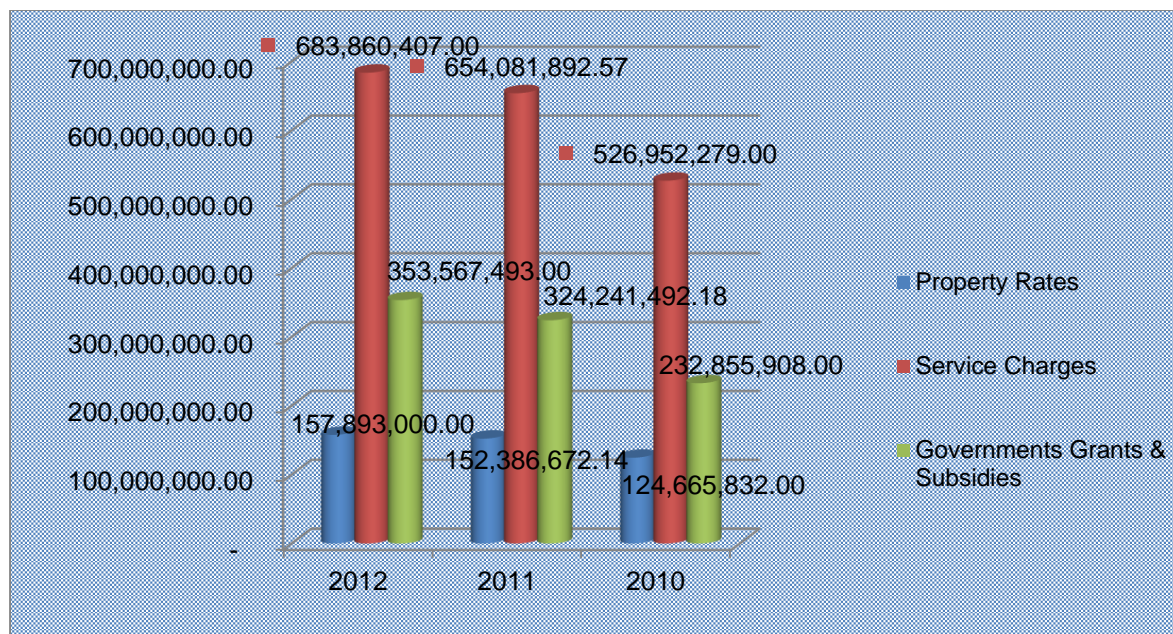
The table below reflects the movement in these revenue streams in the period under consideration. The pattern has, indeed, been erratic and therefore very little conclusions can be reached at this stage. There could very well, be cut-off or allocation issues in the presented numbers. The exercise has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

Table 21: Movement of Major Revenue Sources

Line Item	2009 (R)	2010 (R)	2011 (R)	2012 (R)
Property Rates	158 969 934	124 665 832	152 386 672	157 893 000
Service Charges	459 394 986	526 952 279	654 081 893	683 860 407
Governments Grants & Subsidies	184 135 143	232 855 908	324 241 493	353 567 493
Line Item	Increase (Decrease)			
	2010	2011	2012	
Property Rates	-28%	22%	4%	
Service Charges	15%	24%	12%	
Governments Grants & Subsidies	26%	39%	9%	

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

Figure 28: Movement of Major revenue Sources



3.8.4 EXPENDITURE

The total expenditure of the Municipality has decreased from R1 327, 6 billion in 2011 to R1 230, 1 billion in 2012. The decrease of 8% is as result of our revision of provision for doubtful debts which decreased significantly due to risk profiling exercise which was conducted by the independent ICT Company. The consequence of the sharp decline in doubtful debt provision resulted in municipality not accounting for debt impairment in the Statement of Financial Performance.

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 a serious challenge to curb expenses. Whereas it is understood that the sharp increase of expenditure increase is caused by the government call to improve and speed up service delivery to the poor and needy communities in the backdrop of “service delivery protests” to which the municipality has responded so well, nonetheless if these trends continue there will be a major challenge to afford the operations of the Municipality with the revenues that it generates, unless if new revenue streams are identified and exploited.

Table 22: Expenditure Patterns (2009 – 2012)

Year	Total Expenses (R)	% increase/(decrease)
2012	1 230 100 471	(-8%)
2011	1 327 668 613	58%

Year	Total Expenses (R)	% increase/(decrease)
2010	837 794 672	(-6%)
2009	891 283 864	

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
- ☛ Depreciation, amortisation and impairments.

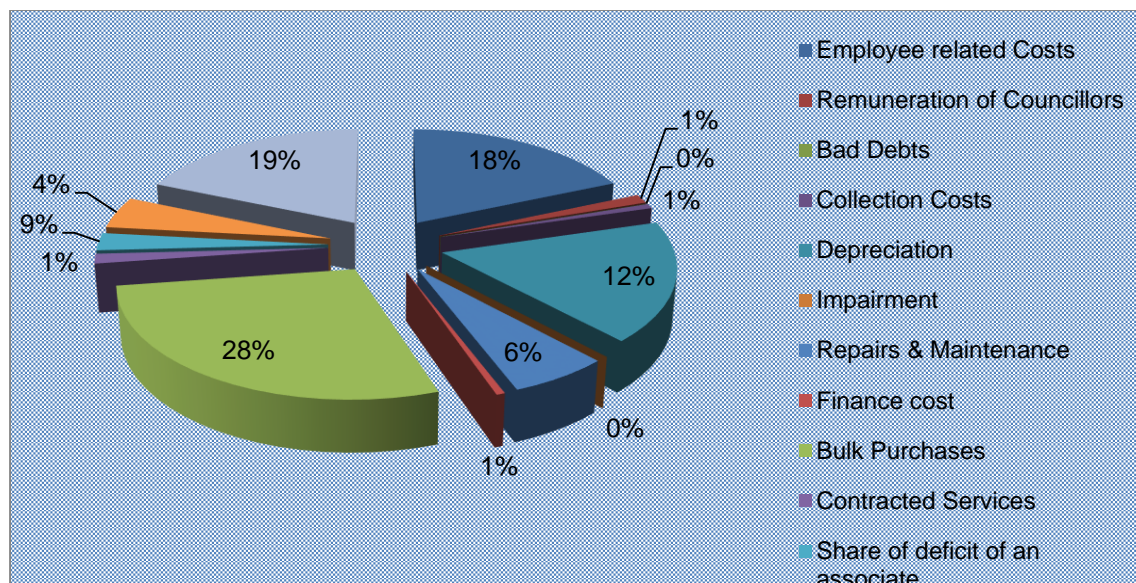
The table below depicts contribution of major expenditure items to total expenditure:

Table 23: Major Expenditure Items

Item	% Contribution 2012	2012
Employee related Costs	19%	230 600 985
Remuneration of Councillors	1%	16 193 188
Share of deficit of an associate	9%	112 405 248
Collection Costs	1%	8 534 242
Depreciation	18%	219 845 295
Repairs & Maintenance	6%	71 410 980
Finance cost	1%	6 650 041
Bulk Purchases	28%	349 411 144
Contracted Services	1%	17 530 983
General Expenses	12%	152 656 453
Fair Value Adjustments	4%	44 861 453
Total Expenditure	100%	1 230 100 471
Percentage Increase/(Decrease)		(-8%)
Contributions by material expenditure elements		952 513 877
%Contributions by material expenditure elements		77%

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

Table 24: Major Expenditure Elements



The focus is on the major expense elements, i.e. employee costs, bulk purchases, General Expenses and depreciation, amortization. These expenditure items account for R952 513 877 of total expenditure of the municipality's R1 230 100 471, representing a 77% contribution to total expenses. The municipality needs to be applauded because the contribution of employee related costs is 20% of total expenditure compared to other municipalities' country wide. This percentage is significantly lower than the prescribed threshold of 33% 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 lower employee contribution has an adverse impact in service delivery as well support function to service delivery (i.e. Treasury and Budget Office in particular) and this aspect is discussed under organisational environment. The following table depicts movements of major expenditure drivers:

Table 25: Major Expenditure Drivers

Item	2012 (R)	2011 (R)	2010 (R)	2009 (R)
Employee related Costs	230 600 985	189 471 534	165 846 425	130 614 345
Depreciation	219 845 295	222 122 758	224 589 958	214 834 172
Bad Debts	0	174 136 888	69 147 301	104 227 317
Bulk Purchases	349 411 144	283 223 432	219 348 022	166 031 719
General Expenses	152 656 453	332 324 243	61 436 986	205 021 701
Total Expenditure	952 513 877	1 091 191 721	820 064 375	866 629 668

During the same period our analysis of General Expenses revealed an erratic pattern as it showed 68% decrease from 2009 to 2010, 68% decrease from 2009 to 2010, 441% increase from 2010 to 2011 and 43% decrease from 2011 to 2012. It should be mentioned however,

that the 43% decrease in the current year was due capitalisation of UThukela Water agency fees amounting to R114 million to Investment in Associate.

Our analysis indicates that this could be as a result of grants from both National Treasury and Provincial Government which has increased over the years sharply in recent year. The grants that the municipality have are:

- ☛ Municipal Infrastructure Grant;
- ☛ Neighbourhood Development Grant;
- ☛ Financial Management Grant;
- ☛ Systems Development and Support Grant; and
- ☛ Other Grants.

Like the revenue assessment, it appears that there could be allocation challenges pertaining general expenses in 2010 as it showed erratic pattern when compared with the other year being analysed.

Despite the fact that we did not account for bad debts impairment due risk profiling exercise, the outstanding Debt of R824, 5 million remain 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. The take is that there is a need to embark on a solution that will yield a serious debt collection drive to curb to this situation from deteriorating further. Water, sewer, waste disposal and rates in east (former townships) are a critical factor to the strategy to reduce bad debts. It is known by the leadership of the municipality that disconnection cannot be used as a tool at this stage as electricity which can be disconnected is supplied by Eskom. The East has 75% bad debts. The implementation of water flow regulators was once discussed as one of the strategies but was not pursued until the constitutionality of such was confirmed. The avenue that should be considered is getting a licence to be the distributor of electricity in the East.

We have developed 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.

Furthermore, it needs to be mentioned that R104 Million relating to Water Services (UTW) is actually an investment by Newcastle Municipality to UThukela Water and as such was capitalized during consolidation process in 2010/2011 financial year.

The table below further illustrates increases in the major expenditure items:

Table 26: Major Expenditure Items

Item	% Increase/(Decrease)		
	2010	2011	2012
Employee related Costs	27%	14%	22%

Depreciation, amortization and impairment	5%	-1%	-2%
Bulk Purchases	32%	29%	23%
General Expenses	-68%	441%	-43%

3.8.5 NET OPERATIONAL PERFORMANCE

Evidently the Surpluses of the Municipality have demonstrated erratic pattern as we recorded a deficit amount to R86 million in 2009, R372 million surplus in 2010, R145 million deficit in 2011 and R189 million surplus in 2012. As we alluded to earlier we still need to perform in-depth analysis of General expenses. The extent of sustainability of revenue and the ability to increase the revenue base is, at this stage under scrutiny, thus increasing the risk of affordability of the operational expenses moving forward. An urgent understanding of these expenses and how they can best be managed is necessary to ensure that the municipality remains a financially viable.

However, our assessment reveal that the situation is not as dire as it appear, also taking into account the fact that an amount of R219 Million relates to depreciation of assets, which in its very nature a book entry to achieve fair presentation in our financial statements, but not the amount actually spent. The table below depicts our financial performance for the past four (4) years:

Table 27: Financial Performance for the Last Four Years

Year	Total Revenue	Total Expenditure	Surplus/ (Deficit)	% Increase/(Decrease)
2012	1 420 050 630	1 230 435 257	189 615 373	239%
2011	1 182 506 661	1 327 668 613	-145 161 952.00	(-139%)
2010	1 289 670 253	917 490 355	372 179 898.00	532%
2009	851 014 835	937 184 278	-86 169 443.00	

It is evident from the table above that the municipality's current operational performance is healthy, save for general expenses that need further scrutiny.

3.8.6 SURPLUS

In order to elucidate the above-mentioned statement further, it is critical to note that although we achieved an operating surplus of R189 million, it is always prudent to eliminate non-cash items recorded in the Statement of Financial Performance in order to gauge our operational performance. The table below demonstrate that if the municipality eliminates non-cash items, surplus is in fact R378, 9 million.

Table 28: Surplus

Line Item	2012
Surplus	189 615 373
Less: Doubtfull Debt Provision Adjustment	-137 038 490
Less: Landfill Site Provision Adjustment	-50 765 425
Plus: Share of deficit of Associate	112 405 248
Plus: Fair Value Adjustments	44 861 862
Plus: Depreciation and Amortisation Expense	219 845 295
Surplus	378 923 863

Although this scenario look good at face value, caution need to be exercised as revenue earned did not translate to actual cash at the bank, which is why it imperative to intensify our debt collection.

3.8.7 INDIGENT SUPPORT AS OF 31AUGUST 2011

In terms of the Credit Control, Debt Collection and Customer Care Policy, the monthly household earnings of an indigent application is capped at R1,900 but be limited to R3,000 for old aged pensioners and poor households. The onus lies with the applicant to come forward and register for indigent support in line with the Council approved indigent policy. At 31 June 2010 there were 22 739 indigents registered for indigent support and 4176 for electricity, which is an on-going process. The Free Basic Services is funded through the equitable share which is received from National Government. These FBS figures are alarming and it is becoming scary and a concern for the municipality to attend to skills development programs in order to curb low income per household. However, all account holders who qualify for indigent support are encouraged to register accordingly.

3.8.8 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Implementation of the MPRA. • Supply chain management systems. • Integrated Financial Management System. • Surplus. • Indigent support. 	<ul style="list-style-type: none"> • Non-payment for services, particularly in the MBO. • Increase in expenditure in relation to revenue generated. • Debt collection. • Increase in list for indigent support and Free Basic Services. • Limited access to funding in relation to need.
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Support from Treasury and COGTA. • New municipal property rates system. • 	<ul style="list-style-type: none"> • Corruption. • Poor implementation of the supply chain and financial management policies.

3.9 DEVELOPMENT TRENDS AND PATTERNS

3.9.1 REGIONAL ROLE AND SIGNIFICANCE OF NEWCASTLE

The identification of Newcastle as an important secondary investment node with potential for industry, agriculture and tourism, indicates its importance on a regional and provincial scale. Newcastle is strategically located halfway between Johannesburg and the harbours of Durban and Richards Bay, and is well connected to these centres by means of both rail and road infrastructure. The N11, P612 and the P483 are some of the roads running through the NLM serving a national, provincial and regional function.

The town serves as an administrative and economic hub for the north-western part of KwaZulu-Natal. This includes the whole of Amajuba District and some of the surrounding areas in Mpumalanga Province and Umzinyathi District. This raises a key question whether the town is developed with sufficient infrastructure and has enough capacity to play its role as a sub-regional economic hub. Some of the critical infrastructure includes tertiary education and health facilities, regional government offices and sports facilities. Equally important is the ability to create employment opportunities and absorb the urbanising labour force. Therefore,

planning for the future development of the NLM should go beyond a narrow focus on local issues and incorporate regional social and economic issues.

3.9.2 URBANISATION – SUSTAINABLE HUMAN SETTLEMENTS

Urbanisation is the process in which the number of people living in cities increases compared with the number of people living in rural areas. An area is considered to be urbanised when over 50% of its population lives in urban places. Rate of urbanisation in Newcastle has been very rapid, resulting in the development of settlements along P483 in particular as linear settlements from KwaMathukuza through JBC to Khathide in the north.

Rapid urbanisation brings with it many problems as it places huge demands on land, water, housing, transport and employment. In Newcastle like many other South African Towns, apartheid has made the problems of urbanisation more complex. Urbanisation of black people was made difficult by forcing them to live in areas far from the town. With the lifting of racial restrictions on where people may live and work, many unemployed people have migrated to urban centres such as Newcastle in search of work, bringing their families with them. The shortage of accommodation in town has forced them to live in informal settlements hence the informal settlements that are spread throughout the area with huge concentrations in the eastern areas. Land under the control of Ubuhlebomzinyathi Community Authority has also been specifically targeted as these areas present opportunities for a rural lifestyle in an urban context.

This presents the municipality with a challenge to devise strategies to manage the urbanisation phenomenon, and ability to undertake pro-active planning in anticipation of population growth. All housing projects undertaken to-date have been reactive.

3.9.3 ROADS AND STORM-WATER

Local government has a constitutional duty to provide basic services and Newcastle Municipality is no exception. In conjunction with both national and provincial plans, Newcastle Municipality is required to build infrastructure in order to grow the capacity of the economy, boost various sectors of the economy with a specific emphasis for faster growth and address the inequality that marginalize the poor in the second economy. In terms of road infrastructure, over 80% of all roads in Newcastle are in a poor state, of which 704km are unpaved with 254km surfaced roads. The gravel roads constitute 404km of roads. In an attempt to address this, the municipality has intensified their roads programs over the past 5 years, which addresses primary and secondary roads. Newcastle Municipality has a huge legacy in addressing the basic needs. The challenge is also due to spatial inefficiency in ensuring that

rural communities also enjoy the same benefits as those enjoyed by urban communities. In this regard, roads and transport plays a critical role in facilitating the movement of goods and services and rural areas to urban centres. The accommodation of storm-water has a tremendous influence on the life of a road. This requires the municipality also to focus on storm-water management in order to increase the life span of the roads. While the municipality focuses on upgrading new roads, they also need to do maintenance on the existing roads in order to keep the municipal area an accident free.

3.9.4 INEFFICIENT SPATIAL STRUCTURE

While the regional economic development forces remain one of the main structuring elements within the NLM, the past apartheid policies have had a profound impact on the structure and functionality of the area. 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.

The NLM could broadly be described as an apartheid region in the sense that it embodies most if not all the attributes of apartheid spatial patterns. These include the following:

- ☛ Low density sprawl which is fuelled in the Newcastle West by anti-city values of suburbia which promotes large plots as an image of good urban living. Factors that contribute to urban sprawl includes continued existence of low density residential suburbs designed in terms of garden city concepts, and entrenched into the Town Planning Scheme through inflexible density controls and scheme clauses such as coverage, minimum site sizes and permissible uses, and easy access to land for settlement in the east.
- ☛ Cellular development pattern that occurs in relatively discrete pockets based on the introverted concept of neighbourhood unit or super block. This has given rise to a coarse grain urban environment characterized by single dwelling units and building ancillary thereto on large plots of land (garden city concept). As such there is a high impact on available land in relation to population size, and travel within the city is costly in terms of time. This gives rise to inefficiency in the use of energy, transportation and movement, and delivery of services.
- ☛ Separation of land uses, urban elements, races and income groups. The dominant land use pattern resembles a series of relatively homogenous blobs of different uses tied together by high speed transport routes. The separation of places of work and residence was deeply entrenched in the philosophy of urban management. A large number of the poor are living on the urban periphery further away from the opportunities.

- Despite businesses being attracted to decentralised locations, the central area has shown some resilience in that new businesses have moved in to occupy space vacated by those who have moved to decentralised locations. However, decay/decline is evident in some sections of the central area.
- The combined consequences of these spatial patterns have been phenomenal leaving the area with entrenched inequality and functional inefficiency. It created islands of spatial affluence in a sea of geographical misery (CSIR, July 2002:4). It created a distorted, fragmented, incoherent and inefficient settlement pattern. It also gave rise to spatial, social and economic exclusion of certain race groups to the benefit of other, and created a poorly functioning land and housing market.

3.9.5 ECONOMIC STAGNATION

Over the last few decades, the economy of the Newcastle Municipality area of jurisdiction experienced variable trends marked, in all, by shift from one sector to the other and general decline in both output and performance. Although some mining activities are still evident in the area, it is no longer appropriate to regard Newcastle as a coal mining town. The same applies to agriculture. Both sectors have shed a number of jobs and their contribution to the local economy is at the lowest point ever. Manufacturing remains the main economic activity in the NLM, but is itself facing a number of structural challenges which if not addressed at this juncture will relegate this sector into insignificance. These challenges include the dominance of the clothing and textile sub-sector which implies the lack of economic diversity, poor labour conditions in some of the factories and lack of new investment.

In the light of this, there is an urgent need to redefine the role of Newcastle in the provincial and national economy. This may include the identification of new sectors, diversification of some existing factors and strengthening functional integration between Newcastle Town and the surrounding rural hinterland. Tourism development is also one of the key sectors that need to be explored.

3.9.6 POOR ACCESS TO SOCIAL FACILITIES

Huge backlogs in the delivery of public services have been identified as one of the key issues facing Newcastle Municipality. It manifests itself in the following forms:

- Poor condition of schools, which does not contribute to building a culture of learning and teaching.

- ☞ Poor access to institutions for early childhood education. This field has been identified by the national government as a priority area of intervention.
- ☞ Poor access to health services which affects delivery of primary health care. The latter is a strategy used by the national government to deliver health services.
- ☞ Poor access to library services which also affects the development of a culture of learning and teaching.
- ☞ Poor access to welfare services including pension pay points, magistrate services, etc.
- ☞ Poor access to cemeteries.

Attention should be given to lack of sport fields, parks and swimming pools in the MBO area in order to revive the sport in Newcastle considering that the municipality has a history of producing world stars on soccer.

3.9.7 INFRASTRUCTURE BACKLOG

Access to basic services is one of the main elements of socio-economic wellbeing of an area. The status of the physical and economic development level of a community such as that of Newcastle is often measured based on the provision and quality of infrastructure for technical services, i.e. access to roads, electricity, water and sanitation. These are found to be a huge challenge for Newcastle Municipality whereas the town suffers from maintaining of existing services while rural areas have no basic services at all. In addition, the Newcastle Local Municipality is challenged with the maintenance and development of basic road and storm water infrastructure to serve the local community, particularly in the Newcastle East. This will be severely constrained by limited financial resources. Public transport plays an important role in the economy of Newcastle and deserves some attention in the planning efforts of the municipality.

3.9.8 POOR QUALITY OF THE ENVIRONMENT

The quality of the environment within the NLM requires an urgent attention. This is symbolized mainly by the following:

- ☞ Deteriorating quality of water due to mining activities, pit latrines, use of pesticides and fertilizers, and other water contaminating activities.
- ☞ Poor air quality due to emissions. Equipment for air quality monitoring is in place but has not been maintained. Closer collaboration with local industries needs to be developed in this regard.

- ☞ Urbanization which results in the establishment of settlements in areas that is unsuitable for human habitation. These include flood lines, wetlands, etc.
- ☞ Waste collection and disposal. The municipality needs to work together with local communities, particularly in the townships to develop community based programs for keeping the area clean.
- ☞ General lack of active open space in the NLM, particularly the township areas.
- ☞ Dirt roads which also contribute to a sterile environment.

3.9.9 FINANCIAL MANAGEMENT AND ACCOUNTING

The general lack of requisite knowledge by the finance team on GRAP/GAMAP requirements culminates in:

- ☞ An inability to account for financial accounts in line with GRAP/GAMAP accounting standards;
- ☞ Reliance on consultants in preparing financial statements in line with GRAP/GAMAP requirements by municipalities already converted from IMFO to GRAP/GAMAP;
- ☞ Lack of preparedness by those municipalities still to convert to GRAP/GAMAP requirements; and
- ☞ Financial systems not geared towards GRAP/GAMAP requirements.

