



# **NEWCASTLE MUNICIPALITY**



**ANNUAL REPORT 2015/16**

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## PREFACE

### Legislative

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

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

*The purpose of an annual report is-*

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

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

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

*The annual report of the municipality must include-*

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

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



## ABBREVIATIONS

AG	-	Auditor-General
BEE	-	Black Economic Empowerment
CBD	-	Central Business District
CBP	-	Community Based Planning
CIF	-	Capital Investment Framework
COGTA	-	Co-operative Governance and Traditional Affairs
DBSA	-	Development Bank of South Africa
DAERD Development	-	Department of Agriculture, Environmental Affairs and Rural
DLTGA	-	Department of Local Government and Traditional Affairs (Now Cogta)
DME	-	Department of Minerals and Energy
DOE	-	Department of Education
DOH	-	Department of Housing
DORA	-	Division of Revenue Act
DOT	-	Department of Transport
DWAF	-	Department of Water Affairs and Forestry
EIA	-	Environmental Impact Assessment
EPWP	-	Extended Public Works Programme
EXCO	-	Executive Committee
GGP	-	Gross Geographical Product
GIS	-	Geographical Information System
HIV/AIDS Syndrome	-	Human Immunodeficiency Virus/Acquired Immunodeficiency
ICT	-	Information Communication Technology <i>also referred to as IT</i>
IT	-	Information Technology
S		
IDP	-	Integrated Development Plan
IDP RF	-	Integrated Development Plan Representative Forum
IWMP	-	Integrated Waste Management Plan
KPI	-	Key Performance Indicator
KZN	-	KwaZulu-Natal
LED	-	Local Economic Development
LGTAS	-	Local Government Turn Around Strategies
LRAD	-	Land Redistribution for Agricultural Development
LUMS	-	Land Use Management System

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MEC Affairs)	-	Member of the Executive Council (Local Government and Traditional Affairs)
MDB	-	Municipal Demarcation Board
MFMA	-	Municipal Finance Management Act No. 56 of 2003
MIG	-	Municipal Infrastructure Grant
MPAC	-	Municipal Public Accounts Committee
MTCF	-	Medium-term Capital Framework
MTEF	-	Medium-Term Expenditure Framework
MTSF	-	Medium-Term Strategic Framework
NHBRC	-	National Home Builders Registration Council
NNTAS	-	Newcastle Turnaround Strategy
NSDP	-	National Spatial Development Perspective
NWMS	-	National Waste Management Strategy
PSEDS	-	Provincial Spatial Economic Development Strategies
PGDS	-	Provincial Growth and Development Strategy
PLWHIV	-	People Living with HIV
PMS	-	Performance Management System
PIMS	-	Planning, Implementation and Management System
PMS	-	Performance Management System
PMU	-	Project Management Unit
PPP	-	Public-Private Partnership
PSEDS	-	Provincial Spatial Economic Development Strategy
PTP	-	Public Transport Plan
RDP	-	Reconstruction and Development Programme
RSC	-	Regional Service Centre
SADC	-	Southern Africa Development Community
SCOPA	-	Standing Committee on Public Accounts
SEA	-	Strategic Environmental Assessment
SDF	-	Spatial Development Framework
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Site Development Plan
SMME	-	Small, Medium and Micro Enterprise
TA	-	Tribal Authority
TLC	-	Transitional Local Council
VTC	-	Voluntary Testing and Counseling
WSB	-	Water Services Backlog
WCDM	-	Water Conservation and Demand Management
WSDP	-	Water Services Development Plan

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1. IDP 2015/16
2. National Treasury website ([www.treasury.gov.za](http://www.treasury.gov.za))
3. Local Government Turn Around Strategy
4. Newcastle Municipality Annual Financial Statements 2015/16
5. Report of the Auditor-General for the Newcastle Municipality for 2015/16
6. UThukela Water Annual Report 2015/16
7. Newcastle Municipality Annual Performance Report 2015/16
8. Annual Report of the IT section 2015/16
9. All relevant policies and frameworks
10. All relevant legislation

## ACKNOWLEDGEMENT

*Special Thanks to :*

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

## CHAPTER 1

## MAYOR'S STATEMENT ON POLICY AND COMMITMENT



MAYOR M E NKOSI

Madam Speaker, it is with great pleasure that I present to you the Annual Report of the Newcastle Municipality for the 2015/2016 financial year. It was a year of winding down of the old Council in preparation for US, the new Council. Madam Speaker – the year was indeed a tough year! This report reflects on the year that aspirations towards a “MODEL CITY” persisted in an economically and politically charged environment. It is never easy to balance the objects of local government in an election year – but more so in an economic recession experienced globally. Tremendous effort was put by the then Council, and the Administration to maintain service delivery standards and municipal financial sustainability, and all praise must be given under those trying circumstances.

This Annual Report highlights the achievements and challenges experienced by the municipality for the year under review. The municipality takes pride in serving the community as an extension of good governance and those decisions taken in the best interests of the people of Newcastle. The report is brutally honest about our challenges and achievements. The challenges Honorable Speaker – are not unique to Newcastle Municipality – and I am confident that with the existing leadership and collective wisdom of other political parties in Council, and the Administration- these challenges are not insurmountable.

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the municipality's financial performance and our ability to comply with a whole suite of municipal legislation. This report is therefore intended to attest to the collective efforts of the municipal administration and Council to progressively address the expectations of our people.

The Newcastle Municipality remains one of the best in South Africa, despite the limited resources available. As a local government we will always be evaluated by our ability to meet the growing needs of our residents through rendering quality services, promoting economic development, fiscal discipline, ensuring that we govern effectively and facilitating the growth of our city.

This Annual Report is a culmination of the implementation of the Council's adopted 3<sup>rd</sup> Generation Integrated Development Plan (IDP), Budget and Performance Management System, together with the Annual Financial Statements and Auditor General's Report. It attests to the collective efforts of the political and administrative arms of the municipality to progressively address the ever increasing expectations of our people, and also reflects the political stability and decisive leadership within the organisation. The **"UNQUALIFIED"** audit opinion received from the Office of the Auditor General is an accolade that testifies to the efforts and advances that was made considering that the last 7 years prior was fraught with qualified audit outcomes from the Auditor-General. The Administration and previous Council are applauded for this achievement. It is indeed a proud moment!!! It is equally critical that sustainable services are delivered to our people, good governance prevails, a safe and green environment is established and maintained, and growth is facilitated by ensuring that our community participates in the affairs of our growing City. We will have to ensure that more effort is made to administratively balance performance reporting requirements to what is actually happening on the ground. Institutional stability is therefore paramount, and We must commit to ensuring that functional top structure immediately. We also acknowledge that fiscal and institutional development and transformation is not an event, but a process. Poverty and unemployment too, will remain with us for many years to come. Yet, Madam Speaker, We are up for the challenge and will continue to tackle this mammoth task head on as we are obligated to make a difference in the lives of the People that We serve.

I remain committed to working together with my Executive Committee, the full Council and the Administration in realising our vision and making a difference in the lives of all who live in Newcastle. We are committed to working together to grow Newcastle, building on where the old Council left off, and will continue to address the imbalances of the past. We pledge Madam Speaker, that We will continue the struggle to banish the racial and class segregation that characterized our past by developing and implementing sustainable strategies with our People , For Our People. We are certainly at the forefront of building a non-racial and non-sexist society where all residents are guaranteed a life of dignity in this Model City of Newcastle, South Africa.

It is in this spirit of cooperative governance, that We will continue to build sound relationships with both National and Provincial departments to ensure that there is synergy and cohesion in service delivery in line with the Country's National Development Plan. We must partner with the Private Sector and other sister municipalities across the country in order to share best practice and expertise so that the mandate to create a better life is indeed accelerated.

Our staff is our greatest asset, and we are inspired when the values for the organisation are upheld at all times. As a new leadership, together with the Municipal Manager, We are hard at work at motivating our staff after a rigorous re-engineering process. Our regiment of officials **MUST** be **COMMITTED**, and **MUST** give off their best performance at all times to assist us in realizing our objectives as a municipality. In doing so – we fully commit to going **“BACK TO BASICS to BUILD A RESPONSIVE, CARING AND ACCOUNTABLE LOCAL GOVERNMENT”**.

Madam Speaker, I wish to take this opportunity to thank the Administration for their hard work in ensuring that we receive an unqualified audit opinion for the financial year under review. Good leadership laid the basis for us to accomplish this milestone, and the previous Mayor, Speaker, Councillors and governance structures of Council are congratulated on the role played to getting us this far.

My message therefore is that we can achieve anything if we work together. Councillors, municipal officials and communities can and will work together to improve the lives of all our people!!

Honourable Councillors , I re-affirm from my acceptance speech as Mayor of this beautiful City, that as we embark on a process to develop the Municipality's over-arching strategy - the 4<sup>th</sup> generation Integrated Development Plan (IDP); we will particularly focus on development priorities, the Municipal Budget, Institutional Capacity and especially financial sustainability. This will be done with a view to align and redirect the Municipality towards a new development and service delivery trajectory, precipitated by the election priorities. We **MUST** explore creative and innovative ways to develop new paradigms of stakeholder engagement, further to give impetus to our commitment to create a participatory, accountable, transparent, clean and responsive local government.

Madam Speaker, I am confident that collectively, we will rise to the occasion to take on the colossal challenge that destiny and the people of Newcastle bequeathed on our collective shoulders. We will therefore spare no effort, as we work tirelessly and selflessly towards the creation of a “compassionate, democratic and egalitarian” City.

Madam Speaker – as I present to you and the Council the 2015/16 Annual Report, I end with the wisdom of our beloved Tata Mandela, **“There is an absence of democratic accountability and control in every sphere of government and the state. To address this debilitating legacy requires determined action and a deep commitment to transforming our society from a crisis ridden present into something all South Africans can be truly proud of.”**

**SIYABONGA, THANK YOU, DANKIE!!!**

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## FORE-WORD OF THE MUNICIPAL MANAGER

**BE Mswane**

The 2015/16 financial year has indeed been a roller coaster year for the municipality! This Annual performance report illustrates not only the service delivery achievements of the municipality, but also highlights some of the many administrative, governance and service delivery challenges experienced for the year under review.

Some of these challenges can primarily be attributed to the high vacancy rate in top management for almost 2 years now, the impact of an intensive re-engineering process and the need to prepare for the incoming Council. Newcastle is also not immune to the global economic recession and this put pressure on the financial resources of the municipality.

Despite these challenges, the Newcastle Municipality has not failed to maintain service delivery standards in the year. Whilst there are serious infrastructure challenges in so far as ageing infrastructure is concerned, interventions were implemented to ensure that our communities were not unnecessarily inconvenienced for prolonged periods of time.

The year under review have also seen many achievements and accolades for the municipality. One of which is the much anticipated completion of the Newcastle Tower Block – the biggest investment that this Council has made to ensure a one-stop service to our communities. This has changed the landscape of Newcastle forever!!!

The municipality also launched many of the projects that were finalised in this term of office of Council, and we are proud of the impact that these are having in our communities.

Administratively, our biggest challenges have been to address the qualified audit opinion from Auditor-General for the 2014/15 Financial year ; and improving our payment factor and debt collection. It is indeed a proud moment to announce that Newcastle Municipality have improved on a qualified audit outcome since 2008/2009 to an “UNQUALIFIED “audit outcome for the 2015/16 financial year. This has indeed been our greatest achievements in a long time!!! Rest assured – all sleeves are still rolled up to ensure that we do not regress, and continue to work towards an ideal of Clean audit outcome.

I am also pleased to announce that revenue enhancement strategies have yielded a positive increase of 2% on the payment factor in the year under review, and we continue to intensify strategies to ensure that we reduce debt and increase revenue towards a financially viable municipality.

2015/16 also was a year in which organisational re-engineering became a priority emanating from labour disputes late in the previous financial year. It is pleasing to announce that the long awaited placement and job evaluation process is now finalised – with only appeals being considered to close out the process.

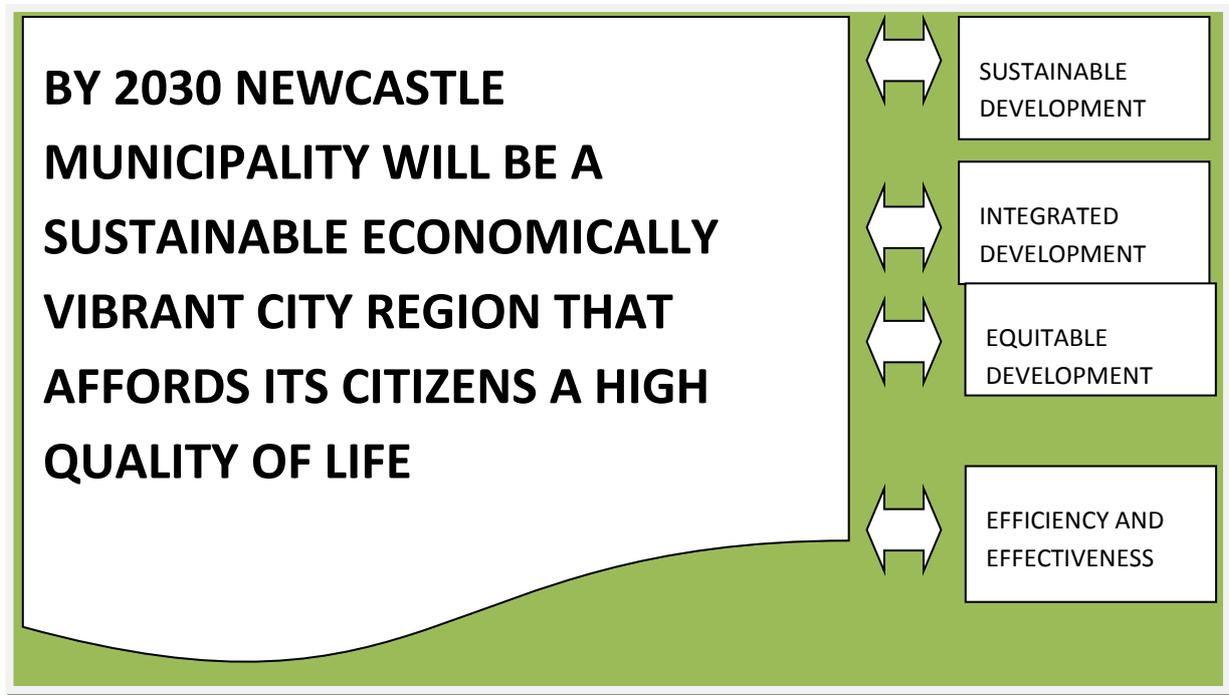
I take this opportunity through this Annual Performance Report 2015/16 to congratulate the outgoing Council on the dedication shown to ensuring that Newcastle Municipality progresses towards a MODEL CITY. I also welcome the newly elected Council, and look forward to continuing the good work of our predecessors. We embrace the challenges expressed in this report as an opportunity to ensuring good and accountable local government.

**Bhekani Errol Mswane (Mr)**  
**Municipal Manager**



## VISION

The Vision of the Newcastle Municipality is :



## MISSION STATEMENT

The Mission of the Newcastle Municipality is:

**Newcastle Municipality commits to the following mission Statement:**

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

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PRIORITY ISSUES AS IDENTIFIED IN THE 3RD GENERATION IDP

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



## CHAPTER 2

## MUNICIPAL OVERVIEW

## LOCALITY AND BACKGROUND

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

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

## DEMOGRAPHIC PROFILE

## POPULATION SIZE AND GROWTH PATTERNS

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

Table 1: Population Growth and Density

DISTRICT	POPULATION SIZE	% SHARE OF KZN POPULATION	% SHARE OF AMAJUBA POPULATION	AREA IN SQUARE KM	POPULATION DENSITY (PPL/KM <sup>2</sup> )
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

## 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.

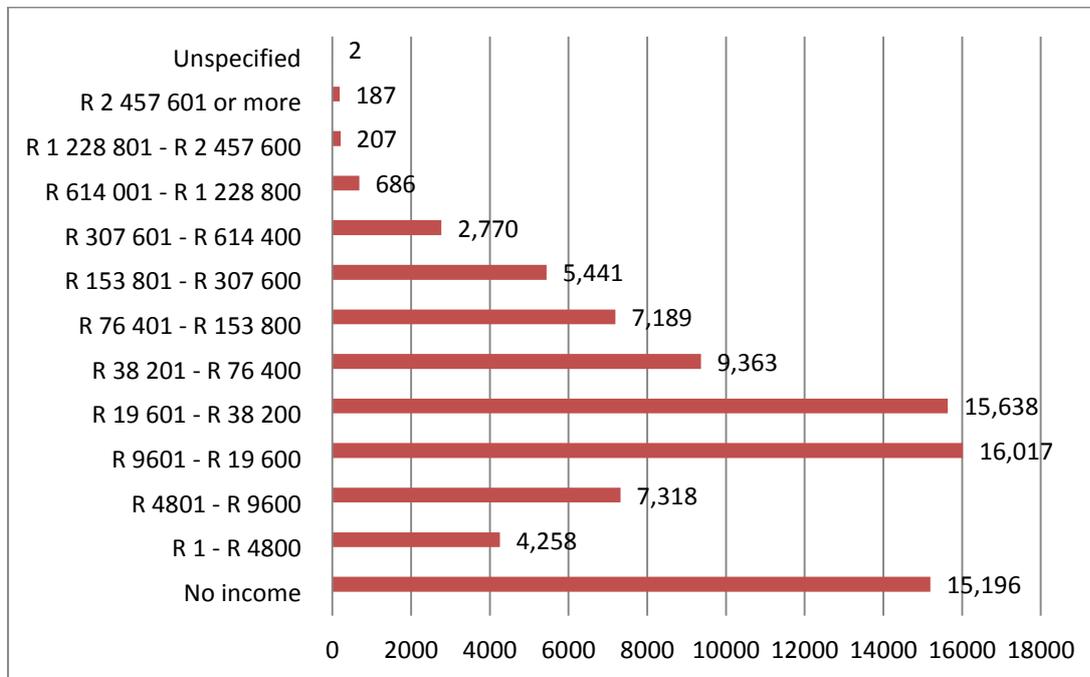
Figure 1: Households in Newcastle Municipality and Amajuba District

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

Source: Stats SA, 2011 Census Data

## INCOME PROFILE

Figure 2: Annual Household Income



Source: Stats SA, 2011

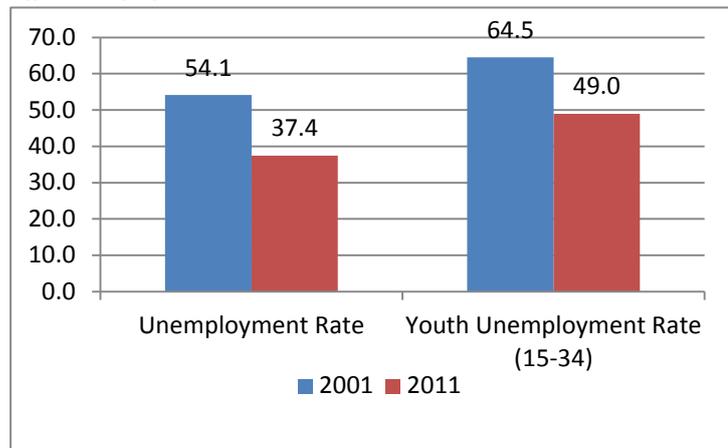
Newcastle Municipality has a generally low income population with a large number of people (R15 196) living in abject income poverty as they do not have a reliable source of income. Those who earn some income earn less than R38 200 per annum or R3 183.33 per month. Dependence on grants funding such as 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.

## EMPLOYMENT

### UNEMPLOYMENT RATE

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

Figure 3: Employment Rate



## SPATIAL ANALYSIS

### 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  $\pm 1854.6 \text{ km}^2$  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.

## POLITICAL AND ADMINISTRATIVE GOVERNANCE

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

## FUNCTIONAL ANALYSIS

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

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

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

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

The Speaker is also Chairperson of the whips committee.



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

## ANALYSIS OF MEETINGS

	2011/12	2012/13	2014/15	2015/16
Council meetings	10	9	11	12
Special Council meetings	6	2	5	8
Executive Committee meetings	10	10	11	9
Special Executive Committee meetings	27	23	21	27
Number of reports considered by Executive Committee	240	313	344	369
Number of resolutions formulated	189	261	290	309
Number of recommendations to Council	51	52	54	60

## COUNCIL REPRESENTATION

The following table reflects the composition of Council in terms of party representation and gender representation over the 2015/16 term of Council.

PARTY NAME	NUMBER	%age	MALE	%age	FEMALE	%age
2015/16						
ANC	33	54%	22	36%	11	17%
AZAPO	3	5%	3	5%	-	0
DA	5	8%	2	3%	3	5%
FCON	1	2%	1	2%	-	0
IFP	12	20%	8	13%	4	7%

PARTY NAME	NUMBER	%age	MALE	%age	FEMALE	%age
2015/16						
NFP	5	8%	4	7%	1	2%
RLP	2	3%	2	3%	-	0
TOTAL	<u>61</u>	<u>100%</u>	<u>42</u>	<u>69%</u>	<u>19</u>	<u>31%</u>

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

#### EXECUTIVE COMMITTEE MEMBERS AND THEIR PORTFOLIOS

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

Portfolio Standing Committee : Finance

Portfolio Standing Committee : Community Services

Portfolio Standing Committee : Corporate Services

Portfolio Standing Committee : Development Planning and Human Settlements

Portfolio Standing Committee : Technical Services

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

#### EXECUTIVE COMMITTEE MEMBERS for 2015/16

EXCO MEMBERS	PARTY	PORTFOLIO	DESIGNATION
<b>Cllr A F Rehman -Mayor</b>	ANC	Finance	Chairperson
<b>Cllr R M Mdluli - Deputy Mayor</b>	ANC	Technical Services	Chairperson
Cllr B Cronje	DA	Community Services	Deputy Chairperson
Cllr N P Kunene	ANC	Community Services	Chairperson

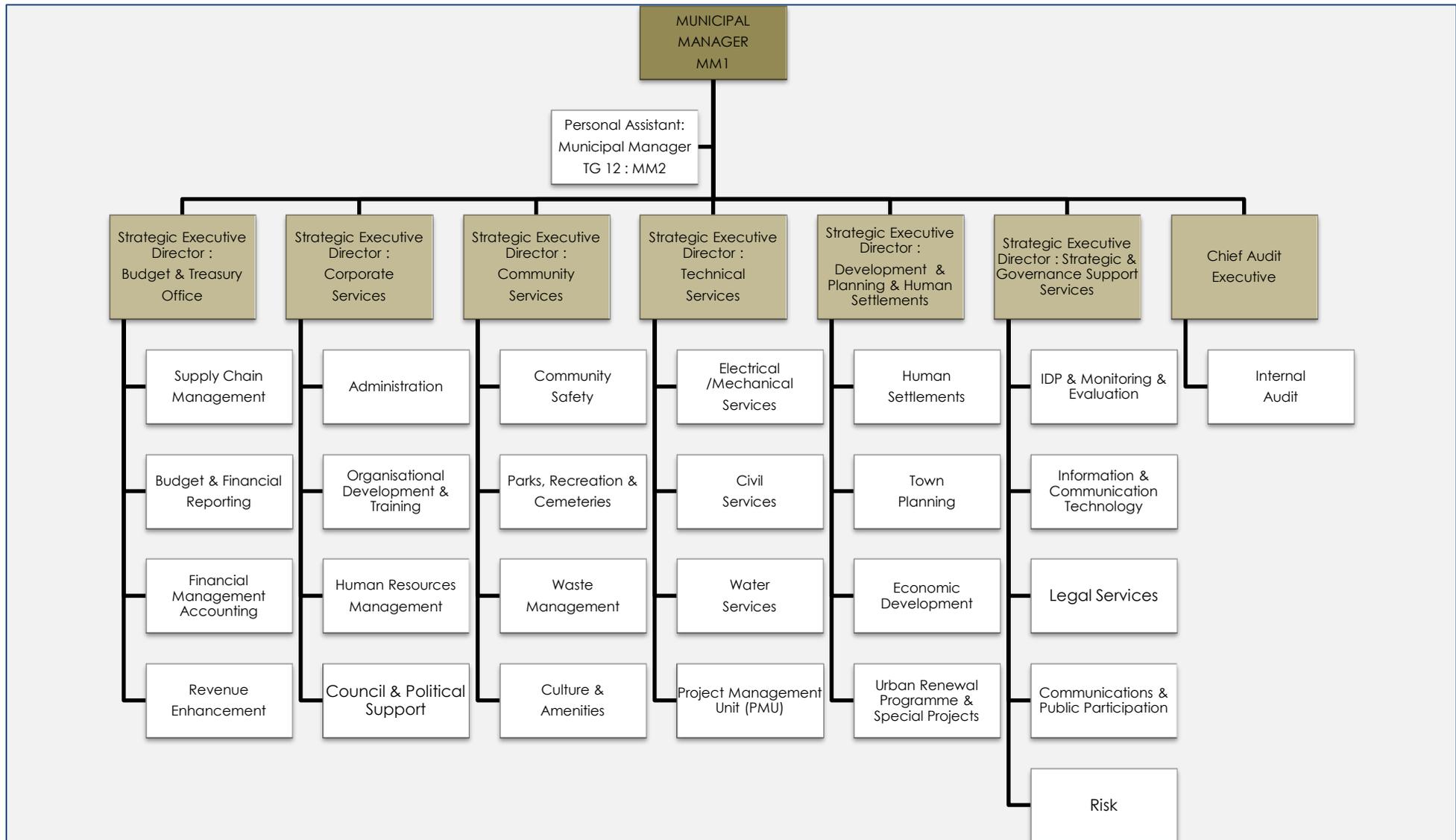
EXCO MEMBERS	PARTY	PORTFOLIO	DESIGNATION
Cllr S B M Lukhele	NFP	Development Planning and Human Settlements	Deputy Chairperson
Cllr R B Ndimma	IFP	Corporate Services	Deputy Chairperson
Cllr S Mathews	ANC	Corporate Services	Chairperson
Cllr M Shunmugam	ANC	Development Planning and Human Settlement	Chairperson
Cllr J A Vorster	IFP	Technical Services	Deputy Chairperson

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#### ADMINISTRATIVE GOVERNANCE

A re-engineering process commenced in August 2015, with the following revised structure informing the job evaluation and placement process :-





The following top management positions were held as at the 30 June 2016 :

Municipal Manager	Mr B E Mswane
Chief of Operations	Vacant
Executive Manager : Legal Services	Vacant
Chief Audit Executive	Ms S Chenia
Strategic Executive Director : Budget and Treasury (Acting)	Mr S Nkosi
Strategic Executive Director :Technical Services (Acting)	Mr L Zincume
Strategic Executive Director : Community Services	Mr M Sithole
Strategic Executive Director : Corporate Services (Acting)	Ms D Molefe
Strategic Executive Director : Development Planning and Human Settlements	Ms N S Thusi
Strategic Executive Director : Electrical and Mechanical Services	Mr L Zincume

## POWERS AND FUNCTIONS

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

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

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

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

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

## CORPORATE GOVERNANCE

### RISK MANAGEMENT

Newcastle Local Municipality (NLM) regards Enterprise Risk Management (ERM) as one of the pillars and cornerstones for good corporate governance and essential for the achievement of its objectives. The embedding of risk management processes in the Municipality has improved in recent years. The Strategic, operational, and fraud risk assessments are conducted at least once a year, while the treatment of risk response and treatment actions are monitored monthly by management and at least quarterly by the audit committee to closely observe and respond to key risk movements that may impact on the Municipality priorities. To this end, all risks that may prevent the NLM from achieving its business objectives are proactively identified on a continuous basis and formally assessed at least once per annum towards ensuring the achievement of these objectives.

These risks are managed formally and proactively through a factual approach to decision-making, based on the logical and intuitive analysis of data and information collected about those risks and the planning, arranging, and controlling of activities and resources to minimise the impact of all risks to levels that can be tolerated by the municipality and other stakeholders.

A centralised co-ordination of ERM processes includes regular awareness programmes, risk identification and assessment, risk monitoring, reporting and independent verification of the status of internal controls, and reporting, as well as counter-measures across the NLM's operations, programmes and projects in order to achieve an integrated ERM system as part of its corporate governance responsibility.

*The table below depicts the Municipality's top 15 risks which reflect the residual risk rating as at 30 June 2016 after taking into consideration all actions implemented by management in an effort of improving the existing controls towards reducing the residual risks to be within the acceptable level (Risk Appetite)*

*The risk register of the Municipality is aligned to the strategic plan of the Municipality (IDP). It ranks each risk according to the relative priority settings within the overall hierarchy of risks.*



<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R1	To ensure effective and efficient service delivery	Poor service delivery/ Service delivery failure [Failure to meet service delivery targets aligned to the IDP &SDBIPs/Inability to meet community expectations]	service delivery risk	Intervention by Provincial government;Community unrest; Damage to council property and councillors' properties; Councillors' lives may be in danger;	Maximum	Performance agreements with HODs; SDBIPs; MANCO meetings; Performance monitoring and evaluation; Monitoring of the Implementation of resolutions; Communication of service delivery progress and challenges to the community. Public participation and consultation processes	Low
NM-R2	To ensure sound financial and fiscal management and good governance.	Poor financial management	Financial risks	Financial loss; Negative audit outcomes; intervention by provincial government; compromised service delivery; irregular expenditure; unauthorised expenditure; Fruitless and wasteful expenditure; poor credit rating;	Maximum	MFMA compliance monitoring; Finance policies; Compliance checklists; Monthly reconciliations;	Medium

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R3	To ensure a financially viable municipality.	Negative cash flows and lack of financial viability	Liquidity risk/ Financial risk	Negative audit outcomes; intervention by provincial government; compromised service delivery	Maximum	Compliance to the MFMA, Debt collection and credit control policy activities, and other finance policies; Monthly reporting and monitoring of cash flows	High
NM-R4	To ensure effective asset management.	Poor assets management [movable and immovable assets]	Financial risk	Inaccurate assets register; understated/ overstated financial records; Loss/ theft of assets without detection; Misappropriation of assets; Negative audit outcomes; Proceeds from the disposal of immovable property may not be collected and recorded resulting in financial loss	Maximum	Assets verification conducted quarterly; Assets reconciliations conducted monthly; Assets management policy; assets management procedures; assets controllers appointed for all departments to assist the assets management unit in updating assets inventories and monitoring the movement of assets; assets disposal policy	Medium

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R5	To ensure good governance	Failure to maintain clean governance	Governance risk	Unfavourable audit outcomes; Intervention by provincial government; Negative publicity and bad reputation;	Maximum	Compliance monitoring by all departments; All HODs, Directors and Line managers to ensure compliance with relevant prescripts ;Good governance forms part of the SDBIP and be subjected to monitoring and evaluation; Code of conduct/ethics in place; Standing Rules and Orders; Approved delegations policy; Applicable legislation; Batho pele principles applied. Risk management implemented; Audit committee; MPAC, Internal Audit Activity.	Medium

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R6	To ensure safeguarding of council's assets/ property and human resources.	Poor safeguarding of council assets and compromised safety of employees, councillors and other stakeholders within the Municipal premises	Safety and security risk	Loss of movable assets; Damage to council property; Vandalism of council property; Safety of council staff and political office bearers at risk -Loss of life/lives; Theft of assets; Not meeting the level of minimum security standards which may in damage to property. Increased security breach incidents; litigation against the municipality	Maximum	Limited physical and logical security.We have designed physical security measures.	High
NM-R7	To ensure access to electricity and other forms of energy where applicable	Power supply failure/ electricity outages/ Electricity losses	Infrastructure risk	Financial loss and negative economic growth due to the inability to attract investment to the Municipal area as a result of electricity outages;	Maximum	Maintenance Plan in place; Load shedding; Power supply restriction technology	Low

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R8	To ensure access to clean water	Water loss	Service delivery risk	Hampered service delivery; Financial loss and negative economic growth due to the inability to attract investment to the Municipal area due to shortage of water.	Maximum	Maintenance Plan in place; water leaks audits; identification of water leaks; Water conservation;	High
NM-R9	To ensure access to clean water	Water contamination	Environmental Health and safety risk	Cholera outbreak of other related diseases resulting in loss of lives followed by litigations against the Municipality	Maximum	Regular testing; Compliance with norms and standards;	Low

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R10	To ensure sound financial management	Lack of integrity, credibility and accuracy of financial information	Financial risk/	Materially misstated financial statements resulting in ill-informed decisions. Audit queries; Exposure to risk of fraud and corruption. Conditional grants may be withheld by transferring department;	Maximum	Monthly reconciliations; Monthly financial statements and section 71 report for monitoring purposes	Medium