In addition, the financial diagnostic report identifies the following challenges in financial administration, management and reporting within municipality:

- ☞ Lack of systems of internal controls to manage assets evidenced by asset registers not updated when acquisitions, impairments or disposals are made. Reconciliations' of the asset register to the general ledger not performed. Further, the existence of assets cannot be ascertained due to a lack of ongoing process to verify them.
- ☞ Inadequate revenue collection systems within municipalities evidenced by low recovery of amounts owed for municipal services from consumer debtors, Lack of procedures to enforce recovery of debts or follow-up on outstanding amounts, Lack of advice to the council on revenue enhancement mechanisms.
- ☞ Lack of month end discipline resulting in month end closure not performed, critical month end reconciliations not performed, inability to identify completeness of recording of transactions, and inability to report meaningfully to the municipal structures on financial performance;

- ☞ Poor record management resulting in difficulties in tracing financial records supporting the financial affairs of the municipality;
- ☞ Lack of processes to identify and manage unauthorised, irregular and wasteful expenditure;
- ☞ Issues raised by the Office of the Auditor General not followed up and cleared on time.

3.9.10 HIGH RATE OF POVERTY

Poverty manifests itself in different dimensions with income poverty and human poverty being the most common. Income poverty refers to the lack of sufficient income to satisfy basic food needs and essential non-food needs such as clothing, energy and shelter. It arises from a high rate of unemployment, poor access to productive resources, lack of marketable skills and general lack of job opportunities.

Human poverty broadly refers to the lack of basic human capabilities and it arises from high representation of the members who cannot read, write and numerate food insecurity, malnutrition, declining life expectancy, increase of sickness and deaths related to preventable diseases and poor access to basic services. Overcrowding also contributes to this situation.

3.9.11 IMPACT OF HIV AND AIDS

Accurate statistical information about the prevalence of HIV and AIDS in the NLM could not be obtained. However, AIDS has generally been identified as one of the key factors that will influence development over the next few decades. HIV and AIDS will lead to a range of social and economic problems including the following:

- ☞ Increase in the dependency ratio as the number of the economically active who dies of AIDS increase.
- ☞ Increase in the number of orphans, which in turn may put strain on the limited welfare budget.
- ☞ Decline of population with 20 and below years of age.
- ☞ Increase in the number of households with members who need special care and treatment thus putting burden on their families, particularly women who are often the ones who look after the seek in addition to their daily activities
- ☞ Slowing of population growth.
- ☞ Lack of income in cases where breadwinners die of AIDS.

- ☞ Low productivity rate.

3.9.12 DEBT MANAGEMENT

Newcastle Municipality has a total debt roll amounting to R 748 934 335. The majority of this is more than 180 days old. Individual households account for R647 851 436 of this amount while government departments owing about R23 174 411. This situation arises from a number of factors including the following:

- ☞ Lack of control over excessive water leaks is the main and major contributing factor for low payment factor – where does a person start paying an account when it amounts to thousands of rands.
- ☞ Indigent using excess water – about 14100 indigent accounts have arrears of R 178 million leaving only about 7000 accounts having balances of less than R 500.
- ☞ Electricity meter audit not yet finalized – awaiting technical section report
- ☞ Lack of community and or buy in from communities
- ☞ No policies regarding water leaks other than that account is to be paid
- ☞ Need an improved customer care facility, i.e. call centre, with a proper query recording system.

However, the politicians are showing the political will to resolve this predicament by resolving that a Task Team needs to be established with a clear plan to improve the payment factor.

3.9.13 LACK OF FINANCIAL DISCIPLINE

Lack of systems of internal controls to manage assets evidenced by:

- ☞ Asset registers not updated when acquisitions, impairments or disposals are made;
- ☞ Reconciliations of the asset register to the general ledger not performed;
- ☞ Regular verifications of assets to ascertain existence and condition not in place.

A lack of these processes contribute to delays in the submission of financial statements due to difficulties encountered in reconciling general ledger / trial balance to corresponding supporting schedules. Further, the existence of assets cannot be ascertained due to a lack of ongoing process to verify them.

Inadequate revenue collection systems within municipalities evidenced by:

- ☞ Low recovery of amounts owed for municipal services from consumer debtors;

- ☞ Lack of procedures to enforce recovery of debts or follow-up on outstanding amounts,
- ☞ Lack of advice to the council on revenue enhancement mechanisms.
- ☞ Extraordinarily large provisions for doubtful debts being posted on the Annual Financial Statements.
- ☞ Lack of month end discipline resulting in month end closure not performed, critical month end reconciliations not performed, inability to identify completeness of recording of transactions, and inability to report meaningfully to the municipal structures on financial performance;
- ☞ Poor record management resulting in difficulties in tracing financial records supporting the financial affairs of the municipality;
- ☞ Lack of processes to identify and manage unauthorised, irregular and wasteful expenditure;
- ☞ Issues raised by the Office of the Auditor General not followed up and cleared on time.

3.9.14 SKILLS

Section 83 of the MFMA prescribes that the accounting officer, senior managers, the Chief Financial Officer and other financial officials of a municipality must meet the prescribed financial management competency levels. The following skills are critical for finance staff:

- ☞ Knowledge of generally recognised accounting practise at transaction level (i.e. inability to account for financial accounts correctly through basic principle of debit and credit),
- ☞ Understanding of the importance of month end closure,
- ☞ Understanding of reconciliations and their purpose,
- ☞ Adequate supervision of staff activities,
- ☞ Ability to present meaningful monthly management reports and provide sound advice to the council,
- ☞ Ability to prepare annual financial statements in accordance with applicable generally recognised accounting standards.

3.10 KEY ISSUES BY KPAS

KEY PERFORMANCE AREAS	KEY ISSUES
Spatial Rational	<ul style="list-style-type: none"> • The role of Newcastle as a regional hub in the northern part of KZN. • Spatial fragmentation between Newcastle East and Newcastle West. • Low density largely informal urban sprawl particularly in Newcastle East. • Increase in the isolated and dislocated settlements such as Ingogo. • Lack of housing opportunities for the poor in and around the CBD. • Settlements occurring in environmentally sensitive areas. • Implementation of a wall-to-wall scheme.
Municipal Transformation and Organisational Development	<ul style="list-style-type: none"> • Appointment of females and the disabled in senior management positions. • Implementation of Municipal Turn Around Strategy. • Developing systems for effective information management and institutional memory. • Ongoing staff training and capacity building. • Ability to attract and retain qualified and experienced staff in technical and financial management functions.
Service Delivery and Infrastructure Analysis	<ul style="list-style-type: none"> • Aging infrastructure in Newcastle West. • Service backlogs in JBC and surrounding rural settlements. • Lack of spare capacity in the water treatment works. • Storm water management. • Dirt roads in the MBO. • Poorly located landfill site. • Informal settlements. • Lack of social housing opportunities.
Local Economic and Social Development	<ul style="list-style-type: none"> • Lack of investment. • Lack of structured support for the SMMEs. • Decline in the agricultural sector. • Decentralisation of shopping facilities and increase in the number of shopping centres. • Opportunities in the coal mining sector.
Municipal Financial Viability and Management	<ul style="list-style-type: none"> • Debt collection. • Revenue generation. • Implementation of the MPRA. • Financial management.
Good Governance and Public Participation	<ul style="list-style-type: none"> • Legislative compliance. •

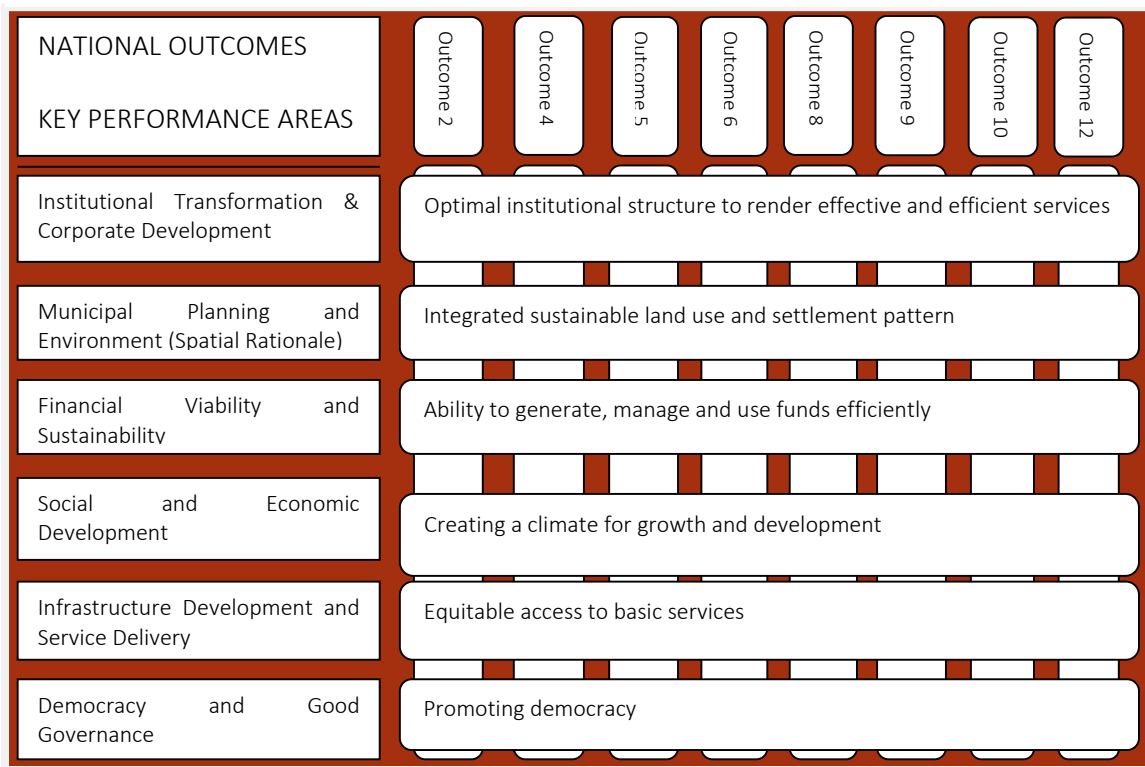
**SECTION 4:
VISION, GOALS, OBJECTIVES AND
STRATEGIES**

4 DEVELOPMENT STRATEGY

The development strategy of the NLM is designed to fit-in and give effect to the intention of both the national and provincial development strategies. This includes, within the 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.
- ☛ In addition, the IDP also considers the emerging national and provincial long term strategic plans as encapsulated in the Draft National Development Plan and the Draft Provincial Growth and Development Strategy. Given its strategic location in the northern part of KwaZulu-Natal, Newcastle Municipality will make a significant contribution towards the implementation and attainment of the strategic objectives of each of these strategic plans. Again, it is critically important to ensure that the IDP aligns with these documents. once

Figure 29: Strategy Map

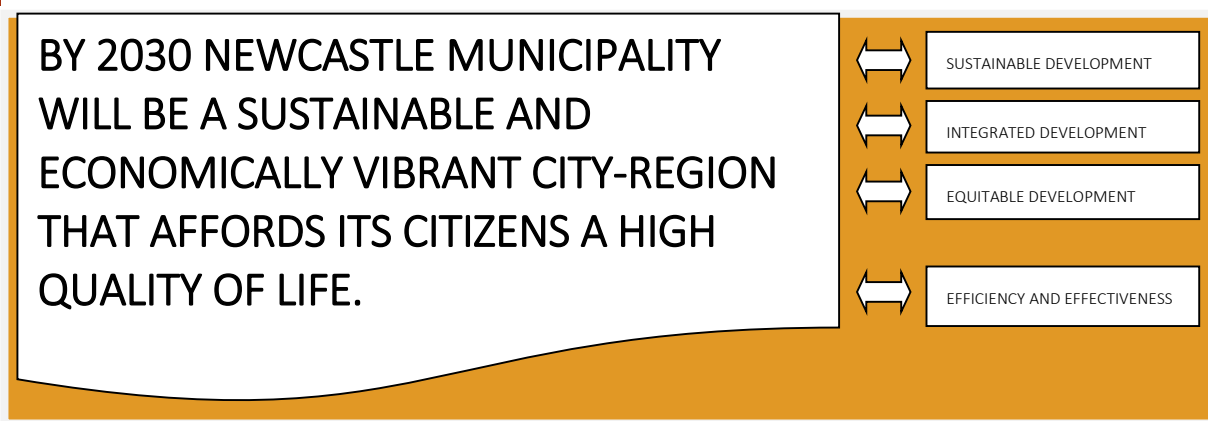


The strategic approach is meant to highlight the impact that the municipality seeks to create in the short to long term period. As indicated on Figure 29 above, in addition to outcome 9, the NLM will contribute to the attainment of outcomes 2, 4, 5, 6, 8, 9, 10 and 12 with the 5 KPAs as the strategic 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 priorities.

4.1 VISION, MISSION AND CORE VALUES

The following vision and mission statements for Newcastle Municipality were formulated at a strategic planning session with active participation of both the political and administrative components of the municipality. The vision commits the municipality to sustainable, integrated, equitable and effective development.

4.1.1 NEWCASTLE MUNICIPALITY DEVELOPMENT VISION



4.1.2 MISSION STATEMENT

Newcastle Municipality commits itself to the following Mission Statement:

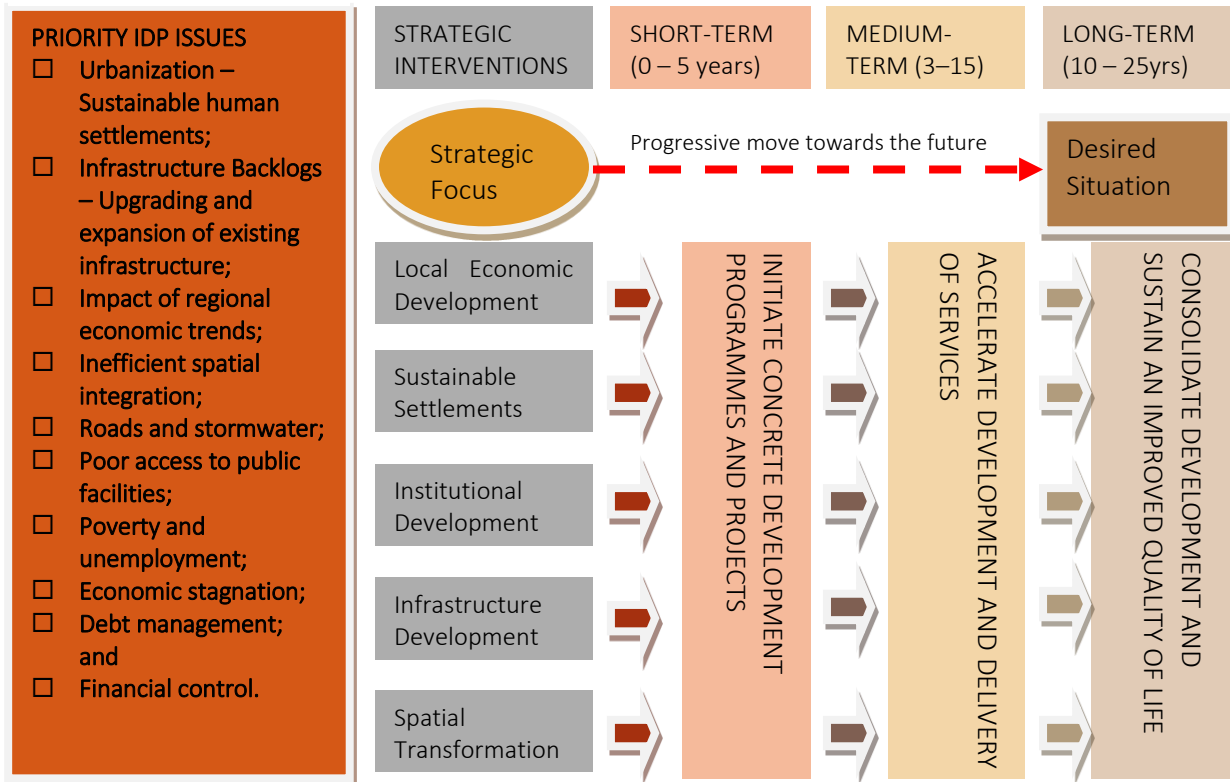
- Render sustainable services.
- Creating an environment conducive for economic growth.
- To become the Regional Centre for Investment attraction for Northern KZN.
- Improve service delivery.
- Offer good governance and public participation.
- Best ITC municipality in the local government sphere.

The mission statement acknowledges the objects of local government as outlined in various local government legislation and given effect through the IDP and the associated sector plans.

It also seeks to align the municipal strategic activities, structure and resource allocation with the powers and functions as prescribed in the Constitution.

4.1.3 LONG-TERM GOALS

Figure 30: Long-term Goals



The NLM development strategy is based on a long-term vision, but acknowledges the significance of issues that need to be addressed in the short to medium term. As such, the municipality has formulated development goals that seek to address the challenges facing the institution currently and reposition the area in a development path as follows:

- ☞ To develop Newcastle as a service and industrial hub.
- ☞ To eradicate all forms of poverty and destitution/indigence.
- ☞ To be an example of service and governance excellence.
- ☞ To improve the quality of life.
- ☞ To achieve environmental sustainability.
- ☞ To promote gender equality and empowerment.

4.2 IDP STRATEGIC OBJECTIVES

4.2.1 INSTITUTIONAL TRANSFORMATION AND CORPORATE DEVELOPMENT

INSTITUTIONAL TRANSFORMATION AND CORPORATE DEVELOPMENT.								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
Output 6: Administrative and financial capability.	IT1	To ensure the optimal institutional structure to render effective and efficient services aligned to the IDP.	IT1.1	To provide efficient and effective general administrative support services.	IT1.1.1	Average turnaround time for the filling of a vacancy.	42	SED: Corporate Services
			IT1.2	Implementation and review of the organogram with adequate capacity.	IT1.2.1	% of employees assisted/consulted as requested.	100%	SED: Corporate Services
					IT1.2.2	% completion of placement process.	N/A	Municipal Manager
					IT1.2.3	Number of departments which completed job descriptions.	Submission of description file for all departments.	SED: Corporate Services
					IT1.2.4	% of critical posts filled as identified and approved by Municipal Manager (as budgeted).	100%	SED: Corporate Services
					IT1.2.5	Number of posts budgeted for filled.	100%	SED: Corporate Services
					IT1.2.6	% of Municipal budget actually spent on implementing its workplace skills plan.	100%	SED: Corporate Services
					IT1.2.7	Compliance with submission of Employment Equity Report by 01 October 2013.	1	SED: Corporate Services

					IT1.2.8	Number of people from employment equity target groups employed in the three highest levels of management.	23	SED: Corporate Services
			IT1.3	To develop, plan and participate in knowledge sharing with other municipalities.	IT1.3.1	Number of knowledge sharing meeting arranged.	1	All
Output 6: Administrative and financial capability.	IT2	To ensure productive and competent human capital.	IT2.1	To facilitate human resource development.	IT2.1.1	Successful submission of the WSP to LGSETA.	Submit WSP to LGSETA.	SED: Corporate Services
					IT2.1.2	Number of team building exercises conducted.	1	SED: Corporate Services
					IT2.1.3	Number of interventions arranged into the WSP.	710	SED: Corporate Services
					IT2.1.4	Number of policies reviewed and developed.	1	SED: Corporate Services
					IT2.1.5	Number of policies reviewed and developed.	2	SED: Corporate Services
Output 6: Administrative and financial capability.	IT3	To ensure effective and efficient administrative support services.	IT3.1	To provide efficient and effective IT support services and systems.	IT3.1.1	Number of ICT Steering Committee meetings.	4	Municipal Manager
					IT3.1.2	Percentage of the ICT Strategic Plan Implemented.	33,3%	Municipal Manager
					IT3.1.3	% of uptime maintained.	96%	Municipal Manager
					IT3.1.4	Review Disaster Recovery Plan.	2	Municipal Manager
					IT3.1.5	Frequency of ICT Security Audits.	4	Municipal Manager
					IT3.1.6	% of website requests addressed within 24 hours.	95%	Municipal Manager

4.2.2 GOVERNANCE AND PUBLIC PARTICIPATION

GOVERNANCE AND PUBLIC PARTICIPATION.								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
Output 6: Administrative and financial capability.	GP4	To ensure good governance through openness, transparency and accountability in the organization.	GP4.1	To strengthen executive support to services.	GP4.1.1	% of operational issues addressed as referred by Municipal Manager (grievances).	100%	Municipal Manager
					GP4.1.2	Compliance with record keeping checklist.	100%	Municipal Manager
					GP4.1.3	Monthly Manco meetings held.	12	Municipal Manager
					GP4.1.4	Annual review of Delegations Systems by January 2014.	Annual review of Delegations Systems by January 2014.	Municipal Manager
					GP4.1.5	Number of Batho Pele campaigns facilitated.	2	Municipal Manager
					GP4.1.6	To develop the IDP in line with the 3 rd Generation Guidepack/Guidelines.	31 May 2014	Municipal Manager
Output 1: Implement a differentiate		To keep the communities and stakeholders	GP5.1	To improve both internal and external communication.	GP5.1.1	Annual review and implementation of Public Participation Policy (Based on review by National Department of COGTA) by 30 June 2014.	Reviewed policy by 30 June 2015	Municipal Manager
					GP5.1.2	Number of training interventions for Ward Committees (December)	1	Municipal Manager
					GP5.1.3	Annual Mayoral IDP/Budget/PMS Roadshows.	1	Municipal Manager

d approach to municipal planning and support.	GP5	informed and involved in the affairs of the municipality.			GP5.1.4	Quarterly Ward Councillor newsletter.	4	Municipal Manager		
					GP5.1.5	To address 100% of matters/queries/complaints that have been raised by the community.	100%	Municipal Manager		
					GP5.1.6	% of media/communication queries addressed by the Communication Unit.	100%	Municipal Manager		
					GP5.2	To develop the communication policy.	GP5.2.1	Approved Communication Policy/Strategy by June 2014.	Implementation of Communication Strategy.	Municipal Manager
							GP5.2.2	Draft Citizens Charter.	TBA	Municipal Manager
Output 6: Administrative and financial capability.	GP6	To ensure good governance through openness, transparency and accountability in the organization.	GP6.1	To develop and implement an effective Performance Management System.	GP6.1.1	Annual review of PMS Policy by 31 May 2013.	Annual review of PMS Policy by 31 May 2015.	Municipal Manager		
					GP6.1.2	Quarterly performance reports submitted to Internal Audit within 20 days of end of quarter.	4	Municipal Manager		
					GP6.1.3	% of section 54/47 Managers formally evaluated by no later than 31 March 2014.	100%	Municipal Manager		
					GP6.1.4	Annual Performance Report submitted to the Auditor General by 31 August 2013.	Annual Performance Report submitted to the Auditor General by 31 August 2014.	Municipal Manager		
					GP6.1.5	Approval of Oversight Report and adoption of	Approval of Oversight Report and adoption of	Municipal Manager		

					Annual Report by 31 March 2014.	Annual Report by 31 March 2015.		
Output 6: Administrative and financial capability.	GP7	To ensure good governance through openness, transparency and accountability in the organization.	GP7.1	To maintain and implement an effective Risk Management System.	GP7.1.1	Number of reviewed and approved risk management policies and strategies.	4	Municipal Manager
					GP7.1.2	Quarterly reports on implementation of risk management action plan.	4	Municipal Manager
					GP7.1.3	Number of anti-fraud and corruption workshops facilitated.	4	Municipal Manager
					GP7.1.4	Finalised risk assessment and compilation of risk register by 31 May 2014.	Finalised risk assessment of compilation of risk register by 31 May 2015.	Municipal Manager
					GP7.1.5	Quarterly reports on compliance with legislation, implementation of AG ACTION PLAN.	N/A	Municipal Manager
Output 6: Administrative and financial capability.	GP8	To ensure an effective internal audit function.	GP8.1	To provide Independent Objective Assurance and Consulting Services that add value and improve operations of the municipality.	GP8.1.1	Annual review of audit charters by August.	Annual review of audit charters by August 2014.	Municipal Manager
					GP8.1.2	Number of audit committee meetings facilitated.	8	Municipal Manager
					GP8.1.3	% completion against internal audit plan.	100%	Municipal Manager
					GP8.1.4	Quarterly reports on Internal Audit queries.	4	Municipal Manager
					GP9.1.1	% of legal opinions finalised.	100%	Municipal Manager
					GP9.1.2	Development and maintenance of	Development of database.	Municipal Manager

Output 6: Administrative and financial capability.	GP9	To ensure good governance through openness, transparency and accountability in the organization.	GP9.1	To provide effective and efficient legal support services.		applicable legislation database.		
					GP9.1.3	Number of Council bylaws, policies and procedures reviewed.	8	Municipal Manager
					GP9.1.4	Turnaround time for addressing objections.	60 days.	Municipal Manager
					GP9.1.5	Turnaround time for addressing disciplinary matters.	3 months.	Municipal Manager

4.2.3 FINANCIAL VIABILITY AND SUSTAINABILITY

FINANCIAL VIABILITY AND SUSTAINABILITY.								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
Output 6: Administrative and financial capability.	FV10	To ensure sound financial and fiscal management and good governance.	FV10.1	To ensure compliance with financial reporting in terms of the relevant legislative requirements.	FV10.1.1	% compliance with MFMA reporting obligations as per MFMA calendar.	100%	SED: Budget and Treasury Office
			FV10.2	To ensure an effective and efficient Supply Chain Management System.	FV10.2.1	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations).	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations).	SED: Budget and Treasury Office
					FV10.2.2	Reviewed and Approved SCM Policy by 31 March 2014.	Reviewed and Approved SCM Policy by 31 March 2015.	SED: Budget and Treasury Office

			FV10.3	To ensure a sound Asset Management System.	FV10.3.1	Reviewed Asset Management Policy and Plan.	Maintenance of asset management plan and review of policy.	SED: Budget and Treasury Office
			FV10.4	To ensure compliance with budget planning and implementation.	FV10.4.1	Approved Annual Budget by 31 May 2014 and adjustment budget by 28 February 2015.	Approved adjustment budget by 28 February 2014 and Approved budget by 31 May.	SED: Budget and Treasury Office
					FV10.4.2	% of municipal capital budget actually spent on capital projects identified in the IDP.	90%	SED: Budget and Treasury Office
Output 6: Administrative and financial capability.	FV11	To ensure a financially viable municipality.	FV11.1	To improve the payment factor by 2% basis points by June 2014.	FV11.1.1	% payment factor increase by 2 percent basis points annually.	79%	SED: Budget and Treasury Office
					FV11.1.2	Financial viability in terms of debt coverage.	1:82	SED: Budget and Treasury Office
					FV11.1.3	Financial viability in terms of cost coverage.	1:5.3	SED: Budget and Treasury Office
					FV11.1.4	Financial viability in terms of outstanding service debtors.	152%	SED: Budget and Treasury Office
			FV11.2	To facilitate processes to enhance revenue.	FV11.2.1	Number of Revenue Enhancement meetings facilitated.	4	SED: Budget and Treasury Office
			FV11.3	To implement sound cash management practices.	FV11.3.1	Compilation of monthly banks reconciliations within 10 working days.	12	SED: Budget and Treasury Office

4.2.4 MUNICIPAL PLANNING AND ENVIRONMENT

MUNICIPAL PLANNING AND ENVIRONMENT.								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
Output 4: Actions supportive of the human settlements outcome.	MP12	To ensure the development and maintenance of a credible IDP	MP12.1	To develop the IDP Process Plan in line with the legislation.	MP12.1.1	Number of IDP RF meetings held.	2	Municipal Manager
					MP12.1.2	Number of sector plans co-ordinated and/or reviewed.	4	Municipal Manager
			MP12.2	To develop the IDP in line the 3 rd Generation IDP Guidelines.	MP12.2.1	Reviewed IDP by 31 May 2015.	Reviewed IDP by 31 May 2015.	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP13	To develop an efficient and effective land use management system so as to promote a rational and harmonious land use activity system.	MP13.1	To undertake efficient and effective planning enforcement.	MP13.1.1	% of identified and reported illegal advertisements removed.	80% of identified and reported illegal signs.	SED: DP&HS
			MP13.2	Preparation of the Town Planning Scheme covering the entire municipal area (wall to wall).	MP13.2.1	Submission of 2 nd Draft on Phase II: Wall-to-Wall Scheme.	Submission of 2 nd Draft on Phase II: Wall-to-Wall Scheme.	SED: DP&HS
			MP13.3	Administration of the Town Planning Scheme.	MP13.3.1	100% compliance to prescribed timeframes and requirements for inputs from all relevant parties.	100% compliance to prescribed timeframes and requirements for inputs from all relevant parties.	SED: DP&HS
			MP13.4	Develop policies and bylaws for planning.	MP13.4.1	Number of policies and bylaws formed and reviewed.	Quarterly reports on compliance with legislation.	SED: DP&HS
			MP13.5	To undertake efficient and effective building controls.	MP13.5.1	Average turnaround time for the approval of Building Plans.	10 days for residential, and 18 days for commercial and industrial buildings.	Municipal Manager

					MP13.5.2	% of illegal buildings addressed as identified and reported.	100%	Municipal Manager
Output 4: Actions supportive of the human settlements outcome.	MP14	To ensure an effective and integrated Geographic Information Management System.	MP14.1	Upgrading of the GIS System.	MP14.1.1	Purchased hardware.	N/A	SED: DP&HS
					MP14.1.2	Purchased CAD software.	N/A	SED: DP&HS
			MP14.2	GIS Data Management.	MP14.2.1	Number of properties captured into cadastral data on the geodatabase.	Capturing of 32310 properties for land use and zoning information.	SED: DP&HS
			MP14.3	GIS System integration with other municipal systems.	MP14.3.1	Mapping of infrastructure projects on GIS.	N/A	SED: DP&HS
			ME14.4	Maintenance of the current GIS System.	MP14.4.1	Staff Training.	1	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP15	To create human settlements that are economically viable, aesthetically pleasant, habitable and vibrant.	MP15.1	Uplifting of communities socially, economically and environmentally, including infrastructure development.	MP15.1.1	Approved Urban Network Strategy.	Draft Urban Networks Plan Consultation.	SED: DP&HS
			MP15.2	Promotion of Urban Renewal in the MBO areas (including the JBC area).	MP15.2.1	Approval of Business Plans for funding of projects and programmes by identified funding sources.	Approved/Draft Business Plans/Project Plans for projects or programmes from identified funding sources.	SED: DP&HS
			MP15.3	To provide enablers for local communities towards an improved quality of their lives.	MP15.3.1	Establishment of the URP coordination forum for MBO.	Establishment of forum.	SED: DP&HS
					MP16.1.1	Approved Spatial Development Framework by 30 June 2015.	Approved Spatial Development Framework by 30 June 2015.	SED: DP&HS

Output 4: Actions supportive of the human settlements outcome.	MP16	To promote spatial restructuring and integration.	MP16.1	To produce plans, policies and strategies to guide and manage development.	MP16.1.2	Approved Dicks, Mndoza, and Soul City Local Area Development Plan by 30 June 2014.	Approved Local Area Development Plan by 30 June 2015.	SED: DP&HS
					MP16.1.3	Quarterly reports on compliance with legislation.	4	SED: DP&HS
					MP16.1.4	Approved Kilbarchan, Ingagane, Charlestown Precinct Plans by 30 June 2015.	Approved Kilbarchan, Ingagane, Charlestown Precinct Plans by 30 June 2015.	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP17	To promote sustainable development and environmental awareness.	MP17.1	To provide a framework for Environmental Management.	MP17.1.1	Approved structure inclusive of the Environmental Management Unit.	N/A	SED: DP&HS
			MP17.2	To ensure compliance with environmental legislation and regulations.	MP17.2.1	Approved Environmental Management Framework (EMF) by 30 June 2015.	Approved Environmental Management Framework (EMF) by 30 June 2015.	SED: DP&HS
			MP17.3	To improve environmental awareness.	MP17.3.1	% of Communication Plan implemented.	8	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP18	To facilitate the provision of housing in line with the national and provincial norms and standards.	MP18.1	To reduce housing backlogs to meet the provincial and national targets.	MP18.1.1	Number of houses built.	862 units.	SED: DP&HS
			MP18.2	Development and implementation of a Housing Sector Plan.	MP18.2.1	Revised Housing Sector Plan by December 2014.	Annual Revision of Housing Sector Plan.	SED: DP&HS
				Promotion of a variety of housing	MP18.3.1	Number of applications for funding submitted to the Department of Human Settlements	1	SED: DP&HS

			MP18.3	typologies and densities in and around nodal points.		(i.e. Drycut and Roypoint).		
			MP18.3.2			Number of informal settlements upgrade.	1	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP19	To promote sustainable human settlements in rural areas (Land Reform areas).	MP19.1	Liaison with the Dept. of Human Settlements and Rural Development.	MP19.1.1	Number of stands disposed – residential.	N/A	SED: DP&HS
			MP19.2	To develop and maintain a reliable Housing Waiting List database.	MP19.2.1	% of housing database updated.	100%	SED: DP&HS
			MP19.3	Promotion of Security of Tenure.	MP19.3.1	Number of applications forwarded to conveyancers.	40	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP20	Efficient management of the municipal real estate.	MP20.1	To create a Municipal Land Bank.	MP20.1.1	Number of pieces of land acquired for development.	10	SED: DP&HS
			MP20.2	To review the Municipal Land Disposal Policy.	MP20.2.1	Review Land Disposal Policy by 31 December 2014.	Review of the Land Disposal Policy by 31 June 2014.	SED: DP&HS
			MP20.3	To conduct a Municipal Land Audit.	MP20.3.1	Land Audit.	N/A	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP21	Management of municipal housing.	MP21.1	To keep municipal housing stock in good condition.	MP21.1.1	Number of houses refurbished.	N/A	SED: DP&HS
Output 4: Actions supportive of the human settlements outcome.	MP22	Promoting the development of integrated human settlements.	MP22.1	Prepare the Rural Development Strategy.	MP22.1.1	Finalise the Rural Development Strategy.	N/A	SED: DP&HS

Output 4: Actions supportive of the human settlements outcome.	MP23	Provision of cemetery services in accordance with the relevant legislation.	MP23.1	Manage maintenance and operations of cemeteries.	MP23.1.1	Master Plan for Community Services to be finalised by 31 March 2014 (Approved Cemetery Plan part of Master Plan).	N/A	SED: DP&HS
					MP23.1.2	% of complaints addressed.	100%	SED: DP&HS
					MP23.1.3	% of new entries with regards to burials captured electronically.	100%	SED: DP&HS

4.2.5 INFRASTRUCTURE DEVELOPMENT (SERVICE DELIVERY)

INFRASTRUCTURE DEVELOPMENT (SERVICE DELIVERY).								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
		To ensure the provision of appropriate	ID24.1	To ensure that the water and sanitation service is rendered in an efficient and affordable manner.	ID24.1.1	Number (as well as percentage) of households with access to potable (drinkable) water.	79 215 (94%)	SED: Technical Services
					ID24.1.2	Number (as well as percentage) of households with access to sanitation.	62 000 (73,5%)	SED: Technical Services
					ID24.1.3	Appointment of service provider to develop a strategy to take over of UTW functions.	N/A	Municipal Manager
			ID24.2.1	Annual review of WSDP by 28 February 2014.	Approved WSDP annual review by 31 January 2015.	SED: Technical Services		

Output 2: Improving access to basic services.	ID24	sanitation and potable water to all households in Newcastle Municipality's jurisdictional area.	ID24.2	To promote water conservation and environmental awareness.	ID24.2.2	Number of awareness campaigns to promote water conservation and environmental awareness.	10	SED: Technical Services		
					ID24.2.3	Reduction of water losses by 5% per annum for NRW.	43%	SED: Technical Services		
					ID24.2.4	Approved Business Plans for rural areas and urban areas.	N/A	SED: Technical Services		
					ID24.3	To develop the Capital Investment Program.	ID24.3.1	% spent of DWA funding.	90%	SED: Technical Services
							ID24.3.2	% completion of Asset Replacement Plan.	Draft Asset Replacement Plan (pipes, pump stations).	SED: Technical Services
					Output 2: Improving access to basic services.	ID25	To ensure the provision and maintenance of safe roads and effective stormwater infrastructure.	ID25.1	To keep the municipal roads and stormwater drainage in an acceptable condition.	ID25.1.1
ID25.2	To provide streets beautification and pavements.	ID25.2.1	m ² of sidewalks paved.	2000						SED: Technical Services
ID25.3	To develop and implement the Roads and Stormwater Infrastructure Plan.	ID25.3.1	m ² of sidewalks paved.	2000						SED: Technical Services
		ID25.3.2	Km's of roads resealed.	20						SED: Technical Services
ID26.1	To provide electricity within the Newcastle Municipality Licensed Areas.	ID26.1.1	Number of solar geysers installed.	N/A						SED: Technical Services
		ID26.1.2	Number of households with access to electricity connection in the Eskom Licensed Area.	88 301						SED: Technical Services

Output 2: Improving access to basic services.	ID26	To ensure access to electricity and other forms of energy where applicable.	ID26.2	To facilitate the supply of electricity outside the areas licensed with Eskom.	ID26.2.1	Completed Network Analysis Plan for the Newcastle Electrical Network by 30 June 2013.	Implementation of ESDP.	SED: Technical Services.		
					ID26.2.2	Number as well as percentage of households with access to electricity-new connections.	364	SED: Technical Services		
			ID26.3	To improve the electricity network in the Newcastle Municipality Licensed Areas.	ID26.3.1	% of Maintenance Plan implemented.	100%	SED: Technical Services		
			ID26.4	To engage Eskom regarding the transfer of license in Eskom Licensed Areas.	ID26.4.1	Backlog of electricity connections to consumer units (ESKOM Area).	364	SED: Technical Services		
Output 2: Improving		To provide and ensure a safe and		Implementation of the Waste Management	ID27.1	To keep the Newcastle Municipal area clean.	ID27.1.1	% of Public Outreach and Awareness Programmes performed.	100%	SED: Community Services
					ID27.2.1	Master Plan for Community Services finalised by 31 March 2014.	N/A	SED: Community Services		
					ID27.2.2	Approved program of prioritization to address backlogs by 31 March 2014.	N/A	SED: Community Services		
					ID27.2.3	Number of households serviced.	61 212	SED: Community Services		
				ID27.2.4	Number of registered landfill/waste disposal sites.	N/A	SED: Community Services			

access to basic services.	ID27	healthy environment.	ID27.2	Strategy in line with the relevant legislation.	ID27.2.5	New site identified within a 25km radius of Newcastle.	N/A	SED: Community Services
					ID27.2.6	Number of Draft Bylaws to be completed by each section.	N/A	SED: Community Services
					ID27.2.7	% of complaints addressed within 24hrs.	100%	SED: Community Services
					ID27.2.8	Progress made with the closure of the existing site.	N/A	SED: Community Services

4.2.6 SOCIAL DEVELOPMENT

SOCIAL DEVELOPMENT								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
Output 3: Implementation of the Community Work Programme.	SD28	To respond to the needs of the vulnerable groups.	SD28.1	Aged and disabled programs.	SD28.1.1	Number of special programs implemented.	4	Municipal Manager
			SD28.2	Participate in the Provincial initiatives and programs.	SD28.2.1	Number of programs invited to participate in.	6	Municipal Manager
					SD28.2.2	Number of stakeholders engaged.	4	Municipal Manager
			SD28.3	Participate in District games.	SD28.3.1	Monthly OSS programmes facilitated/implemented.	12	Municipal Manager
Output 3: Implementation of the Community Work Programme.			SD29.1	Implementation of Youth Development Projects.	SD29.1.1	Number of workshops to facilitate the community.	3	Municipal Manager

ion of the Community Work Programme.	SD29	Youth development and women empowerment.	SD29.2	Gender programs.	SD29.2.1	Number of fora established/functional.	8	Municipal Manager	
			SD29.3	Participate in the KWANALOGA games.	SD29.3.1	Number of programmes invited to participate in.	?	Municipal Manager	
Output 3: Implementation of the Community Work Programme.	SD30	To manage the effect of HIV/Aids within the Newcastle jurisdictional area.	SD30.1	Development and implementation of a Workplace HIV/Aids management program.	SD30.1.1	Number of fora established/functional.	8	Municipal Manager	
			SD30.2	HIV/Aids awareness campaigns.	SD30.2.1	Number of HIV/Aids campaigns facilitated.	9	Municipal Manager	
Output 3: Implementation of the Community Work Programme.	SD31	To improve access to basic services.	SD31.1	Free basic services.	SD31.1.1	Monthly registrations and deregistration.	12	SED: Budget and Treasury Office	
			SD31.2	Rates rebates and breaks.	SD31.2.1	Monthly registration and deregistration.	12	SED: Budget And Treasury Office	
			SD31.3	Social security grants.	SD31.3.1	% of households earning less than R1100.00 per month with access to free basic services (R3000 as per the Indigent Policy for Newcastle).	100%	SED: Budget and Treasury Office	
Output 3: Implementation of the Community Work Programme.	SD32	To improve safety and security	SD32.1	Licensing.	SD32.1.1				
			SD32.2	Traffic management.	SD32.2.1	Appointment and installation of parking meters.	Appointment of service provider for parking meters by 31 December 2014.		SED: Community Services
					SD32.2.2	Number of roadblocks conducted.	24	SED: Community Services	
			SD32.3	Participation on road safety awareness campaigns.	SD32.3.1	Communication implemented.	100%	SED: Community Services	
			SD32.4.1		Quarterly reports on Disaster Management forum to Portfolio Committee.	4	SED: Community Services		

			SD32.4	Establishment of the Disaster Management Forum.	SD32.4.2	Development of sector plans for Community Services.	2	SED: Community Services
			SD32.5	To improve the fire-fighting services.	SD32.5.1	Number of fire inspections conducted.	200	SED: Community Services
					SD32.5.2	Average dispatch time.	1 minute	SED: Community Services
					SD32.5.3	Average time taken to respond to victims.	24 hours	SED: Community Services
Output 3: Implementation of the Community Work Programme.	SD33	To ensure efficient use and management of community facilities.	SD33.1	Environmental health services.	SD33.1.1	% of complaints addressed within 24 hours.	100%	SED: Community Services
			SD33.2	Sports, parks and recreation.	SD33.2.1	Establishment of at least two play-parks annually.	2	Municipal Manager
						% of cutting cycle plan implemented quarterly.	100%	Municipal Manager
SD33.3	Improvement of community access to facilities (halls, pools, libraries and amenities).	SD33.3.1	Number of exhibitions or events facilitated.	8	Municipal Manager			

4.2.7 LOCAL ECONOMIC DEVELOPMENT

LOCAL ECONOMIC DEVELOPMENT.								
Outcome 9	Objective No.:	Strategic Objective	Strategy No.:	Strategy	KPI No.:	KPI	Target (2014/15).	Responsible Department/Vote
Output 1: Implementation of a differentiated approach	ED34	To facilitate economic development that will result in	ED34.1	To facilitate investment promotion by local and foreign businesses.	ED34.1.1	Quarterly reports on meetings held with foreign and local investors.	4	SED: DP&HS

to municipal planning and support.		sustainable job creation.	ED34.2	Business Retention and Expansion (BNR).	ED34.2.1	Number of meetings with chambers and Newcastle businesses.	4	SED: DP&HS
Output 1: Implementation of the Community Work Programme.	ED35	To facilitate economic development that will result in sustainable job creation.	ED35.1	Provision of internal guidance for investment and infrastructure expenditure.	ED35.1.1	Number of meetings held.	4	SED: DP&HS
					ED35.1.2	Quarterly reports on meetings held with sector government departments, NGOs and potential funders.	4 quarterly reports to Portfolio Committee.	SED: DP&HS
					ED35.1.3	Number of economic studies completed and submitted to Portfolio Committee.	2	SED: DP&HS
Output 1: Implementation of the Community Work Programme.	ED36	To facilitate economic development that will result in sustainable job creation.	ED36.1	To facilitate the development of key infrastructure to help facilitate the growth of the economy.	ED36.1.1	Study/survey to identify key infrastructural needs that drive and unlock the local economy.	N/A	SED: DP&HS
Output 1: Implementation of the Community Work Programme.	ED37	To facilitate economic development that will result in sustainable job creation.	ED37.1	Regulation of the Informal Economy.	ED37.1.1	Develop policy for informal trading and review of the bylaws by 30 June 2015.	Develop policy for informal trading and review of the bylaws by 30 June 2015.	SED: DP&HS
Output 1: Implementation of the Community Work Programme.	ED38	To facilitate economic development that will result in sustainable job creation.	ED38.1	Promotion of SMME and entrepreneurial development.	ED38.1.1	Number of SMME development events.	4	SED: DP&HS
					ED38.1.2	Number of Hawker Stands built.	20	SED: DP&HS
					ED38.1.3	Development of a business for Business Incubator.	N/A	SED: DP&HS
					ED38.1.4	Number of SMMEs assisted.	50	SED: DP&HS
					ED38.1.5	Number of SMME development events.	2	SED: DP&HS

			ED38.2	Key sector development.	ED38.2.1	Number of business plans developed.	Implementation.	SED: DP&HS
Output 1: Implementation of the Community Work Programme.	ED39	To facilitate economic development that will result in sustainable job creation.	ED39.1	To facilitate a conducive environment for tourism business to grow.	ED39.1.1	Approved Tourism Development and Marketing Strategy and provision for implementation plan on 2014/15 budget.	N/A	SED: DP&HS
					ED39.1.2	Report on number of tourism trade show attended and the outcome/impact to the Municipality.	2	SED: DP&HS
					ED39.1.3	Number of meetings held with tourism coordinating structures e.g. CTO.	N/A	SED: DP&HS
			ED39.2	Marketing and branding of Newcastle.	ED39.2.1	Approved Tourism Development and Marketing Strategy and provision for Implementation Plan on 2014/15 budget.	N/A	SED: DP&HS
					ED39.2.2	Develop the Newcastle Brand.	N/A	SED: DP&HS
			Output 1: Implementation of the Community Work Programme.	ED40	To facilitate economic development that will result in sustainable job creation.	ED40.1	To provide economic data.	ED40.1.1
ED40.1.2	Updating of existing business directory and development of a web based directory.	Updating of existing business directory and development of a web based directory.						SED: DP&HS

**SECTION 5:
IMPLEMENTATION
PLAN**

5 IMPLEMENTATION PLAN

5.1 SPATIAL DEVELOPMENT ISSUES AND OBJECTIVES

As indicated before, the core spatial challenges of the Spatial Development Framework would be to ensure spatial equity, efficiency and sustainability. However, current practices do not always promote these concepts and it is therefore vital to identify the manner in which current trends do not impact on the achievement of these responsibilities and the eventual realization of the municipal vision.