<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R11	To ensure good governance through transparency and accountability	Fraud and corruption	Financial risk/ Information technology risk; Fraud and corruption risk	Fraudulent transactions may be processed resulting in financial loss; Negative publicity resulting in bad reputation and discouraging investment in town and professionals to join the organization; intervention by provincial government; Community unrest resulting in interruption of services and damage to property	Maximum	Monthly reconciliations; Code of ethics and conduct; Fraud prevention plan; Fraud and corruption policy; compliance monitoring by all departments; Regular compliance review by Internal audit and Risk management and compliance unit; whistle blowing; Declaration of interest; Forensic investigation of the allegations of fraud and corruption;	Medium
NM-R12	To provide efficient and effective IT systems and support services	ageing IT infrastructure resulting in IT systems failure / IT systems crash.	Information technology and Business continuity risks	Inability to ensure business continuity; Hampered service delivery; Non-recovery of data from disaster and disruption.;	Maximum	Approved Disaster recovery and business continuity policy. Disaster recovery testing; enhanced capacity	Low

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R13	To provide efficient and effective IT systems and support services	Loss of critical data and institutional memory	Information technology and Business continuity risks	Hampered servicedelivery; No business continuity;	Maximum	Approved Disaster recovery and business continuity policy; To conduct bi-annual disasterrecovery and business continuity testing.	Medium
NM-R14	To ensure effective and efficient fleet management	Poor fleet management	Service delivery risks	Inability to ensure business continuity; Frequent break-down result in hampered service delivery; High maintenance costs; High dependence on service providers	Maximum	Fleet management policy; Fleet management system; maintenance/service plans	Medium

<b>RISK NO.</b>	<b>OBJECTIVES LINKED TO THE IDP</b>	<b>RISK IDENTIFIED</b>	<b>RISK CATEGORY</b>	<b>POSSIBLE CONSEQUENCES</b>	<b>INHERENT RISK RATING</b>	<b>RISK MITIGATION MEASURES</b>	<b>RESIDUAL RISK RATING</b>
NM-R15	To ensure effective and efficient communication.	Negative publicity	Information and communication risk; Reputational risks	Negative perception from the community and other stakeholders; Community unrest; Low staff morale; inability to attract professionals, as well as critical and scarce skill;	Maximum	Adherence to communication policy; Code of ethics and conduct	Medium

## FRAUD AND CORRUPTION

The Municipality has taken a “ZERO-TOLERANCE STANCE” against fraud and corruption, in that, it is not going to tolerate even a one cent value worth of act or malpractices of fraud and corruption, and this is done in an effort of instilling a culture of honesty, integrity, and good morals and ethics to all of its employees and other stakeholders.

The risk of fraud and corruption is one of the Municipality’s top strategic risk areas. The Municipality implemented its anti-corruption strategies, and fraud prevention plan which include organization-wide anti-corruption and anti-fraud interventions; as well as a whistle-blowing mechanism (a 24-hour fraud hotline service); and fraud awareness workshops.

Newcastle Local Municipality (NLM) has a Fraud and Anti-Corruption Policy in place and the objective of the current policy is to develop and foster a climate within the Municipality where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of the full spectrum of all proactive measures at their disposal. This policy also sets down the stance of the NLM on fraud as well as reinforcing existing regulations aimed at preventing, reacting to, and reducing the impact of fraud, corruption, theft and maladministration where these dishonest acts subsist.

The following are some of the Mechanisms in place to prevent, detect and react to fraud and corruption:-

- Anti-Fraud and Corruption policy (As alluded to above)
- Anti-corruption strategy and fraud prevention plan
- Conducting fraud risk assessment,
- Designing and development of fraud risk management plan,
- Designing and development of over-arching fraud and corruption prevention strategy that covers all mechanisms of preventing fraud and corruption,
- Design and develop the sectorial fraud and corruption prevention strategy based on the ethics and risk profile of the departments (e.g. Finance and SCM, Electricity, Planning etc.), and
- Design and develop a fraud prevention response plan with clear procedures on how to address control deficiencies and clearly defined roles and responsibilities.

The Municipality acts swiftly to investigate allegations of fraud and corruption whenever these allegations are reported to management, executive, council and audit committee. The Audit committee and Municipal public accounts committee both play a crucial role in terms of ensuring that there actions are taken against those found guilty of fraud and corruption.

## AUDIT COMMITTEE

**Background**

Newcastle Local Municipality has an Audit Committee as prescribed Section (166) of the Municipal Finance Management Act 56 of 2003. The Audit Committee serves the purpose of being an independent advisory body to the Council, the Political Office Bearers and the Accounting Officer thereby assisting Council in its oversight role.

**Membership of the Audit Committee**

The Audit Committee consist of independent members who by virtue of the requirement of the Section 166 of the Municipal Finance Management Act 56 of 2003 and in terms of its approved Terms of Reference, is required to meet at least four times a year.

**Attendance of the Audit Committee Meetings :-**

Name of Member	Number of Meetings Scheduled	Number of Meetings Attended
Mr S. Majola	7	7
Mr A. Jordan	7	6
Mrs T.C. Ndlela ( resigned in January 2016)	3	3
Ms B. Molefe	8	6
Mr B. Madliwa	8	3
Mr L. Quayle	8	7

The Report of the Audit Committee is contained under Chapter 7 of this report.

## MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

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

PARTY	REPRESENTATIVE
ANC	Cllr S Ndlovu
	Cllr J K Gabuza
	Cllr T S Hlabisa
	Cllr D E Tshabalala
	Cllr N A Zwane
	Vacancy
IFP	Cllr T M Zulu
	Cllr M S Mlangeni
DA	Cllr A P Meiring
NFP	Cllr N T Ntshangase

## PUBLIC PARTICIPATION

The functional public participation structures of the municipality are :

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

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

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## WARD COMMITTEE STRUCTURES

Section 152(1)(e) of the Constitution of the Republic of South Africa, read together with Section 72 (1) and (2) of the Municipal Structures Act (Act 117 of 1998) give a direct mandate to Municipalities to encourage the involvement of communities and community organizations in matters of local government and to establish community participatory systems.

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

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

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

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

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

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

## SPECIAL PROGRAMMES

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

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

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

In 2015/16 the Special Programmes Department (SPD) focused mainly on the crosscutting challenges that are faced with children. The best way of addressing such is to focus mainly on schools. It is however to note that this does not mean that other target groups were ignored. Rather, they were partners in ensuring that Newcastle is a society with children and people who take education seriously. One may argue that the municipality can engage on a multiple of awareness, if people are not educated, they may not use the information, knowledge and skills aimed at them

Through the SPD it going deeper to the true issues of service delivery is made easier. Most importantly is behavioral change in ensuring sustainability of services. This without any doubt is a good governance principle to empower people living with HIV/AIDS, senior citizen, people living with disabilities, children men and women must have a voice in governance.

### OPERATION SUKUMA SAKHE

During the public service week schools were visited to ascertain challenges faced by learners and teachers. The table below gives an illustration:

SCHOOLS	NEEDS	RESOLUTIONS
St Lewis Cacamezela Siyalungelwa Sizanani Ncandu Sabela St Oswalds	Kitchen facilities not adequate Over crowding Absenteeism Lack of transportation Lack of Sanitation Lack of electricity	1.Close monitoring of curriculum implementation needed for curriculum coverage  3.Co curricular activities neglected in most schools to be implemented  4.Social ills information be readily available and up

Isikhalisezwe Dedangifunde Newcastle High Hlalanathi Zama Ferrum Thathunyawo Muzokhanyayo Indonsa Xolani Ingcaka Emfundweni Sesiyabonga	Lack of motivation Unmaintained sport grounds Lack of Sports equipments Teenage Pregnancy Substance abuse Safety Poor results Vandalized or lack of science laboratories	dated regularly  5.Schools support by all stakeholders at least quarterly needed. <b>Need to attend OSS meetings</b>  6.Infrastructure committees in schools be established and monitored functionality  7.Each school and sector/ to report progress made monthly to monitor implementation of the plan
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### TARGET GROUP ATTENTION: People with Disabilities

Hosting public consultative meetings between sector departments and disabled community; has been given a well-deserved attention. People with disabilities, parents and their significant others have been given the opportunities to engage on the feasible implementation resolutions, progress and milestones on disability related services and reporting back on the Provincial Disability Summit that took place on the 4<sup>th</sup> of December 2015. The consultation meetings were attended by 260 participants

### SOCIAL ILL TREND: Substance and Physical abuse

Substance abuse is a huge problem in Newcastle. This is a challenge which needs to be addressed proactively or it will hinder or disturb the sustainability of service delivery. Through SANCA and DSD dialogues are conducted and people are refereed. The municipality has to budget for this social ill prevention. The second notable trend is physical abuse. The crises center is available to provide services such as counseling. They also provide interim accommodation for victim, they are not a shelter or orphanage.

## INFORMATION TECHNOLOGY

In the year 2015/16, the organization strived to transform and enhance business operations and performance through the process of reengineering. One of the resulting effects of the reengineering process was the integration of the Information and Communication Technology (ICT) Directorate with Corporate Communications. This merger has brought a number of challenges that the organization will have to work at resolving to ensure that the two functions perform optimally.

### ICT GOVERNANCE

The municipality needs to put more emphasis on the Corporate Governance of IT. In June 2015, Council adopted CoGTA's Municipal Corporate Governance of ICT Policy Framework (MCGICTP) whose objectives are to:

- Align ICT strategic goals and objectives with the municipality's strategic goals and objectives;
- Ensure that optimum Municipal value is realised from ICT-related investment, services and assets;
- Ensure that Municipal and ICT related risks do not exceed the municipality's risk appetite and risk tolerance;
- Ensure that the communication with stakeholders is transparent, relevant and timely; and
- Ensure transparency of performance and conformance, and drive the achievement of strategic goals through monitoring and evaluation.

The MCGICTP is based on the King III (now King IV) Code, COBIT, and ISO 38500 that are internationally accepted standards. These standards recognise that ICT has become today's integral part of running an organization, as it is fundamental to the support, sustainability and growth of organizations. ICT cuts across all aspects, components and processes in business and is therefore not only an operational enabler for the municipality, but an important strategic asset which can be leveraged service delivery.

It is for this reason that the MCGICTP framework specifies that Corporate Governance of ICT is mainly the responsibility of the Executive Committee and Council, to ensure that a properly established and functioning Corporate Governance of ICT system is in place in the municipality to leverage ICT as an enabler of municipal IDP. This is done through the establishment of a number of structures: a) the ICT Steering Committee; b) the ICT Operational Committee.

The MCGICTP framework thereafter specifies that the Municipal Manager is responsible for ensuring that the Corporate Governance of ICT is placed on the municipality's strategic agenda.

The ICT organogram and placement of the ICT function is currently being reviewed via the reengineering process which is yet to be completed.

#### IT OPERATIONS MANAGEMENT

A number of key ICT projects were implemented in this financial year but due to challenges related to the Corporate Governance of ICT in the organization, implementation has not been smooth sailing and some of the projects still face challenges. The following key ICT projects have been implemented, the responsible department (project manager) has also been specified:

PROJECT DESCRIPTION	CONTRACT TYPE	PROJECT STATUS	PROJECT MANAGER	PROJECT INVESTMENT
Electronic Records Management System	Multiple Contracts - Consultant Contract - SLA for the development and implementation of the system - SLA for the system support and license renewal	Ready to go-live but further funds are required to implement successfully.	Director: Administrator	R 7 500 000
mSCOA-enabled Financial Management System	SLA for the continued system maintenance and support	System went live in July 2016 due to early adoption by the municipality. There are aspects of the system that will not go live in July but are necessary for the efficiency and effectiveness of the framework.	Director: Revenue Enhancement and Expenditure	Not specified
Implementation of IP Telephony	System Agreement maintenance and support Lease with and	Cutover to IP Telephony has been implemented as part of the Municipal Tower Block project. To realize further savings and reliability, a number of other key sites will be connected to the leased telephone system via an upgraded network infrastructure	Civic Centre Consortium	R 225 000 per month
Civic Centre	LAN support and	Completed	Civic Centre	R 4 500 000

PROJECT DESCRIPTION	CONTRACT TYPE	PROJECT STATUS	PROJECT MANAGER	PROJECT INVESTMENT
Cabling and Local Area Network (LAN) enhancement	maintenance agreement		Consortium	
Customer Care Portal – Back-end and Front-end portals for online municipal account access and payments. Citizens are also able to sign-up for electronic utility accounts statement. The halls bookings, and fault reporting function is still under development	SLA for portal support, maintenance and enhancement	Completed (went live on the 1 <sup>st</sup> of August 2016)	Director: ICT	R 170 000 (excl VAT) per month

The identified projects are enterprise-wide systems that should have been ideally overseen by the ICT Governance structures of the municipality to ensure their successful adopting, and to ensure that the SLAs have clearly identified KPIs and are monitored timeously.

#### AG INFORMATION SYSTEMS AUDIT OUTCOMES

The Auditor General conducts an annual Information Systems audit which reviews the following ICT focus areas: IT Governance, Security Management; User Access Management; Change Management; IT Service Continuity; Programmed controls reviews; and Computer Assisted Auditing Techniques (CAATS).

According to the AG's final report on Information Systems; "It was established that 17 of the 24 findings raised in the previous audit report had been resolved, 2 were partially resolved and 5 had not yet been resolved". The conclusion made by the Auditor General show that despite the challenges faced by the organization in terms of the Corporate Governance of ICT and the actual strategic and operational management of ICT, a lot of progress has been made but the inherent risk has a lot to do with under-capacitation and the inefficient Corporate Governance of ICT.

## CHAPTER 3

## ANNUAL FINANCIAL STATEMENTS 2015/16

## STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note(s)	2016	2015
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	10	13,380,566	10,896,236
Other financial assets	8	7,922	9,836
Receivables from exchange transactions	11	31,698,628	23,042,729
Receivables from non-exchange transactions	12	11,139,767	10,134,929
VAT receivable	13	10,753,011	27,751,286
Prepayments	9	-	3,909,992
Consumer debtors from exchange transactions	14	332,594,895	605,029,466
Consumer debtors from non-exchange transactions	14	62,501,965	143,977,122
Cash and cash equivalents	15	44,572,895	340,812,924
		<b>506,649,649</b>	<b>1,165,564,520</b>
<b>Non-Current Assets</b>			
Investment property	3	275,974,000	207,527,190
Property, plant and equipment	4	7,275,444,252	7,478,262,847
Intangible assets	5	8,539,564	1,759,720
Heritage assets	6	6,326,820	2,964,899
Investments in associates	7	346,321,226	385,131,584
		<b>7,912,605,862</b>	<b>8,075,646,240</b>
Non-Current Assets		7,912,605,862	8,075,646,240
Current Assets		506,649,649	1,165,564,520
<b>Total Assets</b>		<b>8,419,255,511</b>	<b>9,241,210,760</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Financial liabilities	20	29,375,168	27,326,675
Finance lease obligation	18	65,694	386,033
Payables from exchange transactions	23	359,510,386	271,424,718
Consumer deposits	24	12,752,606	11,048,084
Unspent conditional grants and receipts	19	32,408,992	69,609,604
Defined benefits costs	21	5,775,189	4,691,613
		<b>439,888,035</b>	<b>384,486,727</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	20	458,502,484	471,912,802
Finance lease obligation	18	25,920	-
Defined benefits costs	21	120,075,542	107,212,753
Provision for rehabilitation costs of landfill site	22	26,814,753	27,200,543
		<b>605,418,699</b>	<b>606,326,098</b>
Non-Current Liabilities		605,418,699	606,326,098
Current Liabilities		439,888,035	384,486,727
<b>Total Liabilities</b>		<b>1,045,306,734</b>	<b>990,812,825</b>
Assets		8,419,255,511	9,241,210,760
Liabilities		(1,045,306,734)	(990,812,825)
<b>Net Assets</b>		<b>7,373,948,777</b>	<b>8,250,397,935</b>

Reserves			
Housing Development fund	16	26,037,234	22,413,837
Self insurance reserve	17	708,555	7,471,767
Accumulated surplus		7,347,202,987	8,220,512,331
<b>Total Net Assets</b>		<b><u>7,373,948,776</u></b>	<b><u>8,250,397,935</u></b>

## STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2016	2015
<b>Revenue</b>			
Service charges	26	914,750,787	833,255,041
Rental of facilities and equipment	27	7,918,136	6,325,224
Profit on sale of Assets		769,797	7,575,581
Sundry revenue		9,862,557	7,007,167
Other income		1,397,723	672,757
Fee income		5,261,709	7,024,930
Interest received		19,673,326	24,314,535
Property Rates	30	214,713,798	200,030,930
Government grants & subsidies	31	467,501,529	420,438,604
Fines		5,205,647	7,069,254
<b>Total revenue</b>		<b>1,647,055,009</b>	<b>1,513,714,023</b>
<b>Expenditure</b>			
Employee costs	32	489,601,018	364,365,654
Remuneration of councillors	33	18,453,108	20,123,948
Depreciation and amortisation	34	456,740,714	307,477,393
Impairment of assets	35	2,590,041	3,471,820
Finance costs	36	66,141,054	33,541,596
Debt Impairment	37	542,782,561	(50,390,243)
Collection costs		19,792,327	11,636,944
Repairs and maintenance		112,986,512	75,588,106
Bulk purchases	38	513,530,461	479,490,916
Contracted services	39	84,691,042	61,639,828
General Expenses	40	257,574,117	208,941,866
Loss on Actuarial Valuations		3,472,031	4,700,243
<b>Total expenditure</b>		<b>2,568,354,986</b>	<b>1,520,588,071</b>
Total revenue		1,647,055,009	1,513,714,023
Total expenditure		(2,568,354,986)	(1,520,588,071)
<b>Operating deficit</b>		<b>(921,299,977)</b>	<b>(6,874,048)</b>
Share of deficit in investment in associates		(38,810,359)	(43,322,729)
Fair value adjustments to investment property		68,746,810	(71,954,810)
Impairment/Gain on investment in associates		-	324,530,301
		<b>29,936,451</b>	<b>209,252,762</b>
Operating surplus/deficit		29,936,451	209,252,762
(Deficit) surplus before taxation		(891,363,526)	202,378,714
Taxation		-	-
<b>(Deficit) surplus for the year</b>		<b>(891,363,526)</b>	<b>202,378,714</b>

## STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	Housing Development Fund	Insurance reserve	Total reserves	Accumulated surplus	Total net assets
<b>Balance at July 1, 2014</b>	<b>27,802,096</b>	<b>7,095,715</b>	<b>34,897,811</b>	<b>4,409,027,125</b>	<b>4,443,924,936</b>
Changes in net assets					
Deficit for the year	-	-	-	202,378,714	202,378,714
Correction of prior period errors Refer Note 48	-	-	-	3,630,525,883	3,630,525,883
Transfer to Housing Development fund	(5,388,259)	-	(5,388,259)	5,388,259	-
Transfer to Self Insurance reserve	-	376,052	376,052	(376,052)	-
Accumulated Surplus movement in 2014/15	-	-	-	1,499,723	1,499,723
Prior year adjustment - Investment in Associates	-	-	-	(27,931,321)	(27,931,321)
Total changes	<u>(5,388,259)</u>	<u>376,052</u>	<u>(5,012,207)</u>	<u>3,811,485,206</u>	<u>3,806,472,999</u>
<b>Restated Balance at July 1, 2015</b>	<b>22,413,837</b>	<b>7,471,767</b>	<b>29,885,604</b>	<b>8,220,512,442</b>	<b>8,250,398,046</b>
Deficit for the year	-	-	-	(891,363,526)	(891,363,526)
Transfer to Housing Development fund	3,623,397	-	3,623,397	5,307,684	8,931,081
Transfer from self insurance reserve	-	(6,763,212)	(6,763,212)	6,741,712	(21,500)
Movement in the current year	-	-	-	6,004,675	6,004,675
Total changes	<u>3,623,397</u>	<u>(6,763,212)</u>	<u>(3,139,815)</u>	<u>(873,309,455)</u>	<u>(876,449,270)</u>
<b>Balance at June 30, 2016</b>	<b>26,037,234</b>	<b>708,555</b>	<b>26,745,789</b>	<b>7,347,202,987</b>	<b>7,373,948,776</b>

## CASH FLOW STATEMENT

Figures in Rand	Note(s)	2016	2015
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		970,237,523	914,434,832
Grants		464,077,142	448,029,391
Interest income		19,673,326	24,314,535
		<u>1,453,987,991</u>	<u>1,386,778,758</u>
<b>Payments</b>			
Employee costs		(508,054,126)	(386,179,499)
Suppliers		(855,626,270)	(869,234,238)
Finance costs		(66,141,054)	(33,541,596)
		<u>(1,429,821,450)</u>	<u>(1,288,955,333)</u>
Total receipts		1,453,987,991	1,386,778,758
Total payments		(1,429,821,450)	(1,288,955,333)
<b>Net cash flows from operating activities</b>	43	<u><b>24,166,541</b></u>	<u><b>97,823,425</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(306,804,404)	(341,121,418)
Proceeds from sale of property, plant and equipment	4	1,117,822	252,314
Proceeds from sale of Investment property	3	570,176	-
Purchase of other intangible assets	5	(3,592,320)	(889,796)
Purchases of Heritage Assets	6	(41,600)	(60,000)
		<u>(308,750,326)</u>	<u>(341,818,900)</u>
<b>Net cash flows from investing activities</b>		<u><b>(308,750,326)</b></u>	<u><b>(341,818,900)</b></u>
<b>Cash flows from financing activities</b>			
Net movements in long term loans		(11,361,825)	257,256,608
Movement on finance lease		(294,419)	(355,412)
		<u>(11,656,244)</u>	<u>256,901,196</u>
<b>Net cash flows from financing activities</b>		<u><b>(11,656,244)</b></u>	<u><b>256,901,196</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(296,240,029)</b></u>	<u><b>12,905,721</b></u>
Cash and cash equivalents at the beginning of the year		340,812,924	327,907,203
<b>Cash and cash equivalents at the end of the year</b>	15	<u><b>44,572,895</b></u>	<u><b>340,812,924</b></u>

Detailed AFS is included as Annexure

## FINANCIAL DIAGNOSTIC ANALYSIS

### FINANCIAL ANALYSIS

#### 1. Introduction

This analytical review of the Budget and Treasury Office is based on the analysis of financial results as are presented in the Annual Reports of the Municipality for the last three financial years being 2013/14, 2014/15 and 2015/16. These Financial Statements were audited by the Auditor-General. Where considered important and relevant to do so, the analysis will refer to the 2012/13 financial year.

The report will highlight the audit results for the years under review and will highlight whether there has been improvement or regression as at the end of 2016. Remaining areas of concern by the Office of the Auditor General which should be addressed management during 2016/17 financial year will also be highlighted as emphasis of matters. At length, the report will cover the significant results of the Municipality's financial performance, financial position and cash-flows during the period under review. Before concluding, the report will discuss and explain a few ratios have been considered critical for the analysis.

#### 2. Audit results

The audit results of the financial statements for the past four years may be summarised as follows:

**Table 1: Audit results**

Year	Audit opinion	Basis for qualification
2016	Unqualified	N/A
2015	Qualified	Infrastructure assets
2014	Qualified	Leave provision, Work in Progress and Infrastructure Assets
2013	Qualified	Accumulated surplus, Value Added Tax, Property Plant and Equipment and Investment in Associate

The above opinions results on the audit of the financial statements by Auditor General indicate that there has been significant improvement and commitment by management in resolving issues addressed in the audit reports. In 2013, the municipality was qualified on four areas, being the accumulated surplus, Vat, Assets and Investment in Associate. Over the four-year period, management has managed to clear all qualification areas to an extent that the 2016 financial statement was audited to fairly present the financial performance, position and cash flows of the municipality. It will be critical that management strengthen its internal controls so that this position keeps on improving to a point where the clean audit opinion is achieved. The following section however highlights areas where management will need to pay more attention during 2016/17 financial year in order to improve this position even further.

## **2.1 Emphasis of matters relating to financial management**

There is a need for management develop and strengthen systems and processes that will ensure adequate review of financial statements by Internal Audit as well as the Audit Committee. The financial statements contained errors and restatements of corresponding figures, which were however subsequently corrected during the audit. This calls for a need for management to design, strengthen and maintain an effective internal control system that will ensure that financial statements are free from errors.

There were no steps taken by Council to investigate irregular expenditure incurred in the previous financial years. Irregular expenditure continue to increase in the 2016 and the systems to detect service providers in the service of state proved to be ineffective. While the systems are already in place, there is a need to investigate effectiveness of such.

Although the municipality has come out of the assets qualification, there is still a huge risk of regressing in this area. Management will need to watch closely all areas that have led to this qualification in the past and ensure that resources and processed are acquired and maintained in order not to regress.

The municipality also contravened S65(3)(e) of the Municipal Financial Management Act, No.56 of 2004 by failing to pay some of the service providers within 30 days as prescribed. There is an urgent need to design an organisation-wide system that will ensure that all invoices reach the Budget and Treasury Office on time for payment purposes.

## **3. Financial Performance**

The analysis of financial performance covers three sections, namely revenue, expenditure and the net operating results. Each of these sections is discussed below.

### **3.1 Revenue**

The revenue base of the Municipality increased from R1 521 856 239 in 2015 to

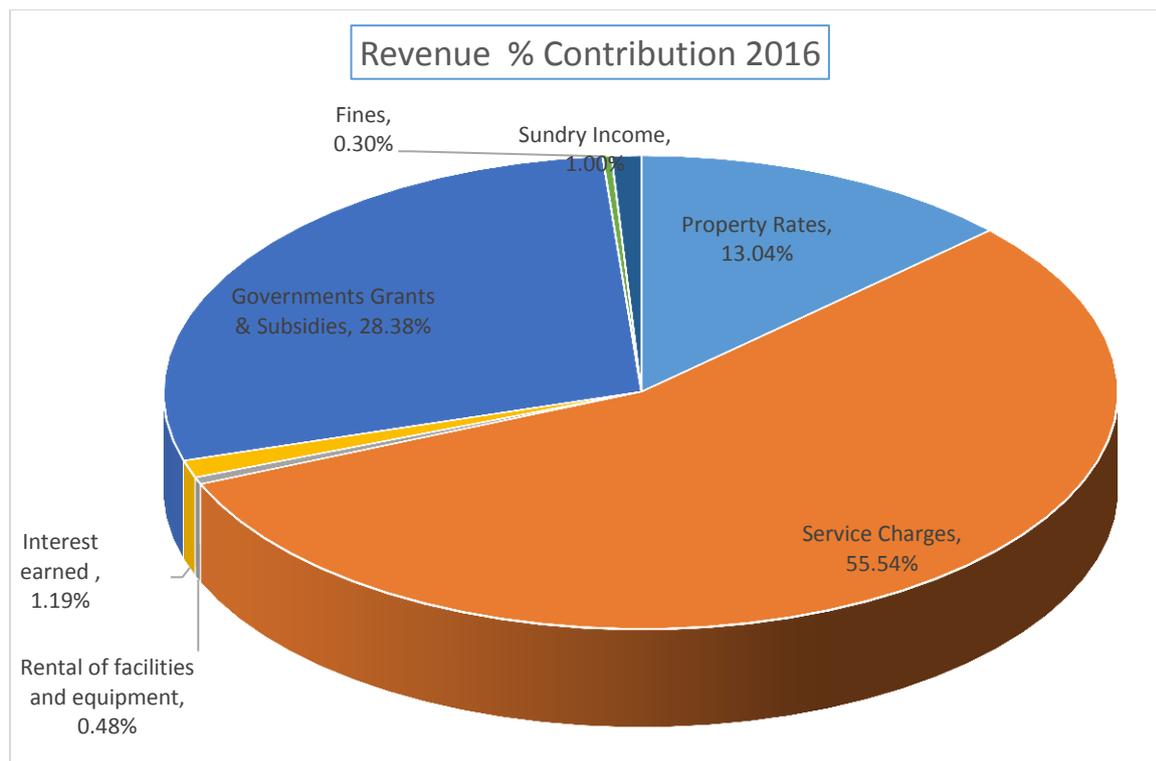
R1 647 055 009 in the financial year ended 30 June 2016. This represents a growth of 8% in revenue. There has been a significant increase in the municipal revenue over the three years under review. The major increase has been on the following revenue categories; Service charges, government grants, property rates, rental of facilities and fines. There is still a decrease in the interest received on investments due to the number of investment withdrawals in 2015/16 in order to pay capital projects that were internally funded. The summary of the total revenue pattern of the past four years is summarised as follows:

**Table 2: Total revenue trends**

Year	Total Revenue (R)	Revenue increase/decrease	%increase/ (decrease)
2016	1 647 055 009	125 198 770	8%
2015	1 521 856 239	65 645 350	5%
2014	1 456 210 889	92 97 817	7%
2013	1 363 513 072	-51 540 523	-4%

The increase of 8% in revenue from 2015 to 2016 was slightly above the inflation rate of 6.56% as at 30 June 2016. This means that the municipality's financial performance was rather fair during the period under review. Although tariffs were increased by 7% during the budget process, the increase in grants and other revenue bases ensured that the municipality's revenue performed is fairly satisfactory.

The following graph depicts a contribution of each revenue source to the total revenue of the municipality during 2016 financial year:

**Figure 1: Revenue source contribution to total revenue**

The table 3 reflects major revenue sources which had a huge impact to the total revenue during 2016 financial year. The municipality generates more than half its total revenue base from service charges, which is 55%. The other significant sources of revenue are Property Rates at 13%, and Government grants and Subsidies at 28%. Rental of facilities and interest earned contributed about 1.8% collectively. The percentage contribution of various revenue sources to total income have remained fairly constant in the years under consideration.

In the analysis below, the focus is on the material revenue contributing elements with a view to analyse their behaviour over the past three year. In total these revenue sources contributed R1 624 557 576, to the Municipality's total revenue of R1 647 066 006 in 2016, representing 98.6%.

**Table 3: Major revenue sources**

Revenue source / item	% Contribution 2016	Revenue: 2016
Property Rates	13.04%	214 713 798
Service Charges	55.54%	914 750 787
Rental of facilities and equipment	0.48%	7 918 136

Revenue source / item	% Contribution 2016	Revenue: 2016
Interest earned	1.19%	19 673 326
Governments Grants & Subsidies	28.38%	467 501 529
<b>Material revenue items</b>	<b>98.6%</b>	<b>1 624 557 576.00</b>
<b>Percentage Increase from 2015</b>		<b>8%</b>
<b>Total revenue elements</b>		<b>1 647 055 009</b>
<b>% Total</b>		<b>98.6%</b>

Over 98% of the municipality's revenue is generated from service charges, property rates, government grants, rental of facilities and interest income. These are therefore regarded as primary sources of revenue which the municipality needs to ensure for its survival. Other revenue such as fines, profit of sale of asset and sundry revenue together contribute less than 2% of the total revenue.

Table 4 below reflects the movement in major revenue streams over the period under consideration. The table shows an increase in the revenue categories mainly due to the normal annual increase in the tariffs as per the budget guidelines approved. In addition, increase on property rates might be due to the valuation roll which started on the 1<sup>st</sup> of July 2014. During the 2013/14 financial year there was an implementation of GRAP 1, which required that the municipality recognises all fines issued as revenue. There has been huge provision for impairment of fines due to non-collection over the past few years. This has seen revenue from fines decreasing from R9m to R5m over a three year period. The summary of movement of major revenue sources is summarised as follows:

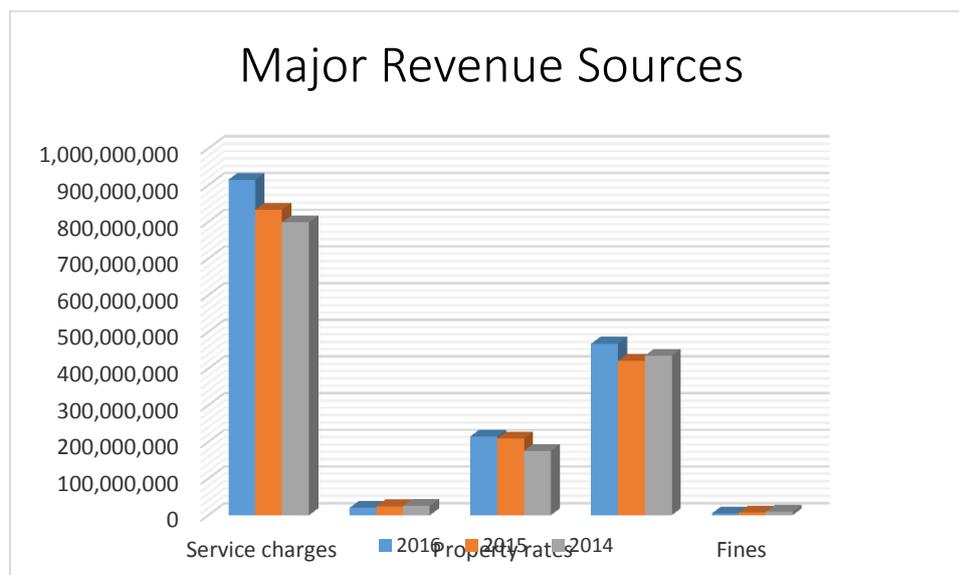
**Table 4: Movement of major revenue sources**

Line Item	2016 ( R )	2015 ( R )	2014 ( R )
Service charges	914,750,787	833,255,041	798,616,634
Interest received	19,673,326	24,314,535	25,518,310

Property rates	214,713,798	209,012,676	175,478,677
Government grants & subsidies	467,501,529	420,438,604	434,932,499
Fines	5,205,647	7,069,254	9,022,484

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

**Figure2: Movement of major revenue sources**



### 3.2 Expenditure

The total expenditure of the municipality has increased by 68.9% from R1 520 588 071 in 2015 to R2 568 354 986 in 2016. The following tabulates the municipality's total expenditure performance over the past three years:

**Table 5: Total expenditure trends**

Year	Total Expenses ( R )	Expenditure increase/ (decrease) (R)	% increase/ (decrease)
2016	2,568,354,986	1,047,669,915	68.9%
2015	1,520,588,071	151,326,195	11.4%
2014	1,369,261,876	133,052,711	-10.2%

There has been a major increase in the overall expenditure in the years under review. Over the period, expenditure has increased by 87.5% (R1 199 093 110). Expenditure items which have contributed to this major increase are depreciation, debt impairment, employee costs, bulk purchases, repairs and maintenance and finance charges. The reasons for increase in each of these items will be elaborated below.

Below is a table of the proportionate contributions of each expenditure element to total expenses at the end of 2016. It is clear from the table that major expenditure drivers for the municipality are the following:

- Bulk purchases
- Employee related costs
- General expenses
- Depreciation, amortisation and impairments.
- Repairs and maintenance

**Table 6: contribution of expenditure items to total expenditure**

Line Item	% Contribution	2016
Employee related costs	19.06%	489,601,018
Remuneration of councillors	0.72%	18,453,108
Depreciation and amortisation	17.78%	456,740,714
Finance costs	2.57%	66,141,054
Debt impairment	21.13%	542,782,561
Collection costs	0.76%	19,792,327
Repairs and maintenance	4.4%	112,986,512
Impairment loss	0.2%	2,590,041

Bulk purchases	19.9%	513,530,461
Loss on Actuarial valuation	0.1%	3,472,031
Contracted services	3.3%	84,691,042
General expenses	10.03%	257,574,117
<b>Total expenditure</b>	<b>100.0</b>	<b>2,568,354,986</b>

General Expenses, Repairs and Maintenance and depreciation and debt impairment.

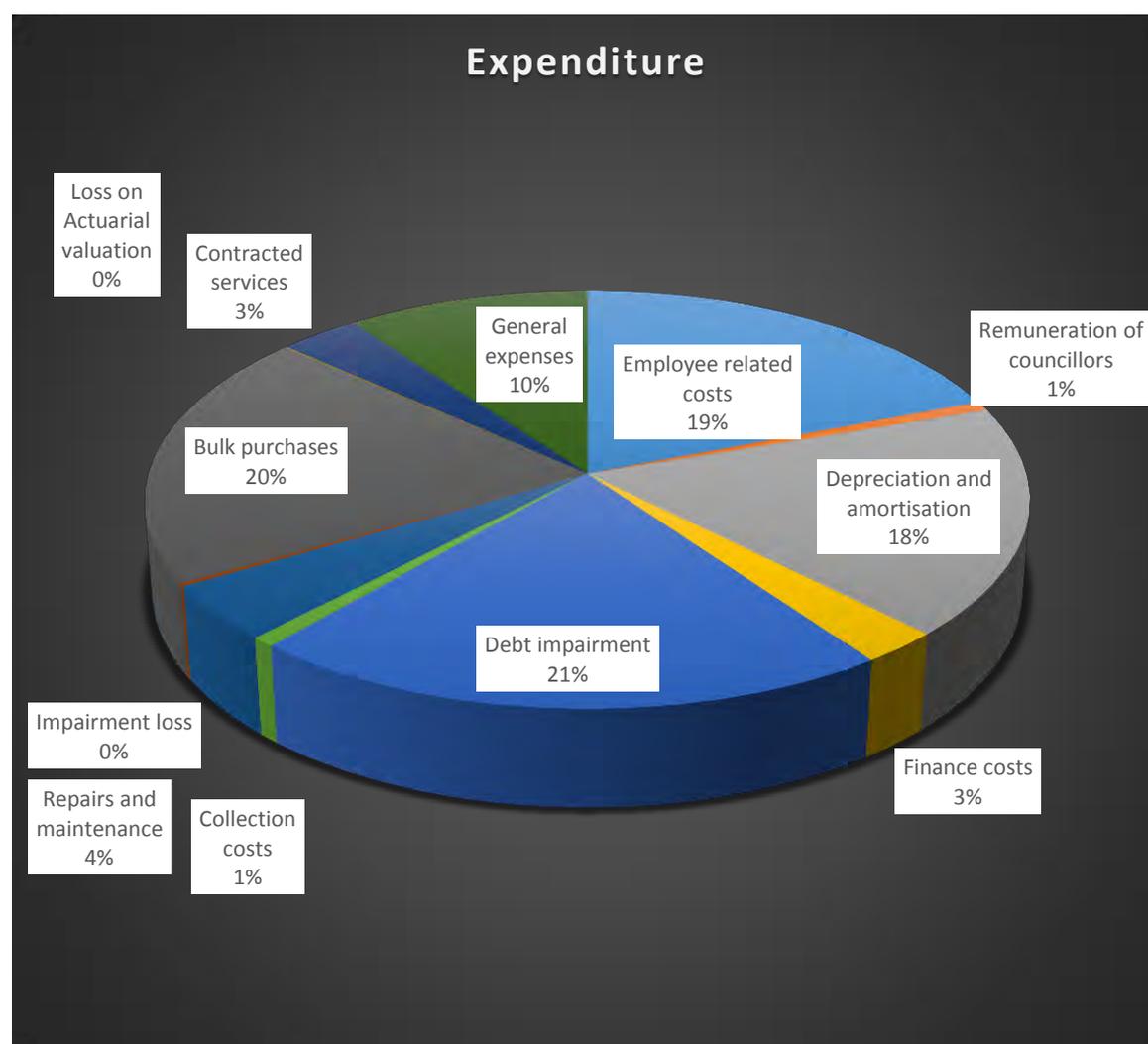
The municipality's employee related costs is 19.6% of total operational expenditure. This percentage is significantly lower than the prescribed threshold of 35% determined by the National Treasury. While it needs to be mentioned that critical vacant positions need to be filled in order to ensure adequate service delivery, it is however not possible to fill all positions due to the financial position of the municipality.

Depreciations contributes 17.7% to the total expenditure. The huge capital injection and the taking of reticulation assets from Uthukela Water has seen this expenditure item being one of the major one.

Debt impairment contributes 21.1% to the total expenditure of the municipality. This is a clear indication of failure of the current credit control and debt management strategies, which has warranted the municipality to provide for more on its doubtful debts. General expenses seem to slowing down, with only 10% of the total expenditure.

Below is a graphical presentation contribution of each expenditure item to the total expenditure of the municipality. While is it clear that employee costs, depreciation, debt impairment, repairs and maintenance and general expenses are the major expenditure items contributing about 82% of the total expenditure, the municipality may not overlook expenditure of at least 17% percent on finance charges, collection costs, impairment loss, actuarial loss and contracted services.

Figure 3: Contribution of Expenditure items to total expenditure



The following table depicts movements of major expenditure drivers:

Table 7: Movement of major expenditure drivers

Expenditure driver	% Increase since 2014	2016 ( R )	2015 ( R )	2014 ( R )
Employee related costs	41.3	489,601,018	364,365,654	346,358,464
Depreciation	81.5	456,740,714	307,477,393	251,616,481
Debt impairment	4 956	542,782,561	-50,390,243	-11,177,793
Repairs and maintenance	63.3	112,986,512	75,588,106	69,164,085
Bulk purchases	34.1	513,530,461	479,490,916	382,802,503
General expenses	10.8	257,574,117	208,941,866	232,323,381

During period under review, employee costs recorded an increase of 41.3% (R143.2 million). This was due to the taking over of Uthukela Water reticulation staff, absorption of contact workers,

implementation of the organisational re-engineering, additional staff employed by the municipality as well as annual salary increases as approved by the Bargaining Council.

Depreciation recorded an increase of 81.5% (R205.1 million) during the same period. This is due to the huge capital programme implemented by the municipality, the taking over of Uthukela reticulation assets and the revaluation of assets conducted during 2015 and 2016 financial years.

Debt impairment recorded an increase of 4,956% (R553.9 million) during the same period. This is due to additional provision for doubtful debts which was not previously provided in respect of property rates, sewer and refuse. The normal escalating debt in respect of water and electricity also had an effect in the increase.

Repairs and maintenance recorded an increase of 63.3% (R43.8 million) during the same period. This is mainly due to the huge capital injection implemented by the municipality over the past few financial years, as well as the maintenance of assets taken over from Uthukela Water. Given the asset portfolio of the municipality, it is worth mentioning that the expenditure on the repairs and maintenance is still far from being adequate.

Bulk purchases recorded an increase of 34.1% (R130.7 million) during the same period. This increase is due to the tariffs increases approved by NERSA over the years, as well as the provision of water to Charlestown purchased from Pikelu KaSeme municipality to deal with issues of drought.

General expected has shown a fairly steady increase over the past three years with of only 10.8% (R25 250 736). This indicates that municipality has been conservative in terms of its spending on general expenses.

### **3.3 Net Operational Performance**

The Municipality recorded a surplus of R61 079 817 in 2014 which was followed by a surplus of R202 378 714 in 2015 and then a huge deficit of R891 363 526 in 2016. The reason for such results may be obtained from the analysis of major expenditure drivers which increased drastically at the end 2016. At times deficits are as a result of the noncash items such as depreciation and debt impairment, which have no impact on the Municipality's cash flow. This has been the case with the Municipality. However the current picture is a cause for concern that the revenue generated by the municipality in 2016 was not adequate to cover all expenses that that municipality was required to incur.

## **4. Financial Position**

The analysis of financial position covers two major sections, namely assets and liabilities. Each of these sections is discussed below.

### **4.1 Assets**

As at the end of 2016, the municipality had total assets to the value of R7.9 billion, which comprises of Property, Plant and Equipment, Cash and cash equivalent, Investment Property, Intangible Assets,

Investment in Associate, Receivables, Vat receivable, Inventory and Consumer Debtors. It is worth mentioning that property, plant and equipment of the municipality amounted to R7.2 billion at the end of 2016, and this is a good indicator of the municipality's capacity to render service delivery to communities that it serves. Net consumer debtors amounted to R332.5 million, which requires management to collect in order to convert to cash.

**Table 8: Total asset structure**

Asset Item	2016	2015	2014
<b>Total Assets</b>	<b>7,912,605,862</b>	<b>8,075,646,240</b>	<b>3 399 312 816</b>
Property, Plant & Equipment	7 275 444 252	7 478 262 847	2 349 860 723
Cash & cash equivalents	44 572 895	340 812 924	327 907 203
Investment Property	275 974 000	207 527 190	273 695 000
Heritage Assets	6 326 820	2 964 899	2 904 899
Intangible Asset	8 539 564	1 759 720	1 348 001
Investments in Associate	346 321 2206	385 131 584	154 822 299
Long-Term Receivables	7 922	9 836	2 904 899
Vat	10 753 011	27 751 286	34 801 284
Inventory	13 380 566	10 896 236	12 439 141
Consumer Debtors	395 096 860	749 006 588	522 181 845
Other Debtors	42 838 395	37 087 650	44 354 725

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

#### 4.1.1 Consumer debtors

As at the end of 2016 financial year, the outstanding debt was standing at R991 413 751, stated at R332.5 million net of impairments and bad debt provisions. This after debts in excess of R360 million were written off during the year. This will indeed have a negative impact on our liquidity position if it

is not addressed urgently. Hence, it is important that municipality keep on re-examining the effectiveness of its credit control and debt collection strategies with a view to curb or reduce the current level of consumer debtors. The municipality appointed a new service provider, New Integrated Credit Solutions (NICS) for credit control & debt collection in May 2015. The impact of this appointment is still under close surveillance.

The municipality has conducted roadshows at Madadeni and Osizweni with a view to engage the communities on debt management. This ranged from informing them that should they receive the letter of demand from NICS, they need to come to the municipality to make payment arrangements, informing about our Credit Control policy and Indigent Policy. The municipality is also planning to write-off long outstanding debts as per the Prescription Act, debt for deceased consumers as well for consumers who are under debt review as per the Transunion report and recommendations. Council approval in this regard is still awaited as writing off will assist the municipality in focusing on the debt which is realistically collectable.

As the municipality has already embarked on roadshows as explained above, the following strategies are on the pipeline and need to be implemented as a matter of urgency:

- Appointment of a field worker to specifically deals with site visits where a debtor cannot be traced telephonically.
- Appointment of a field worker to perform indigent audit site visits in cases of de-registrations.
- A Call Centre for debt collection purposes with regards to arrears.
- Non-queried accounts to be forwarded to the respective consumers for payment arrangements.
- Monitor queried accounts for speedy resolution for both the consumer and municipality.

Furthermore, the municipality needs to increase the deposit currently standing at R 1 000.00 from January 2016, as it is not sufficient to cover the final account. The billing is six to eight weeks behind, and this attributes to the causes for debt escalation. In areas where the municipality is not providing electricity, water flow regulator meters still needs to be installed.

#### **4.1.2 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. Property, plant and equipment assets increased by 209% (R4,925,583,529) from 2014 to 2016. Property, Plant and Equipment represents 92% of the capital structure of the municipality.

#### **4.1.3 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 experience a decrease of 86% (R283 334 308) in cash and cash equivalents from 2014 to 2014. This is due to the expanded investment in the capital assets which resulted in the increase of the asset base as mentioned above.

#### 4.1.4 Investment property

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

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

Investment Property represents 3.4% 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. There has not been an major movement in this asset class since 2014.

#### 4.1.5 Investment in Associate

Investment in Associate represents the municipality's 34% stake in Uthukela Water. The investment increased from R154.8 million in 2015 to R395 million in 2016. This is mainly due to the fact that the Uthukela Water revalued its assets and acquired additional Oassets over the past three years.

## 4.2 Liabilities

As at 30 June 2016, the liabilities of the municipality were stated just in excess of a R1.0 billion as reflected below. Clearly the Municipality is a going concern with assets in excess of liabilities.

**Table 9: Total liability structure**

Liability Item	2016	2015	2014
<b>Total liabilities</b>	<b>1 045 306 734</b>	<b>990 812 825</b>	<b>729 747 904</b>
Long-term loans	458 502 484	471 912 802	221 235 119
Non-current provision for landfill site	26 814 753	27 200 543	25 860 274

Liability Item	2016	2015	2014
Non-current provisions: defined benefit plan obligations	120 075 542	107 212 753	93 802 319
Non-current Finance Lease Obligation	25 920	-	231 853
Consumer Deposits	12 752 606	11 048 084	10 027 543
Current Provisions	5 775 189	4 691 613	4 425 946
Unspent Conditional Grants and Receipts	32 408 992	69 609 604	44 948 444
Finance Lease Obligation	65 694	386 033	509 592
Current Portion of Long-term loans	29 375 168	27 326 675	20 979 603
Payables from exchange transaction	359 510 386	272 264 248	307 727 211

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

#### 4.2.1 Long-term loans

The Long Term loans has increased from R221 235 119 to R458 502 484 which is an increase of 107% over three years. The increase is mainly due to a two new loans of R164 million and R284 million that were taken in 2014 and 2015 respectively. This items represents 43.8% of the total liabilities of the municipality.

#### 4.2.2 Non-Current Provision for Landfill Site

In terms of the licencing of the landfill refuse site, council will incur rehabilitation costs of R 26.8 million to restore the site at the end of its useful life, estimated to be in 2017 by the engineers. Provision has been made for the net present value of this cost using the average cost of borrowing interest rate.