The key spatial issues to be addressed can be summarized as follow:

EQUITY	EFFECIENCY	SUSTAINABILITY
1. Provision, upgrading and maintenance of key distribution routes .	1. Provision, upgrading and maintenance of key distribution routes .	1. Plan service standards in line with economic and environmental affordability .
2. Promotion of economic activities in closer proximity to the unemployed .	2. Infill planning is required to make the delivery of services more cost effective.	2. Conservation and maintenance of infrastructure and resources are better than replacement.
3. Clustering of social and community facilities at more accessible points.	3. Stimulation of economic districts and nodes to promote sufficient market thresholds.	3. Fragmented spatial structure causes sprawl and should be countered.
4. Promotion of private sector investment in disadvantaged areas .	4. Planning around bulk capacities to ensure more cost effective developments.	4. Planning should promote the sustainable use of resources , rather than exclusion of use.
5. Spatial focus of resources to redress inequalities in services standards and quality of life.	5. Promotion of economic opportunities in close proximity to residential functions (where sustainable).	5. Improved land management measures to control potential conflicts are required.

In order to address the above issues, a set of objectives have been formulated based on a review of the objectives and strategies contained in the approved Newcastle Integrated Development Plan. These objectives represent a spatial refinement thereof and are as follows:

Development Sector	Objectives
SPATIAL DEVELOPMENT	<ul style="list-style-type: none"> • Promote a compact urban structure through urban infill and densification • Create a logical hierarchy of settlements to support effective service delivery • Create an urban edge to contain urban sprawl
HOUSING	<ul style="list-style-type: none"> • Identify sufficient land for future housing development • Quantify housing backlogs and future needs • Locate new housing development within a rational urban structure and urban development boundary to ensure sustainable development
ENVIRONMENT	<ul style="list-style-type: none"> • Protect ecologically sensitive natural areas • Create a municipal open space system, comprising ridges, mountains, rivers and dams • Respect the flood lines of the major rivers and dams • Respect the conservation guidelines for Nature Reserves
TRANSPORT	<ul style="list-style-type: none"> • Focus urban development along major public transportation routes to establish transport corridors • Public transport access points (drop-off/ collection points) should be located at service delivery centres
SERVICE INFRASTRUCTURE	<ul style="list-style-type: none"> • Locate urban development, specifically housing development, within reach of bulk municipal services • Inform the future planning and delivery of bulk municipal services
COMMUNITY FACILITIES	<ul style="list-style-type: none"> • Settlement development must include the full range of community facilities to ensure viable and sustainable living environments • Community facilities must be clustered with business facilities in service delivery centres • Service delivery centres should be located in such a way that ensures equitable access for all communities • Community facilities must be provided according to accepted planning and development standards and guidelines

5.2 DEVELOPMENT STRATEGIES

The SDF proposes four key development strategies to help Newcastle achieve its vision of a sustainable, efficient and equitable future, and realize the spatial goals associated with this vision. These key development strategies are as follows:

- ☛ Promote urban, land use and transportation integration;
- ☛ Providing bulk infrastructure development;
- ☛ Establish equitable access to social services;
- ☛ Emphasize protection of agriculture and open spaces.

Although the current spatial pattern is inefficient and expensive, one has to admit that it is a fixed spatial pattern. Therefore, the aim should not be to alter the existing spatial structure, but one should rather guide its future development towards a better, more efficient and more cost-effective urban structure. In short, one should start addressing the weaknesses of the spatial structure through the planning and development of its future growth. Five strategies can be adopted to achieve this:

5.2.1 STRATEGY 1: LAND USE AND TRANSPORTATION INTEGRATION

A more compact city will improve Newcastle's efficiency and sustainability by:

- ☛ Helping to protect environmentally sensitive land through reducing demand for this land;
- ☛ Making better use of the city's limited resources for infrastructure investments and maintenance;
- ☛ Supporting more transport options, as higher densities will provide enough people to make public transport viable; and
- ☛ Offering a better, more convenient lifestyle for people who cannot drive, such as elderly, very young and disabled people, as a greater number of facilities and opportunities will be accessible by foot, bicycle or public transport.

A compact city will be achieved through introducing planning tools that contain the city's footprint and encourage responsible densification (through strategic infilling, and the intensification of land uses within the existing urban footprint, aligned with concentrations of economic activity, public transport, infrastructure and amenities). New urban development will be directed towards locations where its impact on the city's natural and built heritage will be least felt, or can be best managed, and where it is possible for sustainable human settlement to be served by the full range of urban opportunities and services. Similarly, new urban

development will be expected to achieve a compact form, with appropriate planning for density, and a greater mix and intensity of land uses.

In South Africa, public transportation costs make up a large proportion of household incomes, a cost that is augmented by the sprawling nature of our cities. Land use development and public transportation are therefore interlinked and affect each other greatly. Urban corridors create the optimal land use structure for the cost-effective operation of public transport systems. Public transportation works most effectively in a linear pattern, as opposed to winding its way through a widespread urban area. Such a linear land use pattern also benefits commuters, because it implies that residential settlements hug the corridor road or railway line, placing commuters within short walking distances of such public transportation termini.

One should move away from the fragmented and sprawling urban structure existing within the areas of Madadeni and Osizweni. Consolidating all the existing outlying settlements with each other and the business core area should achieve this. This can be done by filling in the unpopulated areas between these settlements with the future growth of these settlements. By doing this, the settlements will join together and towards the business core area, forming consolidated urban areas. Such an integrated urban structure will form basis for the provision of cost-effective municipal services and public transportation infrastructure. However, it should be noted that the position of the relatively large industrial area of Newcastle requires an integration path that will stretch fairly wide towards Ngagane or join up at Hilldrop/Arbor Park.

5.2.2 STRATEGY 2: BULK INFRASTRUCTURE DEVELOPMENT

Providing bulk infrastructure can be an important tool to achieve the above-mentioned spatial pattern and will, in turn, result in cost savings when developing the bulk infrastructure. All future bulk infrastructure should be developed within the urban areas described above; because where bulk infrastructure is developed, urban development will follow. In this manner, bulk services will force future urban development into a more rational and desirable urban pattern. At the same time, the location, implementation and functioning of the bulk service network will be rationalised.

5.2.3 STRATEGY 3: EQUITABLE ACCESS TO SOCIAL SERVICES

As was mentioned, the settlements located on the outskirts of the Municipal Area are located far from the social services provided in the Newcastle core area. This results in high public

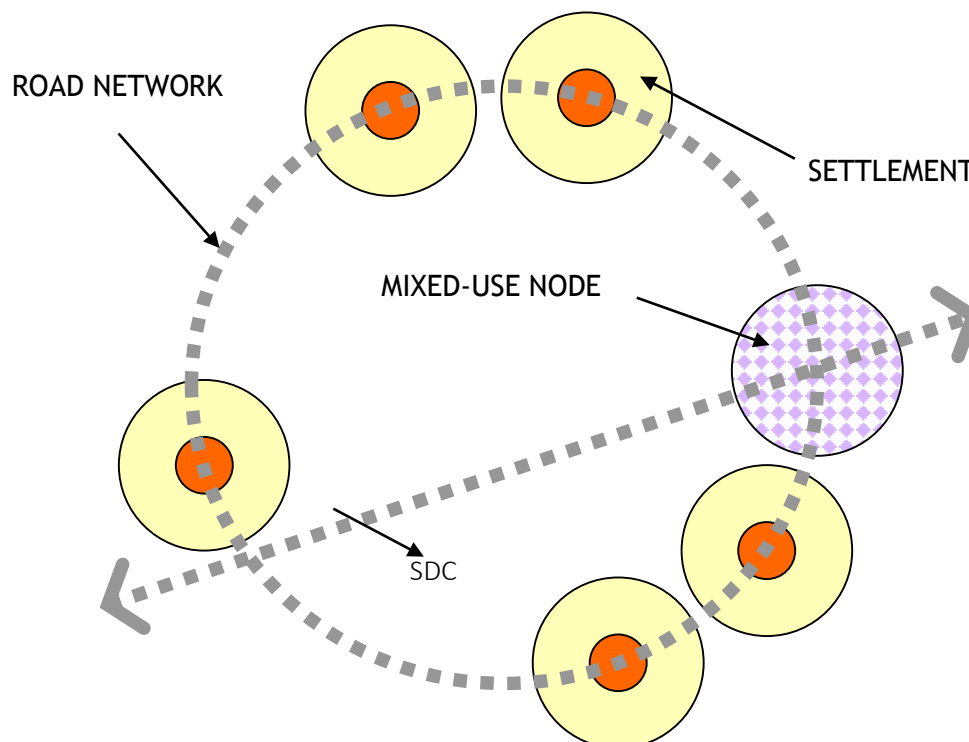
transportation costs for the poor living in these areas to access these services. It is imperative that a number of these social services be provided in these outlying settlements through the development of Service Delivery Centres. A hierarchy of such SDCs, containing facilities such as clinics and community centres, will place these facilities closer to these settlements, thus making them more accessible and achieving greater urban integration.

5.2.4 STRATEGY 4: PROTECTION OF AGRICULTURAL LAND AND OPEN SPACES

A way to integrate urban areas is to deliberately protect high-potential agricultural areas and ecologically sensitive natural open spaces. By rigorously protecting such areas, urban areas are prohibited to sprawl freely and are therefore forced into denser urban agglomerations. Therefore, such an approach not only protects agriculture and the environment, but also helps create a more rational, cost-effective and manageable urban structure.

5.3 DEVELOPMENT CONCEPT & FRAMEWORK

Figure 31: Spatial Planning Approach



The aim of the Development Concept was to formulate the desired spatial structure for Newcastle. Consequently, it is important that the Development Concept adheres to the principles of land use and transportation planning. It does this for two reasons. Firstly, it

proposes urban corridors aligned along public transportation routes, thus promoting higher densities along these transportation routes. Secondly, it proposes a hierarchy of Service Delivery Centres (or SDCs) along these corridors, thus creating opportunities for mixed land use around transportation bus stops and taxi ranks.

The spatial outcome of the Development Concept will be development corridors shaped like a string-of-beads, which concentrates development at intersections or transit stops along public transportation routes. Because this configuration concentrates urban development along the transportation routes, it manages sprawl and therefore exhibits a degree of environmental and agricultural conservation.

5.3.1 SERVICE DELIVERY CENTRES

Four types of SDCs are proposed for Newcastle Municipality: 1st, 2nd, 3rd order as well as Rural SDCs.

Table 29: Service Delivery Centres

SDC TYPE	THRESHOLD POPULATION	ACCESS INTERSECTION	SDC AREA
1 st order	> 100 000	Class 3	- Newcastle CBD. - Proposed JBC CBD
2 nd order	< 100 000	Distributor & Collector	-Madadeni CBD -Osizweni CBD
3 rd order	< 20 000	Class 3 & Class 4	- Fairleigh (Siyahlalala) - Kilbarchan - Madadeni Section 2
Rural	< 10 000	Distributor	-Ingogo -Leokop -Charlestown -Ballengeigh -Normandien

Specific preferred land use outcomes at the above localities are outlined in the full SDF. These form part of the Land Use Management Guidelines required in terms of the Municipal Systems Act.

5.3.2 DEVELOPMENT CORRIDORS AND MOBILITY ROUTES

Four development corridors and Mobility Routes were identified in Newcastle. These development corridors and mobility routes must become the primary vehicles for the establishment of urban cohesion and integration, as well as become the catalysts for land use and transportation integration. The identified development corridors are as follows:

- ☛ N11 Primary Mobility Route.
- ☛ R34 Secondary Mobility Route.
- ☛ P483 Mixed-used Activity Corridor.
- ☛ Allen Street Mixed-used corridor.

5.3.3 NODAL STRUCTURE

In terms of the PSEDS Newcastle has been identified as a secondary investment node with a number of nodes and potential nodes within. This can be linked to the settlement hierarchy identified in the situational analysis. This nodal structure is as follows:

Table 30: Nodal Classification

Type of Node	Area
A Secondary Investment Node (PSEDS)	-Newcastle
B Secondary Node (PGDS)	-Newcastle
C Primary CBD Node (Municipal SDF)	-Newcastle CBD -Proposed JBC CBD
D Regional Multi Use Node (Municipal SDF)	-Emerging Southern Business extension (Casino Development Newcastle Mall and surroundings)
E Community Multi Use Node (Municipal SDF)	-Emerging Northern Business extension (Majuba Mall and surroundings) -Madadeni CBD -Osizweni CBD
F Neighbourhood Multi Use Nodes	-Huttenheights -Pioneer Park -Barry Hertzog Park -Ncandu Park -Arbor Park -Fairleigh -Lennoxton -Fernwood -Surayaville -Madadeni Sec D (x2) -Madadeni Sec F

Type of Node	Area
	-Madadeni Sec P -Osizweni Sec A -Osizweni Sec B -Osizweni Sec C -Kilbarchan
G Multi Use Node	-Vlam
H Industrial Node	-Newcastle Industrial Area / Mittal / Karbochem / Madadeni Industrial
I Large Scale Mixed Use Nodes	-P483 Corridor
J Rural Nodes (Municipal SDF)	-Ingogo -Leokop -Charlestown -Ballengeich / Bosworth -Normandien
K Smaller nodes of importance: Medical Multi Use Nodes Educational Multi Use Nodes Social Multi Use Nodes	-Newcastle Private & Provincial Hospital Madadeni Provincial Hospital -Newcastle Training Centre, Madadeni Majuba FET College, NUTEC, UNISA, Damelin, Boston College, ITB -Madadeni Section 2
L Amajuba Mountainous Nodal Policy Development Nodes (District SDF) (See Annexure 12)	-Dunblane node -Normandien Pass Node -Muller's Pass Node -Ingogo / Botha's Pass Node

5.3.4 OPEN SPACE SYSTEM

An open space system fulfils a number of functions. These functions include hazard avoidance, resource conservation, ensuring social well-being and education. These functions of an open space system are listed in more detail in Table 31.

Table 31: Function of Open Space System

HAZARD AVOIDANCE	RESOURCE CONSERVATION	RECREATIONAL AND PSYCHOLOGICAL	EDUCATIONAL
Open spaces must reserve flood prone areas.	Open spaces must protect water sources.	Developed and maintained open space must be provided for recreational purposes.	Open spaces must be protected for environmental education purposes.
Open spaces must reserve steep slopes	Open spaces must protect linked areas of conservable		Well-equipped and designed open

HAZARD AVOIDANCE	RESOURCE CONSERVATION	RECREATIONAL AND PSYCHOLOGICAL	EDUCATIONAL
and geologically unstable ground. Open spaces should protect drinking water sources from being contaminated.	indigenous vegetation.	Open space must be provided for social interaction and as symbols of community identity. Open spaces must be protected for psychological relief from the stresses of urban live.	spaces must be provided for sport education.

As mentioned in the situational analysis, open space and recreation within the Municipal Area can be divided into 2 categories: passive and active open spaces. Proposals for Newcastle urban areas are made according to these categories.

Passive open spaces consist of land that is unsuitable or undesirable for urban development due to certain topographical or ecological constraints. The open space system of the Municipal Area must include the following elements:

- ☛ **Water Sources:** The conservation of passive open spaces that contain watercourses is of specific importance. The natural drainage channels and banks of these rivers and dams must be protected up to the 100-year flood line. Sanitation systems must be provided in settlements located close to these water sources to avoid the pollution of these water sources by sewerage and other harmful effluents.
- ☛ **Mountainous Areas:** The tail of the Drakensburg stretches in a north-south direction across the western area of Newcastle. This mountain range is also a primary visual and structuring element within the Municipal Area. For these reasons this mountain range must be protected and form part of the municipal wide passive open space system.

Active open spaces entail the recreational component of the open space system. These provide sport facilities at settlements for use by local clubs and schools. Correctly located, well-developed and maintained recreation facilities can be an asset for the people of Newcastle. Formulating principles for the development of active open spaces can help ensure that standards of quality and usefulness are achieved in the planning, design and management of such spaces.

5.3.5 IMPLEMENTING THE SDF

As part of the Newcastle IDP, the SDF and its implementation is crucial to the development of the municipal area and its communities. Through the IDP, the SDF will influence budgeting and resource allocation and specific interventions will be measured through the performance management system. Practical implementation of the SDF will be achieved through further detailed planning of special development areas and the Newcastle Land Use Management System, currently being formulated.

5.3.5.1 DEMARCATING AN URBAN EDGE

The introduction of urban edge principles to control the sideways expansion of urban settlements has become fairly common in the municipal environment. However the success in achieving their primary objective has not been particularly good, as urban expansion sometimes still continues in an uncontrolled way, beyond the existing built-up area. These types of developments and expansion usually includes large, private developments which seek to privatize convenience, in a variety of forms for example, golf and polo estates, eco-and other forms of resort villages, retirement complexes based on the theme of retreating to the countryside, and so on, which frequently results in ‘ad-hoc’ sprawl; small scale incremental development by smaller developers and individual land owners. The issue of land prices and low income housing projects, informal settlements and the availability of land usually contributes to development beyond the urban edge.

The urban edge is a medium-term to long-term edge line (5-20 years) that has been demarcated to limit urban sprawl, or to protect natural resources. Demarcating an urban edge has specific advantages, the primary being to prevent uncontrolled urban sprawl. Urban sprawl is undesirable since it increases pressures on the limited resource of local government, from public transport to water and sanitation infrastructure provision and impedes on valuable agricultural land. Demarcating the urban edge will also protect valuable agricultural land and ecologically sensitive areas from urban encroachment. But an urban edge can also have drawbacks. For example, it can restrict the supply of land for urban development, which will inflate land prices within the urban boundary. Care should therefore be taken when demarcating an urban edge. A balance should be reached between providing enough land for urban development and the need for sustainable development.

Certain actions are however required to ensure that the urban edge is effective. These include:

- ☛ A clear demarcation of the urban edge;
- ☛ Ensure the protection of land beyond the urban edge;

- ☞ Meeting the demand for growth;
- ☞ Strategic densification, urban renewal and infill planning.

An urban edge is demarcated for the Municipal Area as part of the SDF. The proposed urban edge, which is illustrated on Map 1, was demarcated using the following guiding principles:

- ☞ The containment of the urban sprawl and the promotion of infill and densification;
- ☞ Eradicating sprawl and promoting urban compaction;
- ☞ Protecting important elements within urban settlements;
- ☞ Promotion of small scale agriculture;
- ☞ Avoiding fragmentation of rural and wilderness landscapes;
- ☞ Maintaining dominance of agricultural and wilderness landscapes outside of urban cores;
- ☞ The creation of urban corridors along public transportation routes;
- ☞ The future municipal housing need and associated land required;
- ☞ The cost implications of establishing new infrastructure for new township developments;
- ☞ Taking into consideration unsafe geological conditions;
- ☞ The conservation of environmentally sensitive areas;
- ☞ The protection of high-potential agricultural land; and
- ☞ Identified desired and undesired utilization of land.

A guideline for the type of land uses to be allowed inside and outside of the urban edge are depicted in the Table below. As a rule, the urban edge applies to all developments requiring a township establishment application.

Inside urban edge	Outside urban edge
<ul style="list-style-type: none"> • Urban settlements • Rural settlements • Business and office areas • Industrial and commercial areas • Governmental uses • Urban agriculture • Residential Areas • Public Open Space • Private Open Space • Bulk infrastructure & Servitudes 	<ul style="list-style-type: none"> • Extensive and intensive agricultural areas • Conservation areas and nature reserves • Tourism facilities and related activities • Rural services (social & economic) • Agricultural holdings • Communal farms • Mines & Quarries • Water Catchments • Bulk infrastructure & Servitudes

As Newcastle grows, the municipality will need to provide more undeveloped land for urban development, and the edge line will have to be reviewed and adjusted. These adjustments:

- ☛ must not be where natural, heritage or scenic resources merit protection;
- ☛ should facilitate the logical extension of the city's infrastructure network; and
- ☛ Should allow sufficient urban development land within the edge line to accommodate at least 10 years' urban growth.

Newcastle's urban edge aims to contain urban development along the development corridors proposed in the Development Concept. In addition, it largely aims to prohibit urban sprawl into the intensive agricultural areas around Ncandu River and towards the productive agricultural land. A number of existing mining settlements are located within the urban edge and can be formalized through a township establishment procedure. The land beyond the urban edge should be earmarked for non-urban uses only that can benefit from those in close proximity to the urban core and opportunities. Existing settlements beyond the urban edge have to be acknowledged but they should be contained and their growth limited and basic services should be provided.

5.3.5.2 SPECIAL DEVELOPMENT AREAS

In order to give focus to the organizational activities of the NLM as it strives to achieve its developmental goals, several specific areas (or geographic localities) have been identified as Special Development Areas: - areas where the Municipality would need to prioritize its spending and resources to enhance and promote integrated development outcomes. These are proposed as: -

- ☛ The **Newcastle CBD** as a Primary CBD Node;
- ☛ The **Madadeni** CBD as a Community Multi use Node;
- ☛ The **Osizweni** CBD as a Community Multi use Node;
- ☛ The **JBC** intervention and investment area as a Primary CBD Node;
- ☛ The **Newcastle South** intervention and investment area (Equarand) as a Regional Node;
- ☛ The Kilbarchan, Ingagane & Ballengeich intervention area as a Neighbourhood Multi Use Node.
- ☛ The **Charlestown** intervention area as a Rural Node.

In the case of the Newcastle, Madadeni and Osizweni CBD's, the Newcastle South Development Area, Kilbarchan, Ingagane & Ballengeich Area as well as Charlestown, Local Area Development Plans and urban design frameworks with more locality specific detail have been prepared and should be considered as extension of this Municipal Wide Spatial Development

Framework and adopted together with the said SDF. The Charlestown LADP is in the process of being finalized and will be included within the next SDF review.

Rural Development Areas where the focus would be on development planning for livelihoods support and agricultural development. These areas are seen as key target areas for land reform, principally for land redistribution, land tenure reform and land reform for agricultural development. The principal target areas are land that is presently under pressure for settlement. The main component areas include: -

- ☛ Charlestown,
- ☛ Ngogo,
- ☛ Leokop and
- ☛ Normandien

5.3.5.3 SDF IMPLEMENTATION PLAN (CAPITAL PROJECTS 2009-2013)

To ensure the practical application and success of the spatial principles, concepts, strategies and policies of the SDF, a multifaceted implementation plan is required. The implementation of the SDF also requires the alignment of spatial strategies and infrastructure planning and budgeting. This will be done through the IDP.

The major key capital projects (62 in total) with a spatial dimension / implication, which are currently planned or underway as part of the IDP process and have a spatial impact or significance are listed below and illustrated on the attached Capital Projects Plan.

Besides the current 2009/2013 capital projects that are in operation the municipality also indicated a 3 year priority plan (2011-2013) for the implementation of proposed projects per department. These projects can be found within the draft report and are not included within the executive summary.

5.4 THREE YEAR INVESTMENT PROGRAMME

5.4.1 CAPITAL INVESTEMENT PLAN

5.4.1.1 COMMITTED PROJECTS

Table 32: Committed Projects

VOTE DESCRIPTION	COMMITTED OR NEW PROJECT	2013/2014 DRAFT BUDGET	2014/2015 DRAFT BUDGET	2016/2017 DRAFT BUDGET
Extension of Municipal Offices	COMMITTED	110 000 000.00	100 000 000.00	50 000 000.00
JBC HALL & FENCE	COMMITTED	5 800 000.00		
PHELINDABA SWIMMING POOL	COMMITTED	7 000 000.00		
Refurbishment of Jacaranda Flats	COMMITTED	150 000.00		
REHABILITATION OF AYLIFF STREET	COMMITTED	900 000.00	-	-
Aquarand Link Road	COMMITTED	11 000 000.00	15 000 000.00	10 000 000.00
Panorama Storm water	COMMITTED	1 000 000.00	-	-
Widening of Allen Street	COMMITTED	10 000 000.00	8 000 000.00	-
ALBERT WESSELS STORMWATER	COMMITTED	800 000.00	-	-
Kirkland/Hardwic completion	COMMITTED	2 000 000.00		
Widening of Asiphephe Road: Marconi to Clifford Manana	COMMITTED	22 000 000.00	15 000 000.00	13 000 000.00
Scada Upgrade	COMMITTED	1 800 000.00	-	-
Karbochem Protection Upgrade	COMMITTED	1 500 000.00	-	-
132kV Links: Signal Hill and installation of Lennoxton	COMMITTED	1 000 000.00	3 000 000.00	1 000 000.00
Northdowns Line Upgrade	COMMITTED	500 000.00	3 500 000.00	
Conversion From Hand Operated Oil Circuit Breakers into Remote Vacuum	COMMITTED	6 500 000.00	10 500 000.00	10 000 000.00
Earls Substation Upgrading	COMMITTED	4 000 000.00	-	-
Central B Ring to the New Mall (Cabling)	COMMITTED	2 500 000.00	-	-

VOTE DESCRIPTION	COMMITTED OR NEW PROJECT	2013/2014 DRAFT BUDGET	2014/2015 DRAFT BUDGET	2016/2017 DRAFT BUDGET
		188 450 000.00	155 000 000.00	84 000 000.00
Madadeni WWTP (Refurbishment)	COMMITTED	4 420 000.00	-	-
		4 420 000.00	-	-
MB6,MB10	COMMITTED	7 800 000.00	-	-
ME31,ME35,ME38	COMMITTED	7 900 000.00	-	-
WCDM	COMMITTED	5 000 000.00	8 000 000.00	-
Staffordhill Waterborne Sewerage Scheme:Phase 4	COMMITTED	8 000 000.00	-	-
Pumping mains from Hilldrop Reservoir & Gravity main to Siyahlala (Viljoenpark)	COMMITTED	13 000 000.00	18 000 000.00	15 000 000.00
JBC Sanitation Ward 18	COMMITTED	1 000 000.00	4 000 000.00	3 500 000.00
JBC Sanitation Ward 6	COMMITTED	1 000 000.00	4 000 000.00	3 500 000.00
JBC Sanitation Ward 7	COMMITTED	1 000 000.00	4 000 000.00	3 500 000.00
JBC Sanitation Ward 12	COMMITTED	1 000 000.00	4 000 000.00	3 500 000.00
JBC Sanitation Ward 15	COMMITTED	1 000 000.00	4 000 000.00	3 500 000.00
JBC Sanitation Ward 16	COMMITTED	1 000 000.00	4 000 000.00	3 500 000.00
Osizweni E & F: Phase 3	COMMITTED	4 500 000.00	-	-
Madadeni WWTP (Upgrade)	COMMITTED	15 000 000.00	20 000 000.00	10 000 000.00
MC1,MC2,MC3	COMMITTED	7 000 000.00	-	-
MC23,MC36,MC43,MC45	COMMITTED	5 452 765.00	-	-
		79 652 765.00	70 000 000.00	46 000 000.00
		272 522 765.00	225 000 000.00	130 000 000.00

5.4.1.2 NEW PROJECTS

Table 33: New Projects

Project No.	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET
CORPORATE SERVICES					
MUN0067/2013	Replace Air Conditioners	-	NEW	50 000,00	
MUN0073/2014	Records management system		new	2 000 000,00	
MUN0074/2014	Filing cabinet		new	20 000,00	
MUN0075/2014	Tape recorder		new	120 000,00	
MUN0076/2014	Councillors Offices	-	NEW	800 000,00	
MUN0066/2013	Extension of Municipal Offices	15 751 358,00	committed	215 000 000,00	
		16 847 694,00		217 990 000,00	-
COMMUNITY SERVICES					
SRA0158/2013	Fencing: Charlestown Cemetery (Zone 1)	-	committed	2 200 000,00	
SRA0160/2013	Fencing: Rooipoint Cemetery (Existing and New)	-	committed	2 400 000,00	
ST0007/2013	New Landfill Site	-	committed	3 800 000,00	
SRA0154/2013	JBC Hall & Fence	500 000,00	committed	6 900 000,00	
SRA0156/2013	Charlestown Hall	-	committed	5 620 000,00	
SRA0162/2013	Establishment of Playparks (Madadeni, Blaaubosch, Osizweni)			2 400 000,00	
CSS0133/2014	Lockers for staff		new	120 000,00	
CSS0134/2014	Ferrum Pool Piping		New	1 000 000,00	
CSS0135/2014	Fencing of Fort Amiel Museum		new	1 000 000,00	
CSS0136/2014	Fort Amiel Ablution Facilities		new	600 000,00	
CUL0006/2013	ART PURCHASES		new	60 000,00	70 000,00
CSS0131/2013	Emergency Call Taking System		new	1 000 000,00	
CSS0137/2014	Digital, Mobile and Portable Radios		new	145 000,00	

	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET
CSS0138/2014	Fire and Rescue Equipment		new	689 300,00	
CSS0139/2014	Madadeni Change rooms		new	500 000,00	
CSS0140/2014	Osizweni Change Rooms		new	500 000,00	
CSS0141/2014	Digital, Mobile and Portable Radios		new	145 000,00	
CSS0142/2014	Laser Portable Cameras		new	800 000,00	
CSS0143/2014	Breatherlizer		new	40 000,00	
CSS0144/2014	Speed and Red Traffic light Cameras		new	700 000,00	
CSS0145/2014	Internal Access Control Management System		new	1 200 000,00	1 200 000,00
		10 194 022,00		31 819 300,00	1 270 000,00
MUNICIPAL MANAGER					
MUN0077/2014	Firewalls	100 067,00			
MUN0069/2013	Website Development Project - Phase 2	-		1 000 000,00	
MUN0068/2013	Exchange Server	87 617,00	committed	1 100 000,00	1 100 000,00
	grants funded dept to give bto projects list			930 000,00	
MUN0078/2014	Electronic Library				
		187 684,00		3 030 000,00	1 100 000,00
BUDGET AND TREASURY OFFICE					
FIN0014/2013	Vehicles	-			
FIN0015/2013	Fencing of Stores	-		150 000,00	
FIN0016/2013	Upgrading of stores	-		300 000,00	
FIN0017/2013	Forklift	-			
FIN0018/2013	Handheld Meter Reading Device	-			
FIN0019/2013	Furniture and Equipment	-		2 000 000,00	
		-		2 450 000,00	-
	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET

TOWN PLANNING					
LED0328/2013	Airport facilities refurbishment	1 500 000,00	committed	1 500 000,00	
HLP0165/2013	Hawker Stands (CBD)	667 108,00	committed	1 500 000,00	
HLP0164/2013	Brick Manufacturing Yard	604 015,00	committed	1 000 000,00	
MUN0072/2013	Provision of Infrastructure-new services	100 628,00	committed	2 000 000,00	3 000 000,00
	Grant funded(list of projects will be provided later)		new	12 000 000,00	
LED0323/2013	Brick Manufacturing Plant	702 959,00		-	1 539 959,00
PTF0014/2013	Madadeni Taxi Rank	9 529 000,00	committed	2 500 000,00	
		40 698 935,00		20 500 000,00	
ELECTRICAL SERVICES					
ELC0194/2014	Replacement of the damaged 11kv overhead	209 930,00			
ELC0195/2014	Replacement of old 11kv oil filled feede	170 330,00			
ELC0173/2013	High Mast Lights	1 011 926,00			
ELC0193/2013	Vehicles(TLB,10t roller,12t truck,2x 3t trucks)	3 273 622,00			
ELC0163/2013	Scada Upgrade	-			
ELC0164/2013	Karbochem Protection Upgrade	-			
ELC0165/2013	132kV Links: Signal Hill and installation of lennoxton	-			
ELC0166/2013	Northdowns Line Upgrade	198 157,00			
ELC0196/2014	Airport Line Upgrade	328 186,00			
ELC0167/2013	Conversion From Hand Operated Oil Circuit Breakers into Remo	343 498,00			
ELC0168/2013	Earls Substation Upgrading	-			
ELC0169/2013	Central B Ring to the New Mall (Cabling)	-			
	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET

ELC0185/2013	Festival Lighting	-			
RDS0126/2013	Siyahlala Upgrade	-		2 500 000,00	
ELC0178/2013	Streetlights Osizweni	-			
ELC0180/2013	Traffic Lights on St Dominics & Scott Street	-			
ELC0187/2013	Upgrading of 132kv lines for the entire network	-			
ELC0197/2014	Rural Electrification	233 309,00			
ELC0190/2013	Rural Electrification - Bosworth Phase 2	-			
ELC0188/2013	Rural Electrification - Ingogo Phase 1	-			
ELC0191/2013	Rural Electrification - Normadien Phase 1	-			
ELC0189/2013	Rural Electrification - Dickshalt Phase 1	-			
ELC0192/2013	Amajuba Forest Eletrification Phase 1	-			
ELC0198/2014	Network Refurbishment			5 000 000,00	
ELC0199/2014	Service Connections	1 378 000,00		2 500 000,00	
		7 146 958,00		10 000 000,00	-
TECHNICAL SERVICES					
WSN0092/2013	Madadeni WWTP (Refurbishment)	4 420 000,00	committed	11 000 000,00	10 000 000,00
RDS0104/2013	Albert Wessells stormwater	-	committed	2 000 000,00	
RDS0119/2013	Widening and rehabilitation of Murchison ext	-	committed	1 500 000,00	
RDS0056/2007	Widening of Allen Street	-	committed	28 000 000,00	10 320 000,00
RDS0108/2013	Stormwater Piping : Amajuba Mall next to Chicken Licken Phas	107 677,00			2 500 000,00
RDS0102/2013	Aquarand Link Road	1 272 270,00			15 000 000,00
RDS0098/2012	Construction of Kwa-Mathukuza Road	-	committed	5 500 000,00	5 000 000,00
RDS0137/2013	ME1,ME2,ME3 and ME7	-	committed	8 700 000,00	
	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET
	ME26,ME30,ME33				8 910 000,00

WSN0111/2013	Osizweni E & F: Phase 3	331 535,00	committed	4 500 000,00	
WSN0103/2013	Staffordhill Waterborne Sewerage Scheme:Phase 4	1 032 793,00	committed	11 199 000,00	
WSN0102/2013	WCDM	2 347 130,00	committed	4 000 000,00	5 000 000,00
WSN0092/2014	Upgrade of Ngagane WWTW		committed	2 000 000,00	
WSN0093/2014	Madadeni ponds		new	5 000 000,00	
WSN0094/2014	Water and sanitation master Plan		new		4 000 000,00
WSN0095/2014	Furniture & Equipment		new	40 000,00	
RDS0127/2013	Fernwood Road (Stadium)				1 500 000,00
RDS0124/2013	Osizwe stock pile yard fencing			200 000,00	
RDS0116/2013	Rehabilitation of Henrietta Street				2 200 000,00
RDS0113/2013	Watt Street Construction				3 300 000,00
RDS0118/2013	Widening of Kirkland street				1 500 000,00
RDS0112/2013	Widening of Sutherland (Paterson- Harding)				1 600 000,00
RDS0110/2013	Rehabilitation of Dongas		new	2 000 000,00	2 000 000,00
RDS0103/2013	Panorama Stormwater				3 000 000,00
RDS0106/2013	TRAFFIC CALMING DEVICE		new	1 000 000,00	1 000 000,00
RDS0109/2013	Newcastle West: Contruccion of Sidewalks			500 000,00	
WSN0096/2014	10 x 1 ton pick ups for plumbers			3 500 000	3 500 000,00
WSN0097/2014	Mobile radios for vehicles and staff			250 000	-
WSN0098/2014	Water Tanker			2 800 000	2 800 000,00
WSN0099/2014	Sewer Jetter			1 400 000	1 400 000,00
WSN0100/2014	Sewer Tanker			4 000 000	-
WSN0101/2014	New meter instalations and replacements			800 000	1 000 000,00
WSN0102/2014	Telemetry and upgrade of control systems			500 000	
	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET
WSN0103/2014	Replacement of fences and signage at Sewage works			1 920 000	1 920 000,00

WSN0104/2014	Refurbishment of kwaMathukuza sewage pump stations & electrical works			700 000,00	
RDS0161/2014	Purchasing of Two way radios			100 000	50 000,00
RDS0162/2014	Purchasing of Airconditioners			70 000	
RDS0120/2013	Rehabilitation of Jenken Str			3 500 000	3 000 000,00
RDS0157/2014	Kirkland Street off road parking - Madressa School			180 000	
RDS0158/2014	Guardrails			-	500 000,00
	Widening of Asiphephe Road: Marconi to Clifford Manana			-	15 000 000,00
RDS0096/2013	Construction of Ramps (Disables)			500 000,00	1 000 000,00
RDS0160/2014	Construction of Charlestown Roads				10 000 000,00
RDS0131/2013	JBC Roads Construction				10 000 000,00
RDS0132/2013	BR10 Road Construction				5 000 000,00
RDS0129/2013	Widening and Rehabilitation of Mandela Road				10 900 000,00
RDS0130/2013	Rural gravel roads				8 000 000,00
RDS0163/2014	Stormwater Management Madadeni				2 000 000,00
RDS0164/2014	Stormwater Management Newcastle West				2 000 000,00
RDS0165/2014	Stormwater Management Osizweni				2 000 000,00
RDS0166/2014	Construction of Madadeni Side Walks		new	1 500 000,00	1 500 000,00
RDS0133/2013	Construction of Osizweni Side Walks		new	1 500 000,00	1 500 000,00
RDS0134/2013	OE5,Osiz 5		new	9 500 000,00	8 000 000,00
RDS0150/2014	OA5,OA36,OA37		new	-	-
RDS0143/2013	OB7		new	3 600 000,00	9 625 000,00
RDS0139/2013	OC41		new	-	10 950 000,00
RDS0141/2013	OB97		new	1 700 000,00	-
	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET
RDS0153/2014	Completion of ME18		new	1 700 000,00	
RDS0154/2014	Completion of ME 28		new	2 000 000,00	

RDS0155/2014	Construction of Oc16, Oc14 & Oc2 (Road R)		new	2 000 000,00	
RDS0156/2014	Construction of OB24, OB44, OB62 & OB65 Construction		new	10 000 000,00	3 200 000,00
WSN0105/2014	OB39		new	2 200 000,00	
WSN0106/2014	Pumping mains from Hilldrop Reservoir & Gravity main to Siyahlala la (Viljoenpark)		new	10 000 000	-
WSN0107/2014	Newcastle waste water treatment plant(Viljoenpark bulk)		new	-	8 000 000,00
WSN0108/2014	JBC Sanitation Ward 18		new	814 286	1 000 000,00
WSN0109/2014	JBC Sanitation Ward 13		new	814 286	
WSN0110/2014	JBC Sanitation Ward 6		new	814 286	1 000 000,00
WSN0111/2014	JBC Sanitation Ward 7		new	814 286	1 000 000,00
WSN0112/2014	JBC Sanitation Ward 12		new	814 286	1 000 000,00
WSN0113/2014	JBC Sanitation Ward 15		new	814 286	1 000 000,00
WSN0114/2014	JBC Sanitation Ward 16		new	814 284	1 000 000,00
WSN0115/2014	Ngagane WTP(refurbishment of existing raw water bulkline and installation Booster pump station)		new	-	10 000 000,00
WSN0116/2014	Provision of Basic Sanitation services to Normandien		new	500 000	1 000 000,00
WSN0117/2014	Provision of Basic Sanitation services to Ingogo		new	500 000	1 000 000,00
WSN0118/2014	Provision of Basic Sanitation services to Charlestown		new	500 000	1 000 000,00
RDS0153/2014	Sewer Pump station H39		new	2 500 000	2 000 000,00
	VOTE DESCRIPTION	FULL YEAR ADD BUDGET	COMMITTED/NEW	2014/15 DRAFT BUDGET	2015/16 DRAFT BUDGET
WSN0119/2014	Bulk sewer H39		new	2 500 000	4 000 000,00
WSN0120/2014	Bulk sewer Siyahlala		new	4 600 000	15 000 000,00
WSN0121/2014	WCDM Osizweni		new	7 040 000,00	14 825 000,00

WSN0122/2014	WCDM : Newcastle West bulk meters		new	2 000 000,00	
RDS0167/2014	Madadeni Road Slipway and Widening of Inkosi Bhambatha road: SAB Beer wholesalers		new		10 000 000,00
WSN0123/2014	Charlestown Bulk water		new		20 000 000,00
WSN0124/2014	Charlestown Bulk sewer		new		40 000 000,00
WSN0125/2014	Blauwbosch Bulk water		new		40 000 000,00
WSN0126/2014	Blauwbosch Bulk sewer		new		20 000 000,00
WSN0127/2014	Bosworth farm Bulk water		new		10 000 000,00
WSN0128/2014	AC pipe replacement phase 1			5 000 000	10 000 000,00
WSN0129/2014	AC pipe replacement phase 2		new		30 000 000,00
WSN0130/2014	AC pipe replacemnt and upgrades phase3		new		25 000 000,00
				183 899 000,00	459 500 000,00
	ALL DPTS CAPITAL BUDGET			469 688 300,00	461 870 000,00

5.4.2 OPERATIONS AND MAINTENANCE (O&M)

Table 34: Operation and Maintenance

DESCRIPTION	CURRENT YEAR 2012/13 ADJUSTED BUDGET	2013/14 MEDIUM TERM REVENUE		
		BUDGET YEAR 2013/14	BUDGET YEAR +1 2014/15	BUDGET YEAR +2 2015/16
<u>Infrastructure</u>				72 894 000
Infrastructure- Road transport	66 890 000	67 900 000	69 267 000	43 573 000
Roads, Pavements & Bridges	40 176 000	38 604 000	41 319 000	000
Infrastructure- Electricity				13 967 000
Transmission & Reticulation	12 115 000	15 247 000	13 262 000	000
Infrastructure- Sanitation				11 940 000
Reticulation	11 758 000	11 039 000	11 481 000	000
Infrastructure- Other				3 414 000
Other	2 841 000	3 010 000	3 205 000	000
				9 933 000
<u>Community</u>	9 155 000	9 060 000	9 485 000	000
Parks & gardens	5 735 000	5 564 000	5 801 000	6 049 000
Sports fields & stadia	866 000	850 000	884 000	920 000
Swimming pools	189 000	197 000	205 000	213 000
Community Halls	1 280 000	1 357 000	1 439 000	1 525 000

DESCRIPTION	CURRENT YEAR 2012/13 ADJUSTED BUDGET	2013/14 MEDIUM TERM REVENUE		
		BUDGET YEAR 2013/14	BUDGET YEAR +1 2014/15	BUDGET YEAR +2 2015/16
Libraries	711 000	754 000	799 000	847 000
Recreational facilities	180 000	191 000	202 000	214 000
Fire, safety & emergency	12 000	13 000	13 000	14 000
Clinics	124 000	73 000	77 000	82 000
Museums & Art Galleries	58 000	61 000	65 000	69 000
<u>Heritage</u>	72 000	55 000	58 000	62 000
Other	72 000	55 000	58 000	62 000
<u>Other</u>	14 875 000	15 199 000	14 889 000	15 686 000
General vehicles	207 000	238 000	248 000	258 000
Plant & equipment	4 407 000	5 107 000	5 339 000	5 581 000
Furniture and other office equipment	2 594 000	2 691 000	2 808 000	2 909 000
Civic land & buildings	1 982 000	210 000	221 000	232 000
Other Buildings	5 103 000	6 341 000	5 628 000	6 026 000

DESCRIPTION	CURRENT YEAR 2012/13 ADJUSTED BUDGET	2013/14 MEDIUM TERM REVENUE		
		BUDGET YEAR 2013/14	BUDGET YEAR +1 2014/15	BUDGET YEAR +2 2015/16
Other	582 000	612 000	645 000	680 000
TOTAL REPAIRS AND MAINTENANCE EXPENDITURE	90 992 000	92 214 000	93 699 000	98 575 000

5.4.3 SECTOR INVOLVEMENT

5.4.3.1 DEPARTMENT OF HEALTH

Table 35: Department of Health Projects

WARD	PROJECT NAME	CURRENT BUDGET : 2011-2012	3 YEARS MTF/ FUTURE PROJECTS
1	New PHC fixed clinic at Ingogo	R13 million	Building of Ingogo PHC fixed clinic
6	New PHC clinic at Masondeza	TBD by Departmental Infrastructure	Building of Masondeza PHC fixed clinic once planning phase has been completed
7	Existing Osizweni 2 PHC fixed clinic	R2 million	Restructuring of Osizweni 2 PHC Fixed clinic to Maternal and Obstetrics Unit (MOU)
19	Existing Rosary PHC fixed clinic	R22 million	Revitalization of Rosary PHC fixed clinic
22	Existing Madadeni 1 PHC fixed clinic	R2 million	Restructuring of Madadeni 1 PHC fixed clinic to Maternal and Obstetrics Unit (MOU)
24	Existing Madadeni 7 PHC fixed clinic	R3 million	Upgrading of Madadeni 7 PHC fixed clinic
All Newcastle Municipality PHC fixed clinics	Expanded Public Works Project	R50 000	Cleaning and maintenance of grounds of PHC fixed clinics by cleaners to be sourced from the community and given stipend

5.4.3.2 DEPARTMENT OF TRANSPORT

Table 36: Department of Transport Projects

WARD	PROJECT NAME / ROAD NAME	CURRENT BUDGET : 2011-2012	3 YEARS MTF/ FUTURE PROJECTS
		2012-2013	
1	Regraveling D446	2012-2013	Regravelling
1	Re-gravelling P279	2012-2013	Regravelling
1	Regravelling D98	2012-2013	Regravelling
6,7,12,13,18,19,21,20,22,25	Blacktop Patching P483	2012-2013	Blacktop Patching
1	Blacktop Patching P39	2012-2013	Blacktop Patching
6,11,13,17	Blacktop Patching P241	2012-2013	Blacktop Patching
1	Blacktop Patching P210	2012-2013	Blacktop Patching
1	Road Marking P211	2012-2013	Road Marking
1	Rehab P211	2012-2013	Rehab
		2013-2014	
1	Regravelling P207	2013-2014	Regravelling
1	Regravelling P213	2013-2014	Regravelling
1	Regravelling D91	2013-2014	Regravelling
31/14	D1331	2013-2014	Regravelling
6,14	P233	2013-2014	Regravelling
1	Armco Pipe Repair P210	2013-2014	Armcor Pipe Repair
1	D100 Causeway	2013-2014	Causeway
		2014-2015	
1	D537	2014-2015	Regravelling
1	P213	2014-2015	Regravelling
1	L122	2014-2015	Regravelling
1	L145	2014-2015	Regravelling
1	D727	2014-2015	Regravelling
31/14	D1335	2014-2015	Regravelling

WARD	PROJECT NAME / ROAD NAME	CURRENT BUDGET : 2011-2012	3 YEARS MTF/ FUTURE PROJECTS
6,7,12,13,18,19,21,20,22,25	4 Lane Widening – P483	2014-2015	Widening Of Road
N/A	3351	N/A	Mbabane river pedestrian bridge (sandmines)
N/A	3398	N/A	Mbane pedestrian bridge
N/A	3399	N/A	Ystermynspruit pedestrian bridge
N/A	P296	N/A	Upgrade