#### 4.2.3 Consumer Deposits

Deposits held in lieu of providing municipal services on credit. This amounted to just over R12.7 million at the end of 2016 financial year.

#### 4.2.4 Non-Current Provisions: Plan Obligations

The municipality provides retirement benefits for its employees and councillors. This means should the Retirement Fund gets liquidated, the municipality will be required to fulfil the obligation to retired employees and councillors. The provision is currently stated at R120 million.

#### 4.2.5 Unspent Conditional Grants

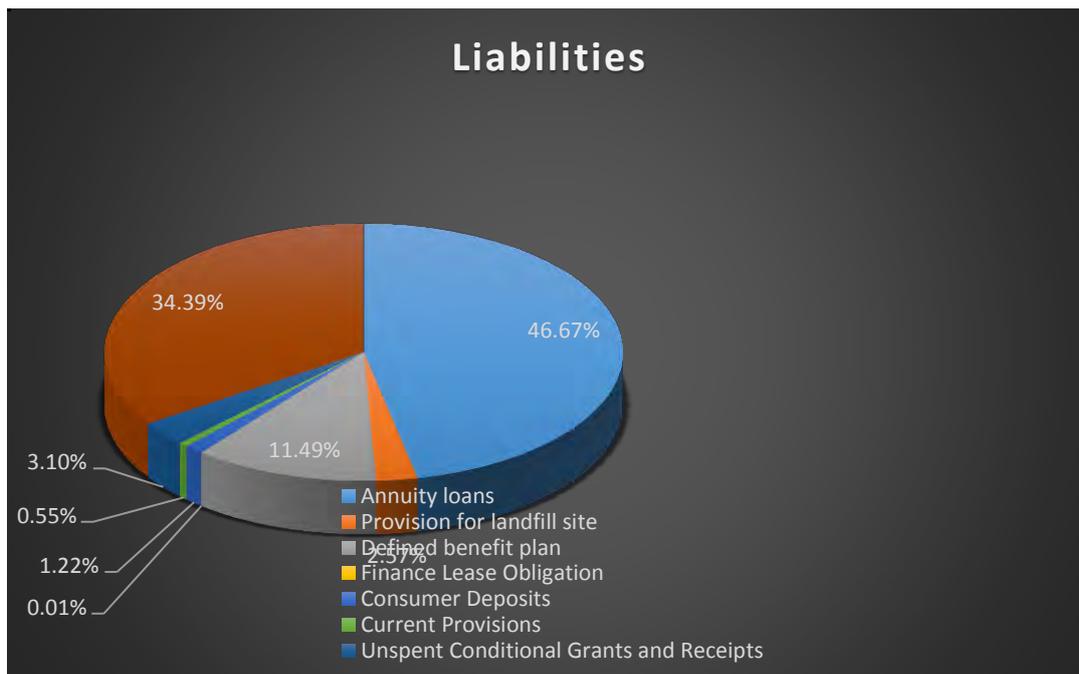
These are conditional grants from other spheres of government. These amounts represent the obligation of the municipality to comply with the conditions of the grant. If the municipality fails to fulfil the obligations, it will be required repay the money to the National Revenue Fund. The unspent conditional grants are stated at R32.4 million during 2016.

#### *Trade and other Payables:*

Trade creditors, staff leave accrual and payments received in advance which represent amounts invoiced or received by the Municipality where services still have to be rendered. These are obligations which the Municipality will be required to fulfil in the future. The Trade and Other Payables are stated at R359.5 million in 2016.

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

**Figure 4: contribution of liability item total liabilities**



## 5. Financial Ratios

The municipality can utilize financial ratios to aid in managing their cash position as well as alert them to the possibility of financial difficulties. Calculating the ratios are not enough. The municipality needs to also consider the trends and patterns over the various financial periods and thus ascertain a better understanding of their cash position.

## 5.1 Solvency Ratio

The entity remains solvent with total assets in excess of total liabilities. This is a comforting scenario, as the municipality continues to invest in assets. During 2016 financial year, over R310 million was invested in assets. As outlined in the table below, the solvency position (ratio of assets to liabilities) of the municipality has improved from 5.11 in 2014 to 8.05 in 2016. The increase is due to the capital assets invested and the revaluation of infrastructure assets.

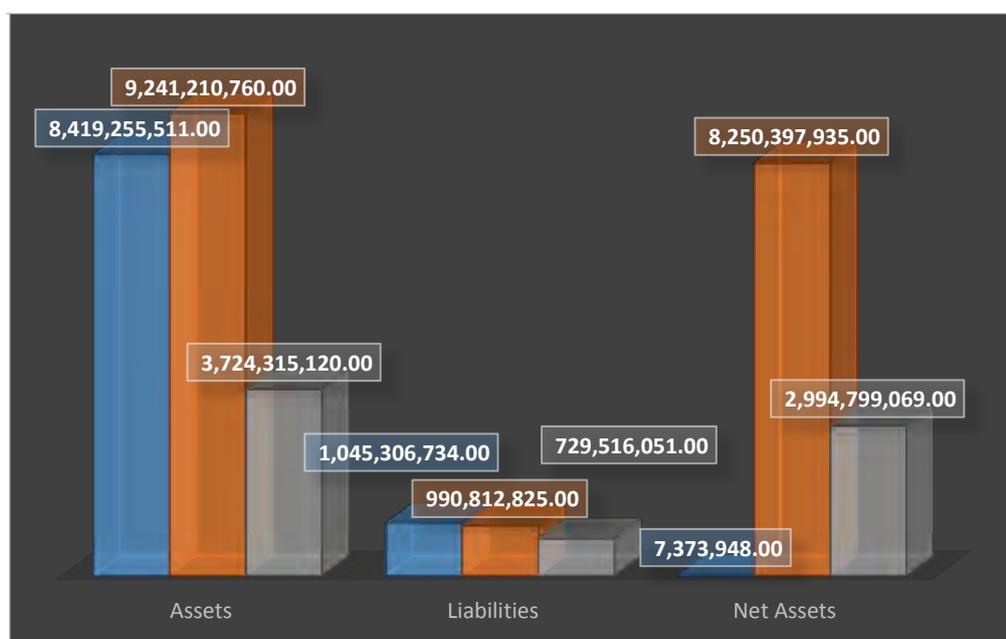
The table below illustrates our solvency situation for the 4 years being analysed. Of concern is the fact that the ratio keeps decreasing as year go by, which means that the municipality may end up having challenging in honouring their obligations in future if no action are taken to improve the situation:

**Table 10: Solvency ratio**

Item	2016	2015	2014	2013
Assets	8 419 255 511	9 241 210 760	3 724 315 120	3 437 022 178
Liabilities	1 045 306 734	990 812 825	729 516 051	520 629 542
Net Assets	<b>7 373 948 777</b>	<b>8 250 397 935</b>	<b>2 994 799 069</b>	<b>2 916 392 636</b>
Ratio	<b>8.05</b>	<b>9.32</b>	<b>5.11</b>	<b>6.60</b>

The graph below illustrates our solvency ratio analysis:

**Figure 5: solvency position**



## 5.2 Liquidity Ratios

As evident from the table below, the capacity of the Municipality to fulfil its short term obligations is good. The ratio has increase from 2.43 in 2014 to 1.15 in 2016. The decrease is due to additional provision for doubtful debt, when has seen debtors which are likely to be concerted to cash reducing drastically. This ratio is now below the required now of 1:2 and clearly indicate that soon the municipality will be straggling to pay for its creditors.

**Table 11: Liquidity Ratios**

Item	2016 ( R )	2015 ( R )	2014 (R)
Current Assets	506 649 649	1 165 619 548	932 604 120
Current Liabilities	439 888 035	384 486 727	384 652 508
Ratio	<b>1.15</b>	<b>3.03</b>	<b>2.43</b>

The graph below further illustrates our liquidity situation.

Figure 6: Liquidity position



### 5.3 Net Cash Position (Net of Unspent Conditional Grants)

(Cash and Cash Equivalent – Unspent Conditional Grants)

**(R44 572 895 – R32 408 992)**

**Net Cash Position R 12 163 903**

Conditional Grants are provided to municipalities for a specific purpose and cannot be used for the general operations of the municipality. This ratio identifies whether the municipality has sufficient funds to ensure the cash backing of Unspent Conditional Grants. At the end of 2016, adequate cash was available to repay conditional grants.

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

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

**(R44 572 895 – R32 408 992-708 555-26 037 234)**

**= -R14 581 886**

This ratios indicates that as at the end of 2016, available cash was inadequate to repay conditional grants, Housing Development Fund and to provide for Insurance reserve in cases of emergent breakdown.

### Conclusion

Although revenue has increased well above inflation over the past financial year, such increase was however not adequate to cover the level of expenditure that the municipality has incurred over the same period. Huge increase in non-cash items such as depreciation and debt impairment has had an

impact in the deficit as at the end of 2016. This is a clear indication that the municipality reserves and provision have not been adequate to deal with these expenses should the need arise in future.

The solvency of the municipality has seen to be improving during the period under review. The major impact of this improvement is the property plant and equipment which has increased substantially due to revaluation of assets, taking over of Uthukela Water and acquisitions. Consumer debtors have reduced as a result of write-offs and additional provision. It is concerning to note that such reduction has not yielded substantial cash to the municipality. This is the area where the municipality need to concentrate in order to improve its cash base. Furthermore, liabilities have been observed to have increased during the same period. It noted with concern that such increase in mainly due to additional loans that were taken, as well as trade and payables, which could be linked to cash flows problems.

The cash position of the municipality has been observed to decrease drastically over the period. While is noted the some of the cash recorded at the end of each financial year included loans taken by the municipality, it also equally important to note that reserves that the municipality had were utilised to fund capital projects as per approved budgets of the municipality. It is further noted that the available cash at the end of 2016 is not adequate to cover for conditional grants and reserves that need to be cash-backed.

The 2017 is going to be a very difficult year for the municipality, given its cash position. Unless stringent majors are taken to collect more revenue, the municipality will been to slow down of its operation and ensure that as little as possible capital projects are funded internally.



## CHAPTER 4

### ORGANISATIONAL DEVELOPMENT OVERVIEW

As at 30 June 2016, the Municipality had a staff compliment of 1682 personnel (which includes temporary employees), servicing areas of Newcastle, Madadeni, Osizweni, Blaauwbosch, Ngagane, Kilbarchan, and Charlestown. A re-engineering process commenced in June 2016 which will be key in addressing labour challenges within the organisation.

The following table reflects the gender breakdown of employees as at 30 June 2016 :

DEPARTMENT	NO. OF EMPLOYEES	MALES	FEMALES
MUNICIPAL MANAGER AND MAYOR'S OFFICE	44	17	27
COMMUNITY SERVICES <ul style="list-style-type: none"> <li>• Culture &amp; Amenities</li> <li>• Protection / Community Services</li> </ul>	799	533	266
CORPORATE SERVICES <ul style="list-style-type: none"> <li>• Administration</li> <li>• Human Resources</li> </ul>	85	24	61
DEVELOPMENT & PLANNING <ul style="list-style-type: none"> <li>• Town Planning</li> <li>• Housing &amp; Land</li> <li>• Economic Development</li> </ul>	82	44	38
TECHNICAL SERVICES <ul style="list-style-type: none"> <li>• Civil Services</li> <li>• Electrical / Mechanical Services</li> </ul>	554	423	131
FINANCIAL SERVICES	118	44	74
<b>TOTAL</b>	<b>1682</b>	<b>1085</b>	<b>597</b>

The following occupational levels were recorded as at 30 June 2016 :-

OCCUPATIONAL LEVEL	MALES				FEMALES				TOTAL
	A	C	I	W	A	C	I	W	
TOP MANAGEMENT & SENIOR MANAGEMENT	29	0	3	4	16	0	4	4	60
Professionally qualified and experienced specialist and mid-management	84	4	9	10	55	2	7	12	183
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	100	4	20	13	58	6	10	15	226
Semi-skilled and discretionary decisions making	330	8	20	4	158	0	12	15	547
Unskilled and defined decision making	254	1	2	1	142	1	0	0	401
<b>TOTAL PERMANENT</b>	<b>797</b>	<b>17</b>	<b>54</b>	<b>32</b>	<b>429</b>	<b>9</b>	<b>33</b>	<b>46</b>	<b>1417</b>
Temporary employees	130	3	5	3	106	1	7	10	265
<b>GRAND TOTAL</b>	<b>927</b>	<b>20</b>	<b>59</b>	<b>35</b>	<b>535</b>	<b>10</b>	<b>40</b>	<b>56</b>	<b>1682</b>

OCCUPATIONAL LEVEL	POST LEVEL	NO. OF EMPLOYEES
Top Management & Senior Management	Sect 57	60
Professionally qualified and experience specialist and mid-management	14-12	183
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	11 – 9	226
Semi-skilled and discretionary decision making	8 – 7	547
Unskilled and defined decision making	6 – 5	401

<b>TOTAL PERMANENT</b>	<b>1417</b>
Temporary Employees	<b>265</b>
<b>GRAND TOTAL</b>	<b>1682</b>

## SKILLS DEVELOPMENT

The following training was conducted for employees during the 2015/2016 financial year:

Occupation Category	Occupation	Total	<35	35 -55	55>	Total
Legislators	Ward Committee/PR Councilor	155	0	87	68	155
Professionals	Accountant (General)	4	4	0	0	4
Technicians and Trade Workers	Civil Engineering Technician	2	2	0	0	2
Technicians and Trade Workers	Electrician (General)	2	2	0	0	2
Clerical and Administrative Workers	Library Assistant	25	25	0	0	25

The following training were covered in the 2015/2016 financial year:-

LGSETA Strategic Focus Area	Municipal Key Performance Area	Main IDP Priority Linked to Key Performance Area	Female - Employee	Male - Employee	Total
Infrastructure and Service Delivery	Basic Service Delivery and Infrastructure Development	Improving access to basic services	40	94	134
Community Based Participation and Leadership	Good Governance and the Deeping of Democracy	To ensure good governance through openness, transparency and accountability in	175	154	329

		the organization			
<b>Financial Viability</b>	<b>Municipal Transformation and Institutional Development</b>	<b>To ensure institutional structure to render effective and efficient services aligned to the IDP</b>	<b>32</b>	<b>30</b>	<b>62</b>
<b>Community Based Participation and Planning</b>	<b>Municipal Financial Viability and Management</b>	<b>To ensure sound financial and fiscal management and good governance</b>	<b>185</b>	<b>145</b>	<b>330</b>
	<b>Sustainable Local Economic Development</b>	<b>To facilitate economic development that will result in sustainable job creation</b>	<b>78</b>	<b>137</b>	<b>215</b>

## CHAPTER 5

### ANNUAL PERFORMANCE REPORT 2015/16

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

In the year under review, every attempt was made to align the planning and reporting template with KPI's from the National Treasury through the IDP process, and then subsequently at Mid-Year Review with the Back to Basics programme. This became rather confusing and frustrating for departments who were already accustomed to KPI's from previous years which were also aligned to the IDP, which may have been phrased differently.

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

need for a National and Provincial reporting system integrated with local government is re-iterated for the purposes of mainstreaming of national programmes and reporting requirements.

Perhaps one of the critical factors influencing performance in the organisation is the value chain and instilling a culture of performance. This would include amongst others - change management and team building techniques, awareness of and practicing of Batho Pele principles and a Code of Ethics. Leadership and management processes are key to ensuring an outcome driven entity with recognition and acknowledgment systems being implemented. In the year under review, the organisational re-engineering, budget cuts, and the high vacancy rate in top management negatively impacted on the quality of performance reporting. It is therefore deemed appropriate to ensure that together with skills development and change management processes, performance management is cascaded to all levels of employees once the re-engineering process is finalised.

For the performance Management process to be efficient, it is necessary for an automated system to be implemented to ensure accurate reporting that is aligned to financial reporting processes. This must be followed by effective risk management and internal audit processes to ensure that review mechanisms are implemented timeously. For the year under review, the need to align with other governance processes was emphasised through the PMS process. Unfortunately, institutional challenges amongst others, contributed to inadequate monitoring mechanism for governance related issues. It is therefore necessary to ensure that when the PMS is automated, that it interfaces with the governance systems, including amongst others a project management module, GIS and financial systems.