5.4.3.3 ESKOM

Table 37: Eskom Projects

WARD	PROJECT NAME	CURRENT BUDGET : 2011-2012	3 YEARS MTF/ FUTURE PROJECTS
6	RIVSMITH EXT 1 & 2	2011-2012	PLAN 303 DONE 523 CONNS COMPLETE
7	DICKS HALT EXT (136)	2012-2013	
30	JACKALSPAN EXT 5 (420)	N/A	ON 3 YEAR PLAN
7	WITTEKLIP EXT 3 (910)	N/A	ON 3 YEAR PLAN
1	CHARLSTOWN	N/A	PLAN BY MUNIC
22	ROOIPPOINT	N/A	PLAN BY MUNIC

5.4.3.4 HUMAN SETTLEMENTS

Table 38: Sustainable Human Settlement Projects

PROJECT DESCRIPTION	FUNDING SOURCE	WARD	PROJECT VALUE	FUNDING STATUS	START DATE	IMPLEMENTING AGENT	TIME FRAME/PROJECT PERIOD	2011/2012
								CURRENT BUDGET
Madadeni H39 Housing Project (890 Units)	KZN DOHS		R69 302 520.00	Approved		Mageba Projects	2012 - 2014	R69 302 520.00
Siyahlalala - La Fairleigh Housing Project (1200 Units)	KZN DOHS		R 93 441 600.00	Approved		UmpHEME Development	2012 - 2014	R 93 441 600.00
Emawozeni Housing Project (100 Units)	KZN DOHS		R 7 786 800.00	not yet approved		Moteko Construction	2012-2014	R 7 786 800.00
Emawozeni Housing Project (148 Units)	KZN DOHS		An amount for the project is not yet approved	not yet approved		Not Yet Appointed	2012-2014	An amount for the project is not yet approved
Osizweni E Phase 3 Housing Project (643 Units)	KZN DOHS		R 13 601 000.00	approved		Not Yet Appointed	2012-2014	R 13 601 000.00
KwaMathukuza Storm Damage (1385 Units)	KZN DOHS		R 104 774 474.00	approved		Motheo Construction Group	2011-2013	R 104 774 474.00
Madadeni Storm Damage (850 Units)	KZN DOHS	22/23	R 25 437 100.00	approved		Mageba Projects	2010-2012	R 25 437 100.00
Madadeni Storm Damage (800 Units)	KZN DOHS	22/23	R 29 498 400.00	approved		Stedone	2010-2012	R 29 498 400.00
Khathide Phase (2 000 Units)	KZN DOHS		R 157 092 350.00	approved		Siyamthanda Projects	2012-2014	R 157 092 350.00

PROJECT DESCRIPTION	FUNDING SOURCE	WARD	PROJECT VALUE	FUNDING STATUS	START DATE	IMPLEMENTING AGENT	TIME FRAME/PROJECT PERIOD	2011/2012
								CURRENT BUDGET
Blaauwbosch 2011 (Jbc Housing Project) (2011 Units)	KZN DOHS	15/16/18/12	R 156 592 548.00	approved			2012-2014	R 156 592 548.00
Blaauwbosch (85 Relocation Project)	KZN DOHS	15/16/18/12	STILL TO BE DETERMINED	not yet approved		Not Yet Appointed	2012-2013	STILL TO BE DETERMINED
Charlestown Housing Project (1500 Units)	KZN DOHS		R 116 802 000.00	approved		Approved By Heac	2012-2014	R 116 802 000.00
Osizweni E Phase 2 (1 240 Units)	KZN DOHS		R 96 556 320.00	not yet approved			2012-2014	R 96 556 320.00
Madadeni Unit K Phase 2	KZN DOHS	24/20	R 18 320 000.00	approved		Newcastle	2012-2012	R 18 320 000.00

5.4.3.5 DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

Table 39: Economic Development and Tourism Projects

PROJECT	AMOUNT	LOCATION
Coal Beneficiation Strategy	R500 000.00	Amajuba District

5.4.3.6 DEPT. OF RURAL DEVELOPMENT AND LAND REFORM

Table 40: Rural Development and Land Reform Projects

PROJECT	AMOUNT	LOCATION
Design of Livestock Infrastructure	R 1 020 937.00	Amajuba District
Amajuba Livestock - Fencing	R 3 416 977.35	Dannhauser and Newcastle
Amajuba Livestock – Dip Tanks	R 6 000 000.00	Dannhauser and Newcastle

5.4.3.7 DEPARTMENT OF PUBLIC WORKS

Table 41: Public Works Projects

PROJECT	PROJECT DESCRIPTION	AMOUNT	LOCATION
Newcastle School of Industries 033959	Hostels and dining hall	R 46 000 000.00	Newcastle (Lennoxton)
Osizweni Handicraft Centre 046982	Underpinning of foundation and upgrades to ablution facilities	R 25 000 000.00	Newcastle (Osizweni)
Osizweni Service Centre 053655	Upgrade and additions	R 20 000 000.00	Newcastle (Osizweni)
Madadeni Rehabilitation Centre 046901	Repairs and additions	R 39 000 000.00	Newcastle (Madadeni)
Newcastle Birken Stock (Mafawahlana) Office 053651	Repairs and Renovations: Fencing; Sceptic Tank; Concrete Slabs etc.	R 197 000.00	Newcastle
Bumbisizwe Special School 051741	Repairs and Renovations	R 7 218 500.00	Newcastle
Sizakancane Primary School	Construction	R 2 600 000.00	Newcastle

5.4.3.8 SOUTH AFRICAN ROADS AGENCY LIMITED (SANRAL)

Table 42: SANRAL Projects

PROJECT	STAGE	AMOUNT	CURRENT BUFGET	LOCATION
DNNBN: Ngogo Pedestrian Bridge	Planning and Design	R 525 000.00	2013-2014	Newcastle (Ngogo)
MPRAC: R621/MR35 (36.1) – Newcastle (52.3)	Planning and Design	R 17 300 000.00	2014-2015	Newcastle/Dannhauser/Emnambithi
Newcastle Bypass Reseal	Planning and Design	R 21 000 000.00	2013-2014	Newcastle
DSRGA: Nkunzi River – One Tree Hill	Construction	R 11 403 328.00	2013-2014	Dannhauser/Newcastle
Newcastle Bypass	Planning and Design	R 5 000 000.00	2014-2015	Newcastle/Dannhauser/Emnambithi

5.4.3.9 DEPT. OF ENVIRONMENTAL AFFAIRS

Table 43: Environmental Affairs Projects

SERVICE DELIVERY PLAN	BUDGET	YEAR OF IMPLEMENTATION	LOCATION
6 play parks in disadvantaged areas	R 12 000 000.00	2014-2015	Newcastle
Greenest Municipality 2012/13	R 7 000 000.00	2014-2015	Newcastle
Greenest Municipality 2013/14	R 3 000 000.00	2014-2015	Newcastle
Buy-back Centre	R 7 000 000.00	2014-2015	Newcastle

5.4.3.10 DEPT. OF RURAL DEVELOPMENT AND LAND REFORM

Table 44: Land Reform Projects

LOCATION	PROJECT NAME	PROPERTY DESCRIPTION	EXTENT	PRODUCT TYPE
Newcastle	Mlondolozu	Portion 13 (of 7) of the Farm Schuilklip No. 109	134.9197	Sheep, Poultry and Vegetables
Newcastle	Greenwhich Farm	Portion 1 of the Farm Greenwhich No. 8487	205.2433	Vegetables, Timber and Livestock

Table 45: Plaas Acquisition Projects

LOCATION	PROJECT NAME	WARD	ACTIVITY	BUDGET
Newcastle	Gibson Farms	1	Valuation	R 14 600.00

**SECTION 6:
FINANCIAL PLAN**

6 FINANCIAL PLAN

To achieve delivery on the IDP goals, focus areas and objectives, it is essential to align the municipality budget with the strategy. Sections below expand on aspects of the Newcastle Municipality's medium term financial planning and the extent to which it is possible to align the budget to all priorities of the wards, given our financial constraints and the need to concentrate on basis service delivery.

The long-term financial viability of municipalities depends largely on:

- ☛ The extent to which improved and sustainable revenue capacity can be achieved.
- ☛ Sound financial management of its resources.

These imperatives necessitate proper multi-year financial planning. Future impacts of revenue and expenditure streams and the financial implications for the community (i.e. the potential influence on rates, tariffs and service charges) must be identified and assessed to determine the sustainability of planned interventions, programs, projects and sundry service delivery actions.

The following are significant results of our analysis on the Municipality's Financial Performance, Financial Position, and Cash Flows & Organisation Environment.

6.1.1 OPERATIONAL BUDGET ESTIMATES

A municipality is a non-profit organization and it should break even after contributing to the different funds and reserves and meeting normal operating expenses. With the structuring of rates and tariffs both the user-pay principal and full cost recovery are applied. However, reliance is placed on economic and trading services to fund the "Rate- and General Services".

6.1.2 FINANCIAL POSITION

6.1.2.1 ASSETS

The municipality has an investment of over R3, 3 Billion in assets. As evident from the table below, this investment has sharply increased in the last financial year. Although the big chunk of this increase was as a result of revaluation of assets and reversal of impairment of Investment in UThukela Water, it is worth mentioning that we have invested an amount of R152 Million in Infrastructure and other movable assets, which is a good indicator as it allows the municipality to have capacity to render service delivery to communities, that we serve.

It is disconcerting to note however that other debtors and carrying value of consumer debtors have increased by 190% and 365% respectively, from 2009 to 2012, as it may have a negative impact on our liquidity position if not managed. We cannot overemphasize the need to embark on a vigorous debt recovery drive to curb the situation from deteriorating further. The table below provides an overview of municipal assets trends during the past 4 years:

Table 46: Municipal Assets

Item	2012	2011	2010	2009
Assets	3 325 479 190	2 993 115 025	2 595 626 608	2 131 961 638
Property, Plant & Equipment	1 333 766 525	1 334 588 185	1 353 243 682	1 479 963 664
Cash & cash equivalents	432 295 517	381 792 756	422 120 521	366 053 927
Investment Property	150 706 493	165 566 900	165 566 900	162 998 936
Intangible Asset	637 531	700 516	325 370	
Current portion of receivables	6 020 650	27 390 265	30 157 455	19 773 698
Investments in Associate	982 936 283	980 845 685	458 647 828	
Long-Term Receivables		3 963 941	13 681 749	25 178 710
Vat	2 320 461	16 822 449	9 685 711	-
Inventory	7 147 616	5 977 810	6 305 437	5 353 830
Consumer Debtors	353 969 979	79 841 843	112 266 674	76 082 632
Other Debtors	47 141 281	104 704 656	23 625 281	16 329 939

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

6.1.2.2 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 16% from 2009 to 2012. Property, Plant and Equipment represents 38% of the capital structure of the municipality.

6.1.2.3 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 has achieved 18% increase in cash and cash equivalents from 2009 to 2012, which means that we have remained liquid and thus not experiencing cash flow or financial viability problem. Cash and Cash Equivalents represent 13% of the capital structure of the municipality.

6.1.2.4 INVESTMENT IN 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 4% 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.

6.1.2.5 INVESTMENT IN ASSOCIATE

Investment in Associate represents our 34% stake in UThukela Water. The investment increased from R 458 647 828 in 2010 to R 982 936 283 in 2012. This represents 114% increase which is a good indicator.

6.1.2.6 CONSUMER DEBTORS

Amounts billed to consumers, net of the provision for bad debts. The Municipality has provided for R443, 7 Million as bad debts in 2012 which may impose significant strain on our liquidity position in the future if not urgently managed. However, it should be noted the doubtful debt provision was revised from R611 million in 2011 to R443, 7 million in 2012, after risk profiling exercise which was conducted by an independent ICT company revealed that consumer debtors valued at R362, 5 can be recovered. However, as we alluded to earlier in

this report, it is imperative for the municipality to embark in a vigorous debt collection exercise, in order to improve our liquidity position.

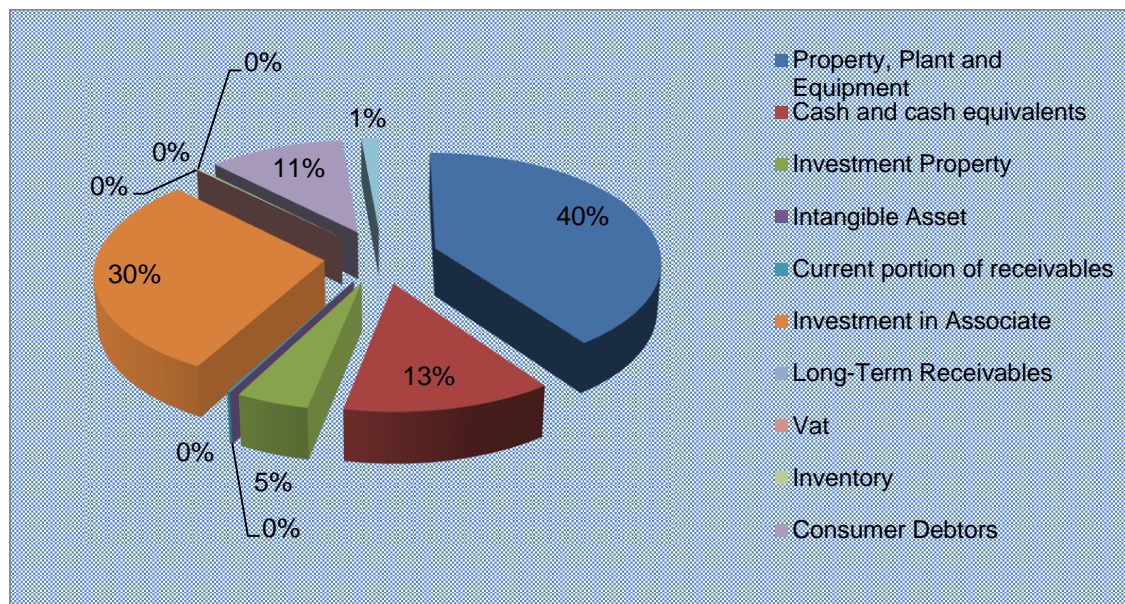
6.1.2.7 OTHER DEBTORS

Amounts owed by levy-payers, financial institutions in respect of interest on investments and sundry debtors; could also include deposits made by the municipality. The R47 Million sitting on Other Debtors will have a negative impact on future financial viability of the Municipality if do not embark on a vigorous debt collection drive.

- ☞ Long Term Receivables: Receivables that is not receivable over the next 12 months.
- ☞ Current Portion of Receivables: Amounts that will be recoverable from long-term debtors within the next 12 months.
- ☞ Vat Receivable: Net VAT recoverable from SARS. If income tax is recoverable, together with VAT, these amounts will be disclosed as “taxes” on the Statement of Financial Position.
- ☞ Inventory: Consumable, net of obsolescence provision.

The Proportionate contributions to the asset base of the municipality are as follows:

Figure 32: Municipal Assets



This suggests that the relative importance of Call Investment Deposits, Property, Plant and Equipment, Investment Property, Consumer Debtors and Investment in Associate.

6.1.3 LIABILITIES

The liabilities of the Municipality are just in excess of R389 Million as reflected below. Clearly the Municipality has growing concern with assets in excess of liabilities even before the effects of a change in accounting policy for property, plant and equipment.

Figure 33: Liabilities

Line Item	2012	2011	2010	2009
Liabilities	389 078 560	284 062 465	350 186 853	308 260 309
Long-Term Liabilities	60 196 100	48 517 986	78 267 121	71 387 341
Non-current provision for landfill site	22 494 322	50 765 425	50 765 425	64 755 606
Non-current provisions: plan obligations	77 822 236	68 960 000	53 301 147	
Consumer Deposits	8 582 232	9 983 442	10 038 525	10 318 099
Current Provisions	3 586 643	906 398	2 324 506	3 360 357
Unspent Conditional Grants and Receipts	78 695 500	30 306 940	49 778 808	57 943 451
Finance Lease Obligation	385 534			
VAT		-	-	31 488 564
Current Portion of Long-Term Liabilities	8 253 375	9 219 495	6 689 518	6 780 397
Trade and other payables	129 062 618	72 664 988	99 021 803	62226494

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

6.1.3.1 LONG-TERM LIABILITIES

These are external loans that are not repayable over the next 12 months. The Long Term Liabilities have increased from R48 517 986 to R58 666 166 which is 21% increase. The increase is due to additional loans we obtained from DBSA to augment our infrastructure.

6.1.3.2 NON-CURRENT PROVISION FOR LANDFILL SITE

In terms of the licensing of the landfill refuse site, council will incur rehabilitation costs of R 22, 4 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. The municipality need to make a provision R22, 4 million to rehabilitate the site.

6.1.3.3 CONSUMER DEPOSITS

Deposits held in lieu of providing municipal services on credit.

6.1.3.4 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.

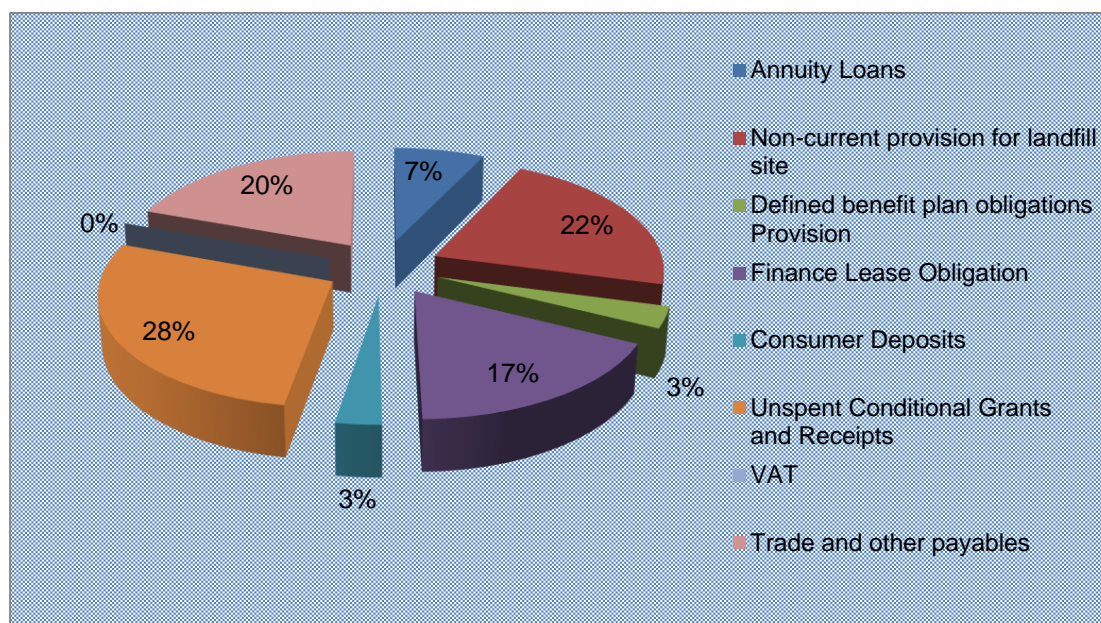
6.1.3.5 UNSPENT CONDITIONAL GRANTS

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.

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

Figure 34: Trade-in Payables



6.1.4 SOLVENCY

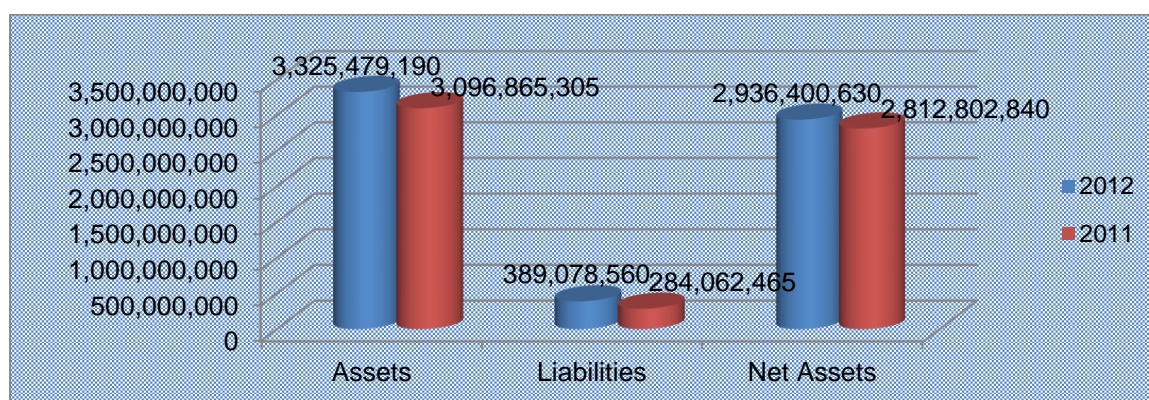
The entity remains solvent with total assets in excess of total liabilities. This is a comforting scenario, as the municipality continues to invest in assets. During the year under review an amount of R152 million was invested in assets. As outlined in the table below, the solvency position (ratio of assets to liabilities) of the municipality has systematically improved from 6.92 in 2009 to 8.44 in 2012 which means that the municipality has a healthy balance sheet, which is encouraging. The table below illustrates our solvency situation for the 4 years being analysed:

Table 47: Solvency Situation

Item	2012	2011	2010	2009
Assets	3 325 479 190	3 096 865 305	2 595 626 608	2 131 961 638
Liabilities	389 078 560	284 062 465	350 186 853	308 260 309
Net Assets	2 936 400 630	2 812 802 840	2 245 439 755	1 823 701 329
Ratio	8.55	10.90	7.41	6.92

The graph below illustrates our solvency ratio analysis:

Figure 35: Solvency Ratio Analysis



Although the above scenario is comforting, we are planning to conduct testing assets for impairment or put differently, undertaking condition assessment of roads infrastructure assets. One hopes that the carrying values of assets and liabilities at balance sheet dates, particularly in 2013 year end, closely resemble the recoverable amounts as this would have dire consequences on the solvency of the organization in the future.

6.1.5 LIQUIDITY

As evident from the table below, the capacity of the Municipality to fulfil its short term obligations has systematically improved. As depicted on the graph below the liquidity has moved from healthy 2.81 (ratio of current assets to current liabilities) in 2009 to even healthier 3.60 in 2012. The net result is that the Municipality can service its short term commitments, which is a good indicator.

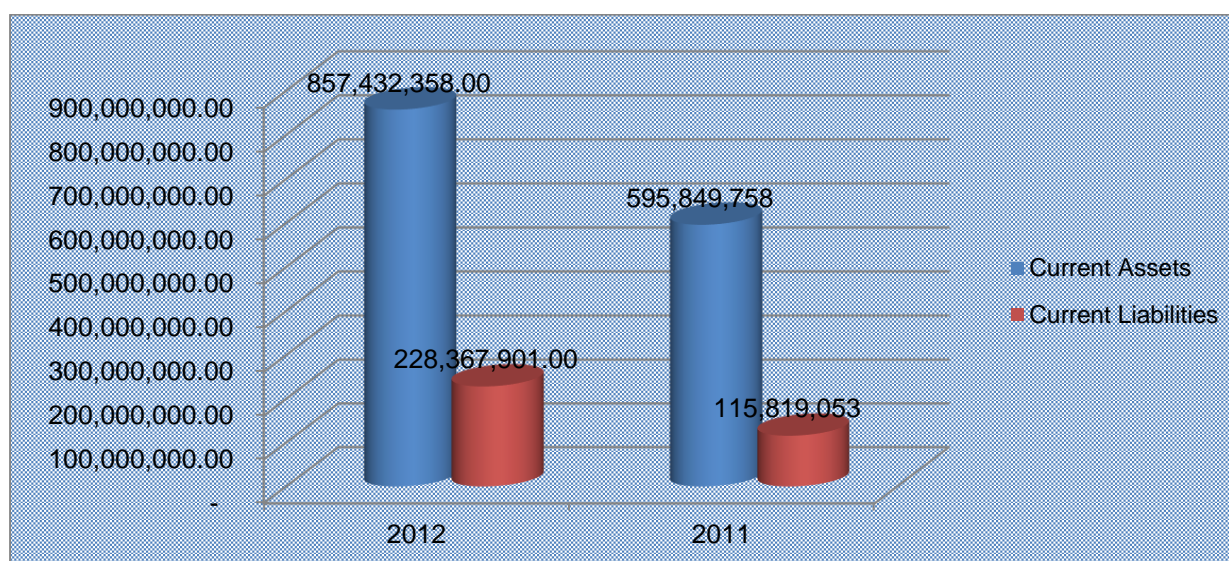
However, on analysis of the ageing of debtors as presented on the financial statements, we noted further that there is a significant debts amounting to R445 042 197 that are due for over 365 days. The general state of the ageing of debts is a cause for concern. We would place a high risk on the collection of these amounts which puts an even greater strain on the liquidity position of the municipality. Concerted efforts are necessary to augment debt collection strategies in order to ensure that the municipality remains financially viable in a long term. The table below highlights our liquidity position for the 2009, 2010, 2011 and 2012 financial years:

Table 48: Liquidity Ratio

Item	2012 (R)	2011 (R)	2010 (R)	2009 (R)
Current Assets	857 432 358	595 849 758	604 161 079	483 594 030
Current Liabilities	228 367 901	115 819 053	167 853 200	172 117 362
Ratio	3.75	5.14	3.60	2.81

The graph below further illustrates our liquidity situation:

Figure 36: Liquidity Ratio



6.1.6 CASH FLOWS

The analysis below has been made from the cash flow statement presented on the annual reports for the years under scrutiny. The table below depicts the cash flow analysis of the municipality from the past 4 year's cash flows:

Table 49: Cash Flows

Item	2012	2011	2010	2009
Net Cash from Operating Activities	178 122 654	654 266 273	512 953 010	138 675 844
Net Cash from Investing Activities	-108 676 233	-729 108 130	-105 812 591	-167 545 409
Net Cash from Financing Activities	-18 707 580	34 514 093	6 509 327	20 099 229
Cash & Cash equivalents at the end of the year	432 266 598	381 792 757	422 120 521	366 053 927
Increase/(decrease)	13%	-(0.10)	0.15	0.49

As evident from the table above, the municipality has been enjoying positive cash flows from its operations of 55% from 2009 to 2012, save for slight decline of 10% in 2011. From our analysis, substantial amount of cash has been utilized in the investment in property, plant and equipment, which is a good indicator. The financing situation for the Municipality has been positive.

Table 50: Adjustment Budget

STANDARD ITEM	2012/13 ORIGINAL BUDGET	2012/13 ADJUSTMENTS BUDGET	2013/14 BUDGET	2014/15 Forecast	2015/16 Forecast
OPERATIONAL REVENUE PER SOURCE					
Property Rates	-163 897 309	-173 945 000	-186 121 150	-199 149 631	-213 090 105
Electricity	-502 262 557	-502 262 557	-572 885 675	-618 716 529	-668 213 851
Water	-135 503 989	-135 503 989	-153 603 998	-164 356 278	-175 861 217
Sanitation	-78 399 720	-78 399 720	-84 381 556	-90 288 265	-96 608 443
Refuse	-63 504 554	-63 504 554	-68 644 573	-73 449 693	-80 794 663
Rental of Facilities and Equipment	-4 353 352	-5 354 135	-5 889 549	-6 478 503	-7 126 354
Interest on Investment	-16 135 056	-16 135 056	-17 435 635	-19 179 199	-21 097 118
Interest on Arrear Accounts	-	-70 000 000	-30 000 000	-32 100 000	-34 347 000
Fines	-2 977 280	-2 336 534	-2 570 188	-2 827 207	-3 109 927
Licenses and Permits	-2 730	-2 730	-3 003	-3 303	-3 634
Transfers Recognized-Operational	-351 906 415	-364 463 302	-288 428 504	-295 990 504	-306 425 424
Other Revenue	-7 795 439	-7 588 474	-7 918 299	-8 710 129	-9 577 518
TOTAL OPERATIONAL REVENUE	-1 326 738 401	-1 419 496 052	-1 417 882 130	-1 511 249 241	-1 616 255 254
OPERATIONAL EXPENDITURE BY TYPE					
Employee Related Costs	262 841 593	271 648 309	292 447 414	361 987 783	391 632 744
Councillors Remunerations	17 728 919	17 816 467	19 029 520	20 361 587	21 786 898
Debt Impairment	83 831 067	83 831 067	90 148 511	96 972 870	104 348 946
Depreciation	229 520 929	229 517 292	229 530 401	230 747 368	232 929 037

STANDARD ITEM	2012/13 ORIGINAL BUDGET	2012/13 ADJUSTMENTS BUDGET	2013/14 BUDGET	2014/15 Forecast	2015/16 Forecast
Finance Charges	14 012 360	11 365 968	16 365 969	16 804 328	17 260 222
Agent Fees	127 115 680	127 555 680	129 328 000	146 590 546	157 159 708
Audit Fees	2 904 000	2 904 000	3 136 320	3 387 226	3 658 204
Bulk Purchases	405 922 740	400 000 000	400 000 000	466 560 000	503 884 800
Collection Fees	11 372 350	12 579 149	12 588 215	13 091 744	13 615 413
Consultants Fees	10 239 986	19 818 648	17 791 395	18 323 048	18 875 971
Other Material	2 083 706	2 257 567	2 411 046	2 508 082	2 498 843
Repairs and Maintenance	88 577 120	90 989 922	92 215 961	93 701 181	98 575 243
General Expenses	157 846 771	180 129 365	194 992 261	203 502 288	216 744 649
TOTAL OPERATIONAL EXPENDITURE	1 413 997 221	1 450 413 434	1 499 985 013	1 674 538 050	1 782 970 676
SURPLUS/DEFICIT	87 258 820	30 917 383	82 102 883	163 288 809	166 715 422

It should be noted that the above deficit is calculated in terms of accrual principle and therefore not 100% cash backed.

6.1.7 CAPITAL BUDGET ESTIMATES

Table 51: Capital Budget Estimates

DEPARTMENT	2013/2014 BUDGET	2014/2015 Forecast	2016/2017 Forecast
Corporate Services	114 050 000.00	101 950 000.00	51 000 000.00
Community Services	56 395 000.00	25 800 000.00	12 100 000.00
Budget and Treasury	3 730 000.00	-	-
Development Planning and Human Settlements	20 687 000.00	-	-
Technical Services	214 837 000.00	266 529 000.00	150 550 000.00
Total Capital Expenditure	409 699 000.00	394 279 000.00	213 650 000.00

6.1.8 FUNDING SOURCES

Table 52: Sources of Funding

Funding Sources	2013/2014 DRAFT BUDGET	2014/2015 DRAFT BUDGET	2016/2017 DRAFT BUDGET
External Loans	162 400 000.00	11 400 000.00	1 000 000.00
Asset Financing Reserve	110 799 000.00	201 989 000.00	111 950 000.00
Grants	136 500 00.00	180 890 000.00	100 700 000.00
Total Funding Sources	409 699 000.00	394890 000.00	213 650 000.00

6.1.9 10 POINT DEBT MANAGEMENT PLAN

NO.	PROGRAM		ACTION
1	Debt collection campaign	1.1	Appointment of Field Workers
		1.2	Clarify roles and responsibilities of field workers
			* identify who is staying where
			* compare collected data with financial system
		1.3	"Friendly "legal process - develop action plan
2	Quick fix debtors	2.1	Outstanding accounts with no queries to be forwarded to the respective consumers for making necessary payment arrangements
		2.2	Investigate the possible use of call-centre for debt collection purposes
		2.3	Progress reports on government debtors
		2.4	Progress reports on staff and councillors debt
		2.5	Identify section 21 schools and address collections
3	Institutional capacity	3.1	Identify additional staff requirements for debt management holistically and communicate with COO
4	Debt Manager/Service Provider	4.1	Options in respect of Debt Management service
5	Meter Reading/Billing	5.1	Investigate use of the service provider for meter readings compared to performing in-house
		5.2	Fast track installation of water meters
		5.3	Monitor accuracy of readings (monthly deviations)
		5.4	Integrity of tariffs on accounts
		5.5	Investigate the use of meter readers to also deliver accounts
		5.6	Develop internal control for quality assurance on the delivery of accounts
		5.7	Investigate E-account option for delivery of accounts
		5.8	Install water restrictors

NO.	PROGRAM		ACTION
6	Data Cleansing	6.1	Indigent Verification
		6.2	Phased approach (Priority areas) for data cleansing
7	Training	7.1	Capacitate staff and field workers
8	Marketing and Communication	8.1	Develop marketing and communication strategy
			* posters, radio, newsletter, schools etc.
			* Education of community to check water consumption on account to meters, home relocations, submission of changed details.
9	Incentives/Tokens of appreciation	9.1	Incentive Scheme - staggered approach to promote culture of payment - policy proposal to Council
			<i>*Pay for 12 months without default - 25% debt written off</i>
			<i>*Pay for 24 months without default - further 25% debt written off</i>
			<i>*Pay for 36 months without default - remainder 50% written off</i>
		9.2	Develop Plan for tokens of appreciation (Bigen to consider sponsoring) viz. pens, t-shirts, caps etc.
10	Revenue enhancement Strategies	10.1	Review Revenue enhancement strategies

6.1.10 FINANCIAL MANAGEMENT ARRANGEMENTS

For the effective and efficient financial management of the municipality, all role-players, inclusive of the Municipal Councillors, must provide an environment conducive to good management. Local Government legislation and National Treasury circulars articulate and provide regulatory structure. Council and officials define this environment by developing and accepting policy guidelines to govern financial decision-making.

The management arrangements of Newcastle Municipality are reflected in the following policy documents:

DOCUMENT	PURPOSE	STATUS
Credit Control and Debt Collection Policy	<ul style="list-style-type: none"> To establish consolidated, sound and practically executable credit control measures to be applied in respect of all property owners and consumers. 	In place.

DOCUMENT	PURPOSE	STATUS
	<ul style="list-style-type: none"> To regulate the actions pertaining to arrear accounts, including extensions granted, written arrangements to pay-off arrears, the monitoring thereof and legal actions associated with unpaid accounts. 	
Indigent Policy	To subsidise indigent households with income level of R3 000.00 enabling them to pay for a basic package of municipal services.	In place.
Debt Write off Policy	To provide a framework for the writing off of irrecoverable debt, in order to ensure that Council is in a position where it is not carrying debt which has prescribed or which is irrecoverable on its books.	In place.
Tariff Policy	To provide a framework to determine rates and tariffs to finance expenditure.	In place.
Rates Policy	To ensure that all the stipulation of the Municipal Property Rates Act are effected administratively and also lay-out and stipulate all the requirements for rebates for all qualifying property owners.	In place.
Supply Chain Management Policy	To provide a system of procurement that gives effect to the principles of: <ul style="list-style-type: none"> Fairness; Equity; Transparency; Competitiveness; and Cost effectiveness. 	In place.
Investment Policy	To regulate and provide directives in respect of the investment of funds.	In place.
Borrowing Policy	To establish a borrowing framework policy for the Municipality and set out the objectives, policies, statutory requirements and guidelines for the borrowing of funds	In place.

DOCUMENT	PURPOSE	STATUS
Asset Management Policy	To ensure that all aspects of assets from acquisition to disposal are met.	In place.
Budget Policy	The policy set out the budgeting principles which Newcastle Municipality will follow in preparing each annual budget. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act and Municipal Budget and Reporting Framework in terms of the planning, preparation and approval of the annual and adjustment budgets. The framework for virements is also explained in the Virement Policy.	In place.
Funding and Reserve Policy	The policy provides a framework to ensure that the annual budget of Newcastle Municipality is fully funded and that all funds and reserves are maintained at the required level to avoid future year non cash backed liabilities. The policy aims to give effect to the requirements and stipulations of the Municipal Finance Management Act and Municipal Budget and Reporting Framework.	

6.1.11 FINANCIAL STRATEGIES AND PROGRAMS

The optimal use of available resources, the maximum raising of revenue and the sustainable delivery of services are the key elements to a successful financial strategy. The Municipality has developed and implemented the following key strategies in this regard:

STRATEGY	CURRENTLY IN PLACE
Revenue raising strategies	<ul style="list-style-type: none"> • To ensure optimum billing for services rendered and cash collection. • To ensure effective credit control and debt reduction – Turn point plan. • In the structuring of tariffs, continue with user-pay principal and full cost recovery. • Revaluation of all properties as per the Municipal Property Rates Act, at market related values.

	<ul style="list-style-type: none"> • To bring pre-payment meter vending points within close proximity of all consumers. • To introduce easy pay method.
Asset Management Strategies	<ul style="list-style-type: none"> • Completed process of unbundling of all infrastructure assets and compiling a new improved asset register. • Conducting full audit of all assets of the municipality. • To improve overall management of fixed assets.
Financial Management Strategies	<ul style="list-style-type: none"> • Continued cash flow management.
Capital financing strategies	<ul style="list-style-type: none"> • Continued sustainable use of Own Financial Resources. • Use of bulk service contributions to fund extensions. • Accessing national and provincial funding through proper request, business plans and motivations. • Leveraging of private finance.
Operational financing strategies	<ul style="list-style-type: none"> • To introduce free basic services within the limits of affordability. • Implementation of proper tariff structures for all the services. • “Economic”- and “Trading Services” being cost effective.
Strategies that would enhance cost-effectiveness	<ul style="list-style-type: none"> • Investigation into possibilities for utilising new technology to save costs. • Implementation of new systems/equipment acquired to address capacity shortages. • Implementation of electronic bank reconciliation.

SECTION 7: ANNUAL OPERATIONAL PLAN

7 ANNUAL OPERATIONAL PLAN

SECTION 8: ORGANISATIONAL AND INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

8 PERFORMANCE MANAGEMENT SYSTEM (PMS)

8.1 ORGANISATIONAL SCORE CARD

NEWCASTLE MUNICIPALITY														
DRAFT ORGANISATIONAL SCORECARD 2014`15														
FINANCIAL VIABILITY														
ORG REF	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE / OUTPUT	OPERATIONAL STRATEGIES/ ACTION PLANS	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE / EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT/ VOTE
									2012/13	2013/14	2014/15	2015/16	2016/17	
FV1	Outcome 6: Administrative and financial capability	Financial Management	To ensure sound financial and fiscal management and good governance.	To ensure compliance with financial reporting in terms of the relevant legislative requirements.	Preparation of the Mid-year Review	%age compliance with MFMA reporting obligations as per MFMA calendar	100%	National Treasury Compliance Report	100%	100%	100%	100%	100%	SED : BTO
FV2	Outcome 6: Administrative and financial capability	Financial Management	To ensure sound financial and fiscal management and good governance.	Review and approval of SCM Policy.	Annual review of SCM Policy	Reviewed and Approved SCM Policy by 31 March 2014	1	Records, Council Resolution	Reviewed and Approved SCM Policy by 31 March 2013	Reviewed and Approved SCM Policy by 31 March 2014	Reviewed and Approved SCM Policy by 31 March 2015	Reviewed and Approved SCM Policy by 31 March 2016	Reviewed and Approved SCM Policy by 31 March 2017	SED : BTO
FV3	Outcome 6: Administrative and financial capability	Financial Management	To ensure sound financial and fiscal management and good governance.	To ensure an effective and efficient SCM system.	Maintain and monitor a register for bids and quotations	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations)	Bids : 96 days and Quotations 51 days	register certified by CFO	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations)	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations)	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations)	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations)	Turnaround times for bids at 90 days and for quotations 30 days (Tenders/Quotations)	SED : BTO

NEWCASTLE MUNICIPALITY														
DRAFT ORGANISATIONAL SCORECARD 2014`15														
BASIC SERVICES														
ORG REF NO	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE/ OUTPUT	OPERATIONAL STRATEGIES/ ACTION PLANS	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE OF EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT / VOTE
									2012/13	2013/14	2014/15	2015/16	2016/17	
BS1	OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICE DELIVERY	WATER SERVICE AUTHORITY	To ensure the provision Of appropriate sanitation and potable water to all households in Newcastle Municipality	To ensure that Water and Sanitation Service is rendered in an efficient and affordable manner	Access to water and sanitation to RDP Standards.	Number (as well as percentage) of households with access to potable (drinkable) water	77794 (92.3%)	Reports	77794 (92.3%)	78794 (93.5%)	TBA	TBA	TBA	SED: TECHNICAL
BS2	OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICE DELIVERY	WATER SERVICE AUTHORITY			Access to water and sanitation to RDP Standards.	Number (as well as percentage) of households with access to sanitation	60555 (71.9%)	Records	60555 (71.9%)	61155 (72.57%)	TBA	TBA	TBA	SED: TECHNICAL
BS3	OUTPUT 2: IMPROVING ACCESS TO BASIC SERVICE DELIVERY	WATER SERVICE AUTHORITY			Management of reticulation operations and maintenance	Appointment of service provider to develop strategy to take over of UTW functions			UTW take over Strategy	Inception and implementation of UTW take over	Completion of UTW take over	100% Newcastle Municipality Water and Sanitation division/department	100% Newcastle Municipality Water and Sanitation division/department	Municipal Manager

NEWCASTLE MUNICIPALITY													
DRAFT ORGANISATIONAL SCORECARD 2014`15													
SOCIAL DEVELOPMENT													
REF NO	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE / OUPUT	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE / EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT / VOTE
								2012/2013	2013/14	2014/15	2015/16	2016/17	
SD 001	Output 6: Administrative and Financial	Disaster Management	To improve safety and security	To re-inforce and maintain proactive Disaster Management strategies	Number of Sector Plans for all sections in Community Services finalised by June 2014	Master Plan to be finalised in 2013`14 financial year	Master Plan	Adoption of a disaster management plan	7	Annual Review of Master Plan	Annual Review of Master Plan	Annual Review of Master Plan	SED : Community Services
SD 002	Output 6: Administrative and Financial capability	Disaster Management		To re-inforce and maintain proactive Disaster Management strategies	Recommendations on the re-establishment of a local Disaster Management Forum by 28 February 2014	0		N/A	Recommendations on the re-establishment of a local Disaster Management Forum by 31 December 2013	At least quarterly meetings of the DMF	At least quarterly meetings of the DMF	At least quarterly meetings of the DMF	SED : Community Services

NEWCASTLE MUNICIPALITY													
DRAFT ORGANISATIONAL SCORECARD 2014'15													
SOCIAL DEVELOPMENT													
REF NO	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE / OUPUT	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE / EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT / VOTE
								2012/2013	2013/14	2014/15	2015/16	2016/17	
SD 003	Output 6: Administrative and Financial capability	Security		To adopt Security Policy and Procedures	Adoption of Security policy and procedures by June 2014	Draft Security Policy	Minutes	Security Policy and procedures to be enforced	Adoption of Security policy and procedures by June 2014	Implement security procedures	Implement security procedures	Implement security procedures	SED : Community Services

NEWCASTLE MUNICIPALITY													
DRAFT ORGANISATIONAL SCORECARD 2014'15													
Institutional Development and Transformation													
ORG REF	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE / OUPUT	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE / EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT / VOTE
								2012/13	2013/14	2014/15	2015/16	2016/17	
ITD1	Output 6: Administrative and Financial Capability			To effect placement in line with placement policy and approved organisational structure	%age completion of placement process			100%	100%	N/A	N/A	N/A	Municipal Manager
ITD2	Output 6: Administrative and Financial Capability			To review and Implement organogram with adequate capacity.	%age of employees assisted / consulted as requested	100%	EAP Register	25	100%	100%	100%	100%	SED : Corporate Services
ITD3	Output 6: Administrative and Financial Capability			To provide adequate human capital.	%age of Job Descriptions compiled in line with approved Organogram by 30 June 2014	Not Commenced	Post Grading File	100%	100%	100%	100%	100%	SED : Corporate Services

NEWCASTLE MUNICIPALITY														
DRAFT ORGANISATIONAL SCORECARD 2014'15														
MUNICIPAL PLANNING														
ORG REF	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE/OUTPUT	OPERATIONAL STRATEGIES/ ACTION PLANS	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT / VOTE
									2012/13	2013/14	2014/15	2015/16	2016/17	
MP001	OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES	Land Use Management	Develop an efficient and effective a land use management system so as to promote a rational and harmonious land use activity system	To undertake efficient and effective planning Enforcement and building control	To promote awareness on Land Use Management functions	Number of building control awareness interventions facilitated	First Draft home-based businesses review document	Records	2	Approved (reviewed) home-based business policy and placement of shipping containers policy by 31 March 2014	2	2	2	SED : DPHS
MP002	OUTPUT 4: ACTIONS SUPPORTIVE OF THE HUMAN SETTLEMENT OUTCOMES	Land Use Management			To monitor and control unauthorised land uses	%age of illegal buildings addressed as identified and reported	100%	Register	100%	100%	100%	100%	100%	100%

NEWCASTLE MUNICIPALITY														
DRAFT ORGANISATIONAL SCORECARD 2014`15														
LOCAL ECONOMIC DEVELOPMENT														
ORG REF NO	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE/OUTPUT	OPERATIONAL STRATEGIES/ ACTION PLANS	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE OF EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT / VOTE
									2012/13	2013/14	2014/15	2015/16	2016/17	
LED1	OUTPUT 1: IMPLEMENT A DIFFERENTIATED APPROACH TO MUNICIPAL FINANCING, PLANNING AND SUPPORT	Investment promotion	To promote economic development that will result in sustainable job creation	To facilitate investment Promotion (by foreign & local business)	To develop Investment Promotion Strategy and Investment promotion plan,	Quarterly reports on meetings held with foreign & local investors	2	Quartely reports, PortMinutes /Agenda/Inv itations	4	4	4	4	4	SED: DP & HS
LED2		Investment promotion	To facilitate economic development that will result in sustainable job creation.	Business retention and expansion (BNR)	Review of investment incentive scheme policy,	Number of meetings with chambers and Newcastle businessess	2	Quartely reports, PortMinutes /Agenda/Inv itations	4	4	4	4	4	SED: DP & HS
LED3		Economic governance	To facilitate economic development that will result in sustainable job creation.	Provision of internal guidance for investment & infrastructure expenditure	Inter Department Co-ordinating structure ICC being established,	Number of meetings held	0	Minutes/ Agenda/ Invitations	Approve d plan	2	2	2	2	SED: DP & HS

NEWCASTLE MUNICIPALITY														
DRAFT ORGANISATIONAL SCORECARD 2014*15														
GOOD GOVERNANCE														
ORG REF NO	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	OPERATIONAL OBJECTIVE	MEASURABLE OBJECTIVE / OUTPUT	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE / EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT
									2012/13	2013/14	2014/15	2015/16	2016/17	
GG001	Output 6: Administrative and Financial Capability	Good Governance	To ensure good governance through openness, transparency and accountability.	To strengthen executive support to services.	To facilitate operational interventions	%age of operational issues addressed as referred by Municipal Manager (Grievances)		Records/Register	100%	100%	100%	100%	100%	Municipal Manager
GG002	Output 6: Administrative and Financial Capability	Good Governance			Development and implementation of systems and procedures.	Compliance with Record keeping Checklist	100%	Registers/Checklist	100%	100%	100%	100%	100%	Municipal Manager
GG003	Output 6: Administrative and Financial Capability	Good Governance			Strengthening of management and decision making committees.	Monthly Manco meetings held	12	Minutes	12	12	12	12	12	Municipal Manager

NEWCASTLE MUNICIPALITY														
DRAFT ORGANISATIONAL SCORECARD 2014*15														
GOOD GOVERNANCE														
ORG REF NO	OUTCOME 9	IDP PROGRAM	STRATEGIC OBJECTIVE	OPERATIONAL OBJECTIVE	MEASURABLE OBJECTIVE / OUTPUT	KEY PERFORMANCE INDICATOR	BASELINE	SOURCE / EVIDENCE	ANNUAL TARGET					RESPONSIBLE DEPARTMENT
									2012/13	2013/14	2014/15	2015/16	2016/17	
GG004	Output 6: Administrative and Financial Capability	Good Governance			Delegations system.	Annual review of Delegations systems by January 2014	Approved Delegations on 31 January 2012	Minutes	Annual review of Delegations systems by January 2013	Annual review of Delegations systems by January 2014	Annual review of Delegations systems by January 2015	Annual review of Delegations systems by January 2016	Annual review of Delegations systems by January 2017	Municipal Manager

8.2 IDP, BUDGET, PMS INTEGRATION THROUGH SDBIP'S

At a strategic level, the IDP Priorities are aligned to the National Key Performance Areas. In terms of the IDP, Organizational objectives are incorporated into the Organisational PMS by developing applicable indicators for measuring of performance and then setting of targets (within the available resources as specified in the Budget). All of this is consolidated into an Organisational Score-card in line with the NKPA Model selected as specified in the Framework mentioned above to allow for measuring and reporting of performance at an Organisational/Strategic level.