The institutional arrangements within the organization must be such that it supports the process. This would include sufficient capacity to lead the process and to ensure that compliance issues are administered. The need for each department to also identify performance champions administratively to co-ordinate performance information to support performance managers and leaders is critical for ensuring compliance with reporting requirements. This would include adequate administrative systems such as record keeping, consistency with administrative support officials. Furthermore, ongoing awareness and training is necessary to ensure that the entity is abreast of all performance related issues and how this integrates into other municipal processes. This was affirmed by the Audit Committee, resolving that no interns be used to co-ordinate PMS reporting in departments and that a co-ordinator in departments with administrative functions be nominated by each department. This continues to be a challenge in most departments resulting in lack of consistency in quality reporting.

Of critical importance is the need for top and senior management posts to be filled to ensure management and leadership in so far as performance management processes are concerned. This is necessary especially in terms of motivating a goal orientated environment, quality control in respect of reporting and monitoring, review and submission of evidence and more importantly ensuring accountability at a senior management level. Actions plans in so far as the filling of critical posts must be implemented to meet the targets as specified in the SDBIP, including reducing the turnaround time for the filling of these posts. The vacancy rate in levels of senior management and operationally within the organisation also impacts negatively on performance. This is re-affirmed by

Audit Committee recommendations that the use of interns for supporting the performance management process had to be reversed to ensure accountability at a management level, and to improve the quality of reporting. Of course these factors must be taken into account when aligning targets to resources available. The PMS unit have in the year under review introduced a “*Monitoring and Evaluation Checklist*” to support KPI and project owners review of performance information to meet the basic requirements of the PMS. It was designed also to support the monitoring and evaluation process. The pilot process of the checklist was not entirely successful as departments opted to use traditional methods of submission of performance information – thus contributing to poor quality reporting. The success of this new support approach is dependent on effective and functional senior management at a strategic and operational level. It is incumbent on both management and Council to ensure a resource orientated monitoring and evaluation environment.

The role of the PMS unit as defined in the PMS Framework was operationally reviewed in the year under review to that of supporting departments to ensure quality reporting. This is also dependent on the co-operation and buy-in of officials in departments working with performance information and proved challenging in an organisational with institutional and transformational challenges. Furthermore – skills capacity and competencies in the PMS unit is evolving more towards analytical and audit orientated – as opposed to primarily administrative as is contained in the job requirements for key positions within the unit. It is necessary for the relevant skills development programmes to also be extended to all relevant officials in department to improve quality of performance processes.

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

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#### ORGANISATIONAL SCORE-CARD 2015/16 ANALYSIS

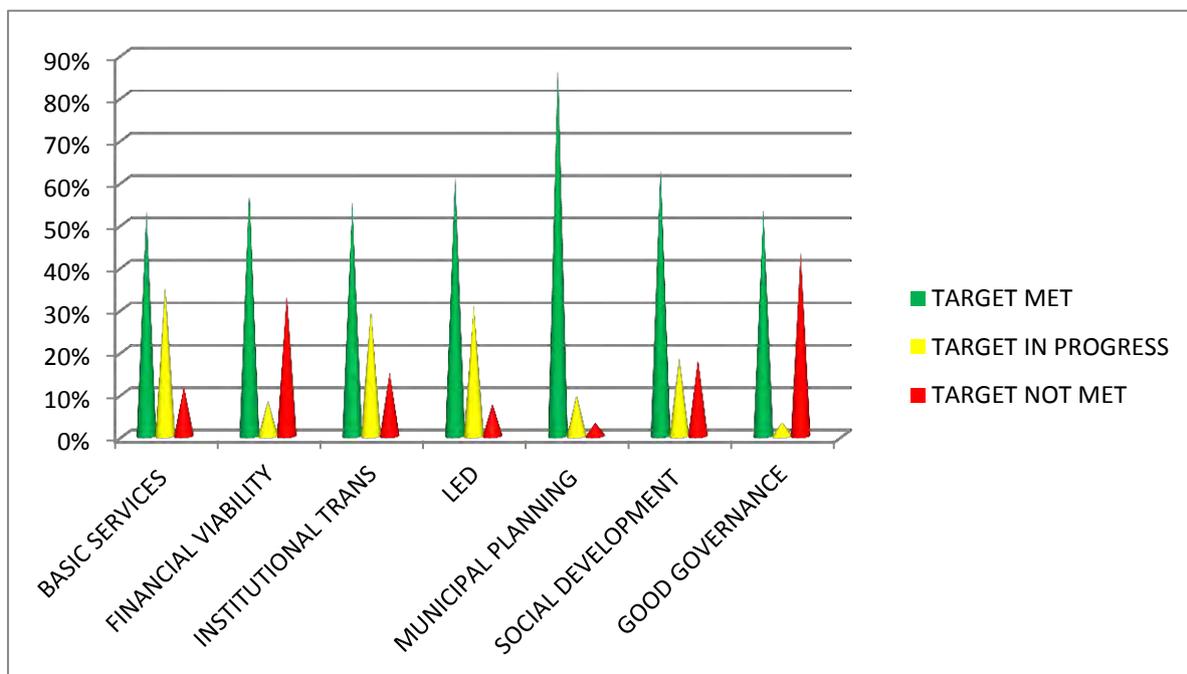
The above-mentioned strategic priorities as identified in the IDP, cascades into the performance management system of the municipality through the a 5 year organisational score-card (**Appendix 1**).

For the 2015/16 financial year, a total of 145 key performance indicators (relevant and applicable) are evaluated against targets set as summarized below:-

KPA	BASIC SERVICES	FINANCIAL VIABILITY	INSTITUTIONAL TRANS	LED	MUNICIPAL PLANNING	SOCIAL DEVELOPMENT	GOOD GOVERNANCE	
TARGET MET	4	5	7	5	18	9	12	60
TARGET IN PROGRESS	6	1	6	4	3	4	1	25
TARGET NOT MET	2	4	3	1	1	4	13	28
TARGET OVER ACHIEVED	5	2	4	3	9	5	4	32
								0
TOTAL KPIS	17	12	20	13	31	22	30	145

From the above 63% Of targets were achieved ,of which 21% was exceeded for all key performance indicators on the organisational score-card linked to the IDP. This is a regression 75% targets met from the previous financial year. 19% of targets were not achieved, with 17% of targets being partially achieved or still in progress and 6% not met at all.

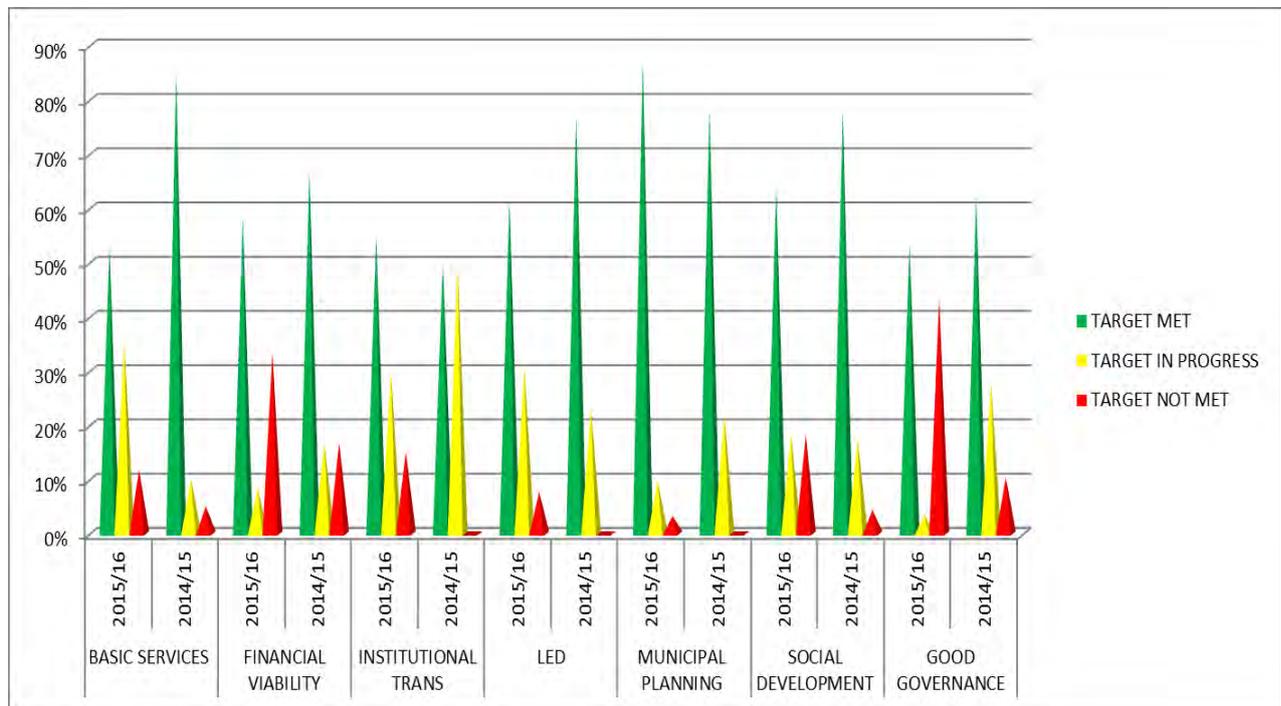
#### 2015/16 KPA PERFORMANCE



Where performance was not reported and/or reported but was not backed with relevant, sufficient or accurate evidence, the target was deemed to have not been achieved or still in progress.

The graph below illustrates the performance against each KPA as included in the organisational score-card for the 2015/16 compared to performance for the same KPA in the previous financial year.

**KPA PERFORMANCE 2014/15 Vs 2015/16**



#### SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS(SDBIP) 2015/16

Performance on SDBIP's for each of the departments is attached as **Appendix 2**, with the assessment being done on reviewed Actuals against Portfolio of evidence submitted by departments. An internal audit process was carried out.

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

**DASHBOARD ASSESSMENT KEY**

	<b>TARGET MET</b>
	<b>TARGET IN PROGRESS</b>
	<b>TARGET NOT MET</b>
	<b>OVERACHIEVED</b>

The progressive performance for all 4 quarters was assessed against the annual target to determine the annual actual – and thus annual performance.

The Draft Reports were communicated with all departments allowing departments to respond to the technical assessment . Further engagement is pending the outcome of the internal audit process. Door-to –door visits were conducted to allow departments to clarify areas of contention and to agree with the dashboard status as assessed. Departments used the opportunity to fill in gaps identified. Furthermore, departments continued to submit performance information to the PMS unit during the internal audit process. This information was accepted and reviewed accordingly where it improved performance against the dashboard as assessed by the PMS unit.

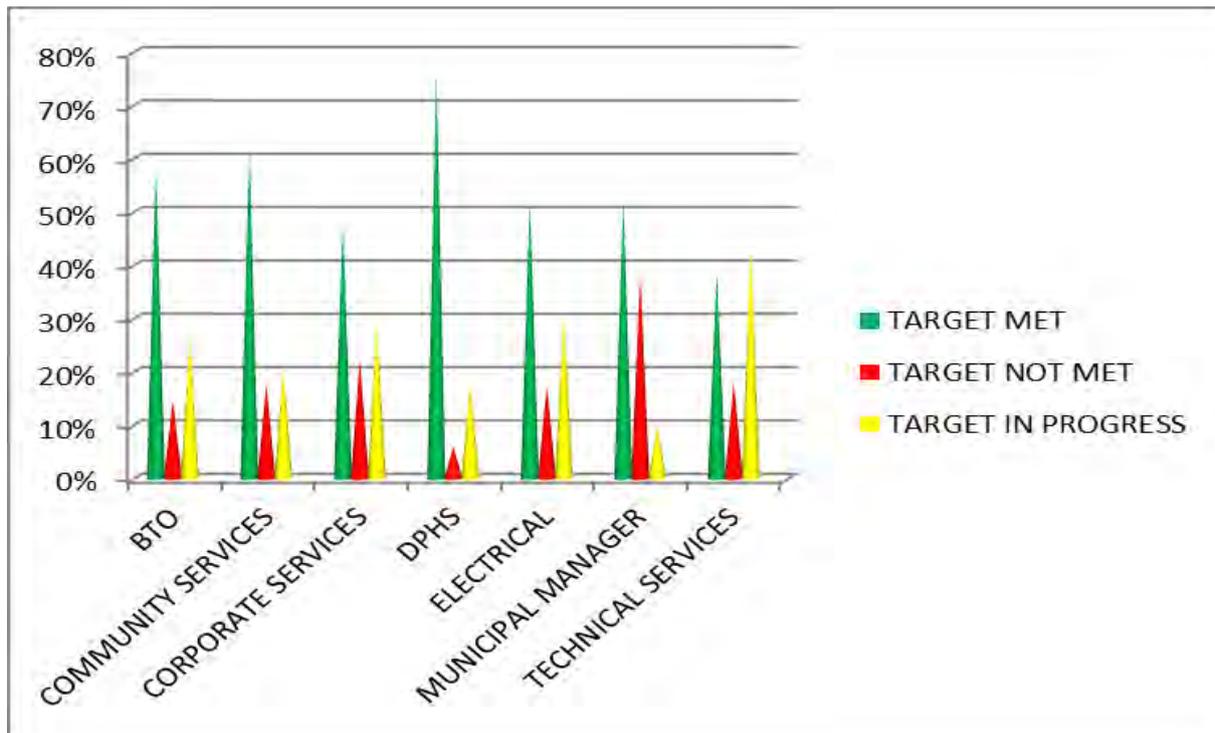
The table below highlights the annual SDBIP performance using the dash board as mentioned above :-

	TARGET MET	TARGET NOT MET	TARGET IN PROGRESS	TARGET OVER ACHIEVED	
<b>BTO</b>	21	6	11	3	41
<b>COMMUNITY SERVICES</b>	13	6	7	8	34
<b>CORPORATE SERVICES</b>	7	6	8	6	27
<b>DPHS</b>	21	3	9	18	51
<b>ELECTRICAL</b>	6	4	7	6	23
<b>MUNICIPAL MANAGER</b>	21	24	6	12	63
<b>TECHNICAL SERVICES</b>	9	7	17	6	39
	98	56	65	59	278

The total number of KPI's on the performance score-cards (Departmental SDBIP's) is 278(relevant and applicable) of which targets on the score-cards forms the basis of this assessment.

From the table above 157 KPI's (57%) of targets have been met (of which 21% is overachieved) for the year under review on the SDBIP's holistically compared to 69% from the previous financial year. 20% of targets are either partially met or still in progress. 23% of the targets are not met at all. A target is assessed as not met or in progress if no actual has been reported and/or where insufficient, irrelevant or inaccurate evidence is submitted to support reported performance or reason for variance.

The following is a Graphical representation of performance by Department.



#### CAPITAL PROGRAMME PERFORMANCE 2015/16

A detailed capital status report highlighting the status of the capital programme as at the 30 June 2016 is included as **Appendix 3**.

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

The status of the capital program is illustrated below :

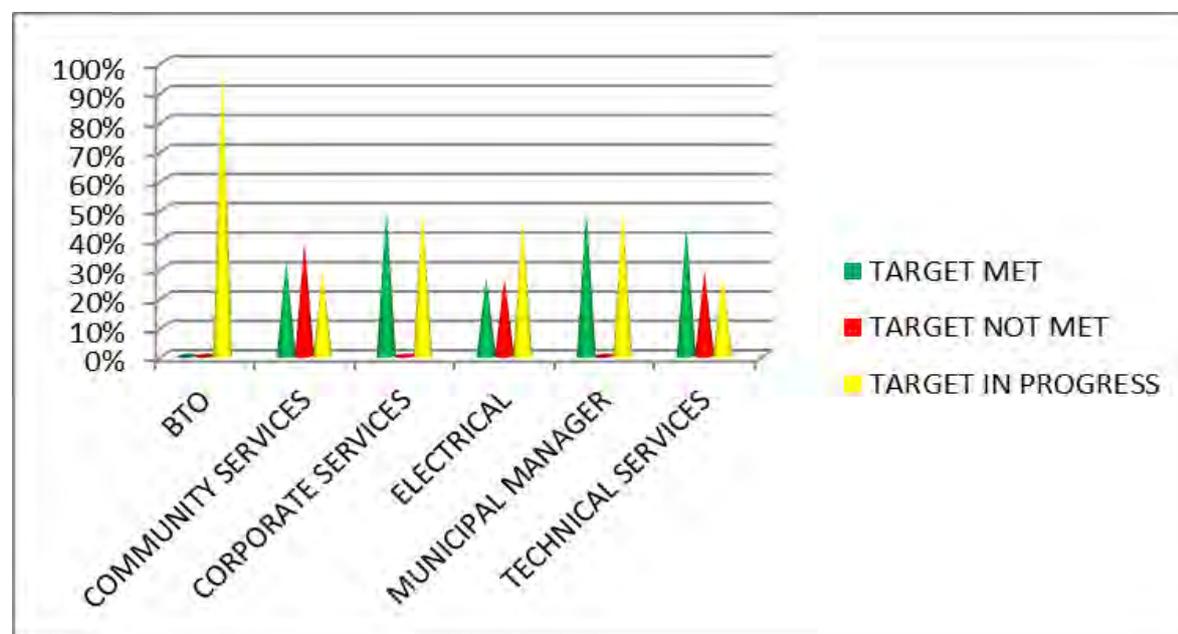
	TARGET MET	TARGET NOT MET	TARGET IN PROGRESS	
<b>BTO</b>	<b>0</b>		<b>1</b>	<b>1</b>
<b>COMMUNITY SERVICES</b>	<b>20</b>	<b>24</b>	<b>18</b>	<b>62</b>
<b>CORPORATE SERVICES</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>4</b>
<b>DPHS</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>10</b>
<b>ELECTRICAL</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>15</b>
<b>MUNICIPAL MANAGER</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>
<b>TECHNICAL SERVICES</b>	<b>32</b>	<b>21</b>	<b>20</b>	<b>73</b>
<b>TOTAL</b>	<b>61</b>	<b>52</b>	<b>54</b>	<b>167</b>

From the above table only 36 % of projects were completed during the 2015/16 financial year compared to 53% from 2014/15. 32% of project was still in progress at year end, of which it is recommended that the projects be rolled over into the 2016/17 financial year for completion.