The Organisational Score-card is then unpacked at a departmental/Vote level and informs the development of Service Delivery Budget Implementation Plans (SDBIP's) to allow for performance reporting at an operational level as is required in terms of the MFMA. Ideally, the SDBIP aligns itself with Powers and Functions, Objectives of the Department aligned to IDP and the allocated budget, relevant indicators and targets. The Service Delivery Budget Implementation plan is then cascaded into Section 57 Performance Agreements.

All of these performance reports are then consolidated into the Annual Performance Report that forms a component of the Annual Report as prescribed in the MFMA. Reporting is done quarterly, with supporting evidence being validated and audited. Monthly reporting is now being advocated through the revision of the framework and the Auditor-General's audit strategy to align the municipality to best practices.

8.3 MONITORING, EVALUATION AND REVIEW

In terms of the PMS Framework, at the end of every quarter Directorates are expected to submit to the Office of the IDP Manager their completed Organizational Scorecard and SDBIP's for further submission to Internal Audit. Internal Audit thereafter submits to the External Audit Committee, which in turn reviews the PMS and submits recommendations thereon to the EXCO. In the absence of a functional Internal Audit unit, reports were submitted directly to the Municipal Manager, Audit committee and EXCO. An audit review was conducted for the Mid-year assessment only.

The above process is intended to allow the municipality to monitor, evaluate and review its performance based on the National and its own IDP key Performance Indicators. The following table, derived from both the legislative framework for performance management and PMS framework, summarizes for ease of reference and understanding the various performance reporting deadlines as it applies to the Municipality:

Table 53: PMS Reporting requirements

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND/ OR REVIEW	REMARKS
1. SDBIPs	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Executive Committee	PMS framework
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	See sections 72 and 54 of the MFMA
5. Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual report	Annually	Council	See chapter 12 of the MFMA

8.4 INSTITUTIONAL PERFORMANCE MANAGEMENT SYSTEM (SECTION 57 CONTRACTS)

In terms of the Regulations for Municipal Managers and Managers reporting directly to the Municipal Manager, all Performance Agreements were signed for the 2011/12 financial year. In respect of the 2012/13 financial year, this will be informed by the approved SDBIP's by beginning of June 2012. In support of the PMS, a list of annexure regarding the SDBIP and Organizational Scorecard are attached in this document.

SECTION 9: ANNEXURES.

ANNEXURE A: NEWCASTLE TURNAROUND STRATEGY.

ANNEXURE B: SPATIAL DEVELOPMENT FRAMEWORK 2014/15.

ANNEXURE C: AG AUDIT REPORT AND RESPONSES

ANNEXURE D: ORGANISATIONAL SCORECARD

ANNEXURE E: SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN

9 SECTOR PLANS

Ref.	Activity/ Item Description	MEC Evaluation Report Findings	Levels of Execution		*LM Responsibility over Period				Comments
			*LM	*DM	2010/11	2011/12	2012/13	2013/14	
1.	Disaster Management Plan/ Contingency Plan	None	✓	✓	✓	✓	✓	Completed	District Municipality is implementing through shared Services but Newcastle has its own Disaster Contingency Plan in place.
2.	HIV/AIDS Action Plan	None	✓	✓	✓	✓			Complete: - Special Programs are being implemented through SukumaSakhe Provincial Program
3.	Institutional Plan	None	✓		✓	✓	✓	Completed	Completed AND approved by Council
4.	Performance Management System (PMS)	None	✓		✓	✓	✓	Completed	PMS review completed and approved by Council. It's being implemented with Section 57, but rollout is underway
5.	Skills Development Plan	None	✓		✓	✓	✓	Completed	Approved by EXCO and is under implementation.
6.	Financial Management Plan	Identified as the Shortcoming	✓		✓	✓	✓	Completed	Fully-fledged Financial Plan in-place and approved by Council together with the Budget.
7.	Capital Investment Programme/ Framework (CIP)	Identified as Shortcoming	✓		✓	✓	✓	Completed	Three Year Capital Program incorporated into the IDP but the Municipality on the process of developing a five year capital investment program once all sector plans are in place
8.	Integrated Environmental Programme	Identified as Shortcoming	✓		✓	✓	✓	Underway	Draft document completed and is being work-shopped to Council and public participation process.
9.	Local Economic Development (LED)	None	✓		✓	✓	✓	Completed	Completed in November 2012 and is going through implementation
10.	Poverty Relief / Alleviation Programme	None	✓		✓	✓	✓	Completed	Approved by Council and Underway for implementation
11.	Revenue Enhancement Strategy	None	✓		✓	✓	✓	Completed	Review underway, very critical for the LM
12.	Housing Strategy	None			✓	✓	✓	Completed	Draft Housing Sector Plan complete and going through public participation process
13.	Water Services Development Plan (WSDP)	None	✓	✓	✓	✓	✓	Completed 2014	WSDP going through the review process and to be completed next financial year.
15.	Waste Management Plan	None	✓	✓		✓	✓	Completed 2012	Under review to include identification of new landfill site. It's a lengthy process to identify an environmental suitable site
16.	Roads and Storm water Master Plan	None	✓			✓	✓	Completed	The Road and Stormwater plan is done inline with GRAP.
17.	Transportation Plan	None	✓	✓	✓	✓		Completed	Developed by the District. Newcastle has developed the Urban Transportation Plan to mitigate traffic volumes
18.	Electrification Plan	None	✓	✓		✓	✓	Underway	Available with the DC. But Newcastle to develop its own in 2014/2015 financial year
19.	Tourism and Marketing Plan	None	✓	✓		✓	✓	Completed	Development underway and to be completed next financial year.

Ref.	Activity/ Item Description	MEC Evaluation Report Findings	Levels of Execution		*LM Responsibility over Period				Comments
			*LM	*DM	2010/11	2011/12	2012/13	2013/14	
20.	Land Use Management Plan	None	✓		✓	✓	✓	Complete	Available and being rollout to townships and is being replaced by a wall to wall scheme which is underway (PDA)
21.	Spatial Development Framework	Identified as good	✓		✓	✓	✓	Completed	Review SDF approved by Council together with the IDP 2014/15
22.	Gender Employment Equity Plan	Identified as shortcoming	✓		✓	✓	✓	Completed	Approved by EXCO and implementation underway.
23.	Communication Strategy	Identified as shortcoming	✓		✓	✓	✓	Underway	To be developed next financial year
24.	IT Communications Policy	Identified as shortcoming	✓		✓	✓	✓	Completed 2012	Approved by EXCO and implementation underway
25.	IT Policy and Asset Management Policy	Identified as shortcoming	✓		✓	✓	✓	Completed 2012	Approved by EXCO and implementation underway
26.	Fraud and Corruption Prevention Strategy	Identified as shortcoming	✓			✓	✓	Completed 2013	Approved and implementation underway, very critical for the LM
27.	Cemetery Plan	Identified as shortcoming	✓			✓	✓	Underway	Investigation on identification of suitable sites underway and to be completed in next financial year

ANNEXURE A: NEWCASTLE TURN AROUND STRATEGY

MTAS PRIORITY	MILESTONE	DETAILED ACTIVITIES	RESPONSIBLE OFFICIAL	TARGET DATES	BLOCKAGES / CHALLENGES	SUPPORT NEEDED IN TERMS OF UNBLOCKING
1. Service Delivery (Water infrastructure)	Reduction of the water backlogs which is 26% (25132 households) thereby improving access to water (100 HH in Normandien, 300 HH in Charlestown and 200 HH in Ingogo) for communities within the RDP standards, yard connection and in-house connection by June 2013	<p>The water backlog will be reduced through the implementation of the following initiatives:</p> <p>Implementation of massification (funding) program for Charlestown, Ingogo and Normandien area</p> <p>Construction of 10ML Hilldrop reservoir, 1x pump station (main0 and 1x gravity main for improving water access to the town, JBC, Madadeni and Osizweni township</p> <p>Review the WSDP and prioritization of projects</p>	Strategic Executive Director: Technical Services	30 June 2013	No Blockages	<p>Require technical assistance in lobbying for funding from Sector departments and external funders.</p> <p>Business plans are in place, and require funding for implementation.</p> <p>COGTA, DWA and National Treasury</p>
1.1 Implementation of Water Conservation Demand Management (WCDM)	<p>Attend to water leakages to 5000 households in Madadeni and Osizweni thereby implementing the WCDM</p> <p>Reduce 46kl of water loss per HH/D</p>	<ul style="list-style-type: none"> ▪ Review the Water conservation and demand management Plan ▪ Implement Water Conservation and Demand Management (WCDM) ▪ Appointment of 100 qualified plumbers to 	Strategic Executive Director: Technical Services	30 June 2013	Insufficient funding, however there is R5000.00 secured from MIG	<p>COGTA to assist with funding mechanisms</p> <p>DWA to increase the funding</p>

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1.2 Maintenance of Ageing Infrastructure (Newcastle West)		do door-to-door house visits.				
	<ul style="list-style-type: none"> ▪ Ensure a secured and sustainable potable water supply for the rapid increasing water demand of the developing communities in the Newcastle Municipality 	<ul style="list-style-type: none"> ▪ Upgrading/extension of Water purification plant to increase the capacity from 110 ml to 300 Mℓ/day in 2030 ▪ Development of operation and maintenance plan to indicate critical areas for maintenance ▪ Construction of a new 300mm Raw water pipeline from Ntshingwayo dam to Ngagane WTP 	Strategic Executive Director: Technical Services	30 June 2013	<p>Insufficient funding from MIG</p> <p>High rate of burst pipes leading to high water loss (Newcastle west)</p> <p>Interruption of business due to burst pipes</p> <ul style="list-style-type: none"> ▪ Water and sanitation services infrastructure is beyond design period thus can no longer sustain service delivery ▪ Ageing infrastructure in the Newcastle West. ▪ High water loss due to pipe leakages 	<p>COGTA to increase MIG funding</p> <p>Office of the Premier to assist through reserved funding for bulk infrastructure (SOPA)</p>

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1.3Sanitation					<ul style="list-style-type: none"> ▪ High water bill account to residents ▪ Unaffordable services to our clients ▪ Inaccurate bill account ▪ Insufficient funding ▪ Interruption of services Lack of awareness of proper use of water	
	<ul style="list-style-type: none"> ▪ To reduce sanitation backlogs standing at 23% (20499 households) by providing access to waterborne sewerage to 3000 HH and 1380 HH to convertible VIP toilets in JBC area. 	<ul style="list-style-type: none"> ▪ Implementation of Staffordhill waterborne sewerage scheme: Phase 4. ▪ Obtain more funding for upgrade of the Madadeni WWTP in order to increase the capacity ▪ Review the Water and sanitation Master Plan ▪ Development of operation and maintenance plan to indicate critical areas for maintenance 	Strategic Executive Director: Technical Services	30 June 2013	<ul style="list-style-type: none"> ▪ Water and sanitation services infrastructure is beyond design period thus can no longer sustain service delivery ▪ Delays in the implementation of housing projects 	

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		<ul style="list-style-type: none"> Installation of 1380 convertible VIP toilets in rural areas 				

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2. Accelerating Sustainable Human Settlements (land issues, housing backlogs etc	<ul style="list-style-type: none"> Reduce the housing backlogs estimated at 30000 housing units and 32 000 housing waiting list of people (Newcastle housing database) Housing projects Housing backlogs can be reduced through implementation of the following 9000 housing projects (units) which have a conditional approval: <ul style="list-style-type: none"> 	<p>The housing backlog will be reduced through the implementation of the following housing projects:</p> <ul style="list-style-type: none"> Madadeni H39 – 890 beneficiaries Charlestown Housing – 1500 beneficiaries Siyahlalala-la 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 	Strategic Executive Director: Development Planning and Human Settlement (DP&HS)	30 June 2013	<p>The development of housing projects in Newcastle happened over the past 10 years. Since then there have been delays in obtaining approval for housing projects and the process has been exacerbated by the high levels of urbanization and the collapse of Agricultural sector forcing the rural communities to search for job opportunities in urban centres.</p> <p>Charlestown issues</p> <p>There has been a lack of financial commitment from</p>	<p>Require technical assistance in lobbying for funding from Sector departments (MIG) and Department of Human Settlement</p> <ul style="list-style-type: none"> Appoint project and programme managers for implementing of approved projects. Identify and release land for various income group and various housing forms Finalise Land Disposal Policy (Investigate options for the release of land below market value to cater for varying income categories) <p>COGTA, DHS and Treasury</p>

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		<ul style="list-style-type: none"> ▪ Osizweni Phase three – 670 housing units ▪ Emawozeni Housing – 100 units 			<p>Department of Human Settlement in the past.</p> <p>Land availability has also stalled the delivery of housing project thus forcing the municipality to expropriate private owned land for the benefit of the needy communities in JBC area</p>	

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3. Development of a Capital Investment Plan (through infrastructure Development plan & Sector Plans)	<p>Preparation of the Capital investment Plan/ Program in order to inform IDP spending on Infrastructures development</p> <p>The municipality will be in the position to quantify the backlogs and give financial</p>	The municipality is in the process of undertaking a study for roads and storm water management plan with the intention of determining the kilometres of access roads that need to be improved within the municipality in order to have a sound base of allocating financial resources for	Strategic Executive Director: Technical Services	30 June 2013	Lack of adequate financial resources to enable the municipality to undertake these studies (WSDP, Roads and Storm-water Management Plan and Operations and Maintenance Plan to inform the IDP Capital Investment Program	<p>Financial assistance is required to enable the municipality to undertake comprehensive studies that will enable the municipality to develop the Capital Investment Program.</p> <p>Department of Water Affairs</p>

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	<p>projects for future years</p> <p>The capital Investment Program will assist the municipality on asset register and evaluation roll</p>	<p>improving their condition and maintenance of existing road and storm-water drainage</p> <p>Review of the Water service Development Plan (WSDP) in order to quantify water and sanitation backlogs</p> <p>Develop the Operations and Maintenance Plan for existing ageing infrastructure particularly in the Newcastle West</p>			<p>Adhoc implementation of infrastructure projects</p> <p>Unable to quantify the backlogs resulting to poor financial projections and reduction of backlogs</p> <p>Lack of projections for future years and a plan to reduce the backlogs</p>	Department of Cooperative Governance and Traditional Affairs

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4. Debt Management (increase payment factor)	<p>To reduce the municipal debt into an acceptable level and in line with GRAP</p> <p>Debtors are accumulating each</p>	<p>Revenue enhancement task team has been set up and the following areas have been identified to be addressed:</p> <ol style="list-style-type: none"> 1. Councillor arrears 2. Staff arrears 3. Audit indigent register 4. Categorise debtors per 	Strategic Executive Director: Budget and Treasury Office: Financial Services	30 June 2013	<p>Insufficient budget is part of the normal departmental budget</p> <p>2. The fixing of leaks is dealt with by the relevant department</p>	<p>Capacity needs to be addressed with regard to suitably skilled staff as well as office space</p> <p>2. Council buy in</p>

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	<p>month as credit, mainly in the East, is not controlled. The electricity disconnection process in the West maintains a fairly high pay factor, however the supply of water is not used as leverage in the East where the pay factor is low.</p>	<p>easy of collectivity - risk analysis 5. Ward committees need to be educated with regard to the need for all to pay their current accounts 6. Accounts need a data clean up 7. Water flow regulators to be installed for leverage in areas where we do not supply electricity 8. Water to be limited to 12 Kl for the indigent accountholders 9. The appointment of the Debt Management Service Provider to be finalized 10. Water leaks in the East to be addressed 11. Need to implement Easy pay facilities</p>			<p>3. The cost of the implementation of water flow regulators will need to be sourced first from water savings and thereafter form part of the relevant departments' annual budget.</p>	<p>3. Support of Officials 4. Support from Top management 5. Departmental buy-in. Task team meetings are not well attended 6. Deceased estates in the East are not wound up. Due to both lack of knowledge of legislation requirements as well as lack of funds, therefore properties not transferred 7. Indigent water needs to be limited in terms of the policy Provincial Treasury to assist with capacity challenges COGTA to assist with financial capacity and technical advice.</p>
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5. Clean Audit by 2014	<p>The municipality has set a target of a clean audit by 2014 after obtaining qualified audits for three consecutive times.</p> <p>Reduce the high percentage of fruitless and unauthorized expenditure (previously it was R22m and R15m for last financial year).</p>	<p>Develop and implement the audit action plan</p> <p>Review and finalisation of the Financial Plan which would assist the municipality in identifying new income streams and improve municipal financial efficiency</p> <p>Implementation of MFMA regulations and debt Recovery Plan and strategies.</p> <p>Implementation of SCM regulations</p> <p>Implementation of a risk register</p> <p>Implementation of Municipal approved delegations</p> <p>To appoint a service provider to assist us with risk profiling of our debtors. Once this exercise is complete, then we will discount our debtors in terms of IAS 39 and determine the provision for doubtful debts and impairment.</p>	<p>Chief Financial Officer: BTO</p> <p>All Senior Managers/ Strategic Executive Directors</p>	30 June 2013	<p>Lack of compliance with the MFMA</p> <p>Lack of financial discipline among senior management</p> <p>Lack of political oversight</p>	<p>Provincial Treasury to provide technical support and capacity building</p> <p>COGTA to provide the monitoring and evaluation for financial systems.</p>

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6. Assets Management	<p>To have a Generally Recognized accounting Practice (GRAP) compliant asset register.</p> <p>Develop the asset register</p> <p>Review the residual values and useful lives of assets at each reporting date in accordance with SA Standard of GRAP 17, Property, plant and equipment (PP&E), as evidenced by assets with a gross carrying amount of R10, 024 million being included in the financial statements at a zero</p>	<ul style="list-style-type: none"> ▪ To prioritize the appointment of the Asset Manager; <p>To engage professional valuer to determine the residual values of all infrastructure assets and Land & Buildings;</p> <p>To engage the professional valuer to determine the Assets Net Replacement Value of all infrastructure assets and Land & Buildings;</p> <p>To engage the professional Engineer to assist with impairment assessment;</p> <p>To update the asset register with asset acquisitions and disposals;</p>	Strategic Executive Director: CFO: Budget and Treasury Office	30 June 2013	<p>Financial constraints limits the municipality in implementing some of these programs</p> <p>Insufficient funding from the MSIG</p> <p>Lack of qualified personnel on asset management</p> <p>Lack of internal capacity to undertake this exercise</p>	<p>COGTA to provide funding through MSIG</p> <p>COGTA to provide capacity building and play monitoring and evaluation.</p>

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	net carrying amount whilst still being in use, thus impacting on the valuation of these assets.	<p>To inculcate the culture of month end discipline in term of reconciliations between the General Ledger and Asset Register.</p> <ul style="list-style-type: none"> To engage the service provider to assist us with asset verification. To implement the document management system on Phoenix System. 				

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7. Identify infrastructure that support economic development	SMME Development should be part and parcel of the infrastructure development ()	<p>Mainstreaming SMME development within the organization</p> <p>To Implement "Sebenzel'eKhaya"</p>	Strategic Executive Director: Development Planning and Human Settlement	30 June 2013	There are no blockages being experienced in terms	DEDT

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		programme as a component of SMME development.				

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8. Halving poverty and unemployment by 2014	To ensure that economic growth must be accompanied by increase in employment, this requires a focus on promoting and supporting labour absorbing sectors of the economy	<ul style="list-style-type: none"> Support SMME development through incubators; Promote and support entrepreneurial activities especially by the youth; Support and promote the development of cooperative within Newcastle Revive the viability of the textile industry; 	Strategic Executive Director: Development Planning and Human Settlement And Director: Economic Development	30 June 2013	<ul style="list-style-type: none"> High unemployment (estimated at 40%) leading to poverty and deepening inequality; Low literacy levels; Dependency on the state (i.e. high number of people falling within the bracket of indigent 	<p>DEDT to provide financial support for Industrial development strategy</p> <p>DTI to provide financial support for packaging of industrial and manufacturing projects</p> <p>The Department of Agriculture to provide</p>

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		<ul style="list-style-type: none"> • Develop and roll out an extensive agricultural programme • Promote and support the development of the Hydroponics project • Support government led job creation programmes such as the Extended Public Works Programme, Community Works Programmes and the Food for Schools/Hospitals/Prisons programmes; • Roll out and extend the reach of the Poverty Alleviation programme to cover all wards within Newcastle especially the most needy 			households and social grant)	financial support for extensive agricultural support
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9. Development of a Communication Strategy/ policy	To ensure a vibrant municipal communication with its stakeholders	Development of a communication policy Implement the municipal newsletter Revive the municipal website and corporate branding	Municipal Manager and Chief of Operations	30 June 2013	Lack of customer satisfaction survey Poor Intergovernmental relations	
	Ensure community Feedback	Strengthening of municipal structures and committees Conduct customer satisfaction survey, every two years	Municipal Manager Director IDP Manager PMS	30 June 2013	Lack of funding to conduct customer satisfaction survey Lack of Community Development workers	COGTA to provide financial support in order to conduct customer survey COGTA to provide financial support for strengthening of ward committees

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10. Integration and Co-ordination (Establishment of business forums)	To ensure that there is a vibrant and effective interdepartmental committee.	Co-ordination of projects and programs within the municipality. Alignment of IDP, PMS and budget within the municipality	Municipal Manager and Director IDP	30 June 2013	Lack of coordination within municipal businesses Departments working on silos Overlapping of certain functions eg Environmental issues and waste management issues	None
	Establishment of an Economic development Forum	Mainstreaming of various forums into a single forum to participate on municipal business	Strategic Executive Director: Development Planning and Human Settlement	30 June 2013	There are various existing forums with different interest	To secure funding from DBSA DEDT to provide financial support for establishment of the single forum