The total number of projects under review is 167 of which 61 have been completed/ target met as per the approved project implementation plan.

The graph below illustrates performance of departments in relation to the number of projects per department.

#### CAPEX PERFORMANCE BY DEPARTMENT 2015/16



Monitoring of projects depends on the accuracy of cash flow projections for in year appropriations and roll over projects. These were either not submitted, or does not align to the total project allocation. Project implementation plans for the revised budget in most instances are outstanding or

incomplete – limiting the ability to monitor these projects effectively and therefore to report accurately on performance thus far. Increased in-house project management and project planning tools and/or mechanisms are required to support improvement in capital programme implementation. This could include skills development coupled with an automated project management system.

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

Furthermore, delays in the sourcing of external loans, and the limitation of bridging finance for the capital program internally, further inhibits progress on the capital program. It is therefore essential to secure loan funding earlier to ensure that the capital program is implemented timeously and in line with Project implementation plans and procurement planning processes. A detailed financial plan over the MTREF is necessary to ensure that cash flow planning and completion of projects are aligned within the approved resources.

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

For this purpose, joint door-to-door visits to departments between Office of the Municipal Manager and Budget and Treasury Office were carried out during year. ICC and Extended ManCo's were also convened to eliminate challenges experienced with internal communication as an intervention.

Supply Chain Management processes, specifically the poor turnaround time for the awarding of bids have been a huge challenge in the year under review. Some of the issues identified relate to the functionality of bid committees, administrative and procedural delays both at the SCM unit and within departments. These are being addressed through interventions as agreed by management to ensure that the SCM turnaround time is reduced. SCM unit is also required to ensure that the procurement processes are aligned to the Procurement Plan of the municipality.

It is also encouraged that further alignment of reported financial performance from departments is aligned to the reports as generated from the Budget and Treasury Office.

There is a definite need to improve alignment between the financial and non-financial targets through improved planning at the budget stage. The development of and implementation of operational plans aligned to procurement plans are essential for this purpose. In year adjustments based on operational requirements of the municipality has also contributed to confusion in the departments. Improved communication is encouraged and timeous budget processes are required to ensure alignment with implementation plan. The gaps were applicable could also be attributed to many projects on the capital programme still being in progress at year end, and necessitated a roll-over into the 2016/17 financial year.

## FINANCIAL PERFORMANCE 2015/16

### FINANCIAL PERFORMANCE AGAINST IDP KEY PERFORMANCE AREAS

IDP KEY PERFORMANCE AREA	FULL YEAR TOTAL			YEAR TO DATE		
	BUDGET	ACTUAL		BUDGET	ACTUAL	
	<b>CAPITAL</b>			<b>OPEX</b>		
<b>INFRASTRUCTURE DEVELOPMENT</b>	235,573,866.00	186,970,889.73	48%	1,333,107,003.00	1,722,509,808.26	91%
<b>SOCIAL DEVELOPMENT</b>	51,011,626.00	23,859,137.27	6%	75,278,891.00	82,243,150.00	4%
<b>FINANCIAL VIABILITY</b>	2,256,029.00	1,712,535.80	0%	180,314,364.00	180,961,032.31	10%
<b>GOOD GOVERNANCE &amp; PUBLIC CONSULTATION</b>	72,669,259.00	64,150,316.82	16%	258,636,852.00	11,235,118.59	1%
<b>INSTITUTION DEVELOPMENT &amp;</b>	3,796,222.00	3,644,520.00	1%	20,975,266.00	31,257,345.96	2%
<b>LOCAL ECONOMIC DEVELOPMENT</b>	7,386,774.00	3,491,519.97	1%	14,966,088.00	15,830,062.53	1%
<b>SPATIAL AND ENVIRONMENTAL</b>	17,166,184.00	14,089,800.63	4%	19,616,875.00	16,434,747.29	1%
<b>GRAND TOTAL</b>	<b>389,859,960.00</b>	<b>297,918,720.22</b>	<b>76%</b>	<b>1,902,895,339.00</b>	<b>2,060,471,264.94</b>	<b>108%</b>

### FINANCIAL PERFORMANCE BY DEPARTMENT/VOTE

DEPARTMENT/VOTE	FULL YEAR TOTAL	YEAR TO DATE		FULL YEAR TOTAL	YEAR TO DATE	
	BUDGET	ACTUAL		BUDGET	ACTUAL	
	CAPEX			OPEX		
CORPORATE SERVICES	69,845,259.00	60,365,696.35	15%	179,199,528.00	(73,594,489.03)	-4%
COMMUNITY SERVICES	64,952,875.00	33,360,905.02	9%	273,412,842.00	309,225,153.29	16%
MM'S OFFICE	2,824,000.00	3,784,620.47	1%	79,437,324.00	84,829,607.62	4%
DPHS	28,349,180.00	21,225,840.60	5%	55,558,229.00	63,522,155.78	3%
BTO	2,256,029.00	1,712,535.80	0%	180,314,364.00	180,961,032.31	10%
ELECTRICAL SERVICES	39,803,049.00	32,283,648.83	8%	534,437,121.00	543,065,756.02	29%
TECHNICAL SERVICES	181,829,568.00	145,185,472.93	37%	600,535,931.00	952,462,048.95	50%
	<b>389,859,960.00</b>	<b>297,918,720.00</b>	76%	1,902,895,339.00	2,060,471,264.94	108%

#### OVERALL COMMENT

1. Based on the audit outcome from the Auditor-General in so far as performance information is related – there is an urgent need to clarify the use of STATS SA information in the planning and reporting of performance information
2. There has been an overall regression in organisational performance for the 2015/16 financial year
3. Whilst progressive expenditure performance is commended against both the operational and capital programme, there is a need to enhance the alignment between the financial and non-financial performance processes.
4. Additional monitoring, evaluation and review at a departmental level on at least a monthly basis is compulsory to encourage adherence to planned programmes;
5. Too many strategic and operational objectives in the IDP is resulting in too many KPI's and targets within the organization. This overburdens the administration and management with performance reporting, monitoring and review processes in an already stressed administration. For improved strategic focus to be enhanced, a rationalization of these objectives in the IDP is necessary.
6. Internal co-ordination systems and processes require review to ensure improved co-ordination.
7. Alignment of the Financial System to the Performance Management system must be fast tracked - this would need to include a project management tool or mechanism to improve project planning, reporting and monitoring

8. Record keeping and document management approaches within departments will determine the quality of the evidence to be submitted for evaluation purposes
9. Supply chain processes impact negatively on performance, specifically in relation to improving on turnaround times for the awarding of bids;
10. Alignment of Procurement Planning processes to Project implementation plans and programme management is essential to support service delivery targets being attained
11. Whilst the inclusiveness of governance KPI's is commendable in the SDBIP's as an intervention area, more co-ordination and integration is required on governance KPI's to ensure consistency with reporting ;
12. Improving the payment factor, and reducing outstanding debtors is critical to ensure continuation of a fast tracked capital programme;
13. Intergovernmental relations is essential to ensure that KPI's targets are planned and met for relevant functional areas (viz. housing, environmental issues, Eskom, Back to Basics programme)
14. Outdated Census information is used for the purposes of reporting on backlog eradication
15. Continuous skills development and awareness on performance management is required to ensure quality reporting, monitoring and review process are complied with
16. High vacancy rates in top/senior management impact on the reporting, monitoring and review processes
17. Institutional challenges (skills development, vacancy rates, re-engineering) must be co-ordinated and fast tracked through institutional change strategies
  
18. It is necessary to move performance management beyond just compliance. This would entail the fast tracking of performance to all employees.

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#### GENERAL RECOMMENDATIONS FOR IMPROVEMENT

- (a) Management to develop action plans to resolved the outstanding listing of households serviced for all basic services to ensure that the municipality reconcile to the STATS SA information ;
- (b) The development of Monthly Operational plans and alignment thereto with the SDBIP and Procurement Plan of the organization ;

- (c) That alignment of financial and non-financial performance information be done through relevant IT systems. This should include a project management system.
- (d) That Head of department and responsible managers conduct monthly meetings to monitor compliance with all targets and reporting requirements. These reports to be elevated to the relevant Portfolio Committees for oversight purposes.
- (e) That the strategic objectives in the IDP be rationalised further to inform the Performance management process for the 2015/16 financial year in line with recommendations of the Audit Committee.
- (f) The Supply chain management turnaround times be improved to fast track municipal programmes;
- (g) That continuous skills development plan be implemented to ensure consistency and continuity in reporting, monitoring processes ;
- (h) That the vacancy rate for all critical positions be reduced ;
- (i) Re-engineering process be finalised to roll out individual performance;
- (j) Fast tracked skills development related to performance management for both officials in the PMS unit , as relevant officials in departments;
- (k) Effective internal governance structures and processes be fast tracked to improve on governance reporting and processes ;
- (l) Revenue enhancement strategies be implemented to improve payment factor and debt collection;
- (m) Intergovernmental structures be resuscitated to ensure alignment of planning and reporting activities that contribute to performance ;

(n) The development and review of key sector plans be prioritized ;

A detailed schedule is included in Appendix 2 to the Annual Report.

## CHAPTER 6

### AUDITOR GENERAL REPORT

#### Introduction

1. I audited the financial statements of the Newcastle Municipality set out on APPENDIX 1, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Newcastle Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

**Emphasis of matters**

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

## Significant uncertainties

8. The municipality is the defendant in a number of civil lawsuits as disclosed in note 45 to the financial statements. The municipality is opposing these claims as it believes them to be invalid. The ultimate outcome of these matters was not determinable at year-end and no provision for any liability that may result was made in the financial statements.

## Restatement of corresponding figures

9. As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 30 June 2016 in the financial statements of the Newcastle municipality at, and for the year ended during the year ended, 30 June 2015.

## Material losses and impairments

10. As disclosed in note 59 to the financial statements, the municipality incurred material water losses of 15,21 million (2014-15: 14,15 million) kilolitres amounting to R38,94 million (2014-15: R35,23 million) as a result of technical distribution losses.
11. As disclosed in note 60 to the financial statements, the municipality incurred material electricity losses of 53,48 million (2014-15: 44,37 million) kilowatts amounting to R29,24 million (2014-15: R21,47 million) as a result of technical and non-technical distribution losses.
12. As disclosed in note 14 to the financial statements, the municipality provided for impairment of receivables amounting to R596,32 million (2014: R400,96 million) due to poor collection practices.

**Additional matter**

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

## Unaudited disclosure notes

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

### Report on other legal and regulatory requirements

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the infrastructure and service delivery development priority presented in the annual performance report of the municipality for the year ended 30 June 2016.
17. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
18. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
19. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. The material findings in respect of the selected development priority are as follows:

#### ***Infrastructure and service delivery***

Usefulness of reported performance information

Measurability of indicators and targets

Performance indicators not well defined and verifiable and targets not measurable

21. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and are easy to understand and use. Important indicators were not well defined.
22. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 23% of the indicators were not verifiable.

23. The measurability of 23% of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions, proper systems and processes, formal standard operating procedures and documented system descriptions.

#### Reliability of reported performance information

24. The FMPPI requires municipality's to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of important indicators.

#### **Additional matters**

25. I draw attention to the following matters:

#### Achievement of planned targets

26. The annual performance report on pages x to x includes information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs 21 to 24 of this report.

#### Adjustment of material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the infrastructure and service delivery development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

#### **Compliance with legislation**

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

#### Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

#### Procurement and contract management

30. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(j) of the MFMA and supply chain management (SCM) regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM

process, as required by SCM regulation 38(1).

#### Expenditure management

31. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
32. Reasonable steps were not taken to prevent irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

#### Asset management

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

#### Consequence management

34. Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

#### **Internal control**

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

#### Leadership

36. Oversight over financial and performance reporting as well as compliance with legislation, was inadequate, as the positions of the accounting officer and chief financial officer were vacant for majority of the year. Leadership was slow in responding to the filling of these key positions.

#### Financial and performance management

37. Management did not undertake adequate reviews of registers, reconciliations and schedules supporting amounts reported in the financial statements. Furthermore, management did not adequately prepare complete and accurate performance reports and monitor compliance with legislation due to key positions being vacant.

#### Governance

38. The risk assessment processes and reviews were not adequate to ensure that key financial, performance and compliance risks were mitigated and responded to in good time by management due to instability at senior management level.

**Other reports**

39. I draw attention to the following engagements that could potentially impact on the municipality's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

## Investigations

40. KwaZulu-Natal Provincial Treasury is performing five investigations which covered the period June 2013 to June 2015. The investigations were initiated based on allegations of irregularities in the procurement processes. These investigations are currently in progress.
41. The Legal Services Department at the municipality, at the request of the municipal council conducted an investigation relating to two suspended employees, which covered the period May 2015 to March 2016. The investigation was finalised in the current year and the employees have been re-instated.

Pietermaritzburg

30 November 2016



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## MANAGEMENT ACTION PLAN TO ADDRESS AUDITOR-GENERAL FINDINGS

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
<b>Emphasis of matters</b>				
8	<p><b>Significant uncertainties</b></p> <p>The municipality is the defendant in a number of civil lawsuits as disclosed in note 45 to the financial statements. The municipality is opposing these claims as it believes them to be invalid. The ultimate outcome of these matters was not determinable at year-end and no provision for any liability that may result was made in the financial statements.</p>	<p>Legal services unit will calculate the estimates based on pending civil lawsuits damages against the municipality in order make provision for liability in this regard, and then apply the same principle going forward.</p>	28 February 2017	Executive Manager: Legal Services
9	<p><b>Restatement of corresponding figures</b></p> <p>As disclosed in note 48 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 30 June 2016 in the financial statements of the Newcastle municipality at, and for the year ended during the year ended, 30 June 2015.</p>	<p>a) To perform review of asset register to ensure all classes if assets are carried at correct cost models in line with GRAP Standards</p> <p>b) To perform monthly review of all GL accounts in order to minimise errors</p>	<p>Monthly w.e.f 31 March 2017</p> <p>Monthly w.e.f 31 January 2017</p>	<p>Director: Budget and Financial Reporting</p> <p>Director:</p>

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		in the Annual Financial Statements		Budget and Financial Reporting
		c) To review and update the asset management policy and the accounting policies to ensure that and they are in line with GRAP Standards	31 March 2017	Director: Budget and Financial Reporting
<b>Material losses and impairment</b>				
10	As disclosed in note 59 to the financial statements, the municipality incurred material water losses of 15,21 million (2014-15: 14,15 million) kilolitres amounting to R38,94 million (2014-15: R35,23 million) as a result of technical distribution losses.	Meters need to be installed where they do not exist and faulty meters will be replaced.	30 June 2017	SED: Technical Services

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		Replacement of aged water reticulation infrastructure -AC pipe replacement (Asbestos cement pipe) project currently in progress with a budget of R13million	30 June 2017	SED: Technical Services
		To motivate for additional funding to replace the remaining aged water reticulation infrastructure in order to arrest the problem of technical water distribution losses holistically.	30 June 2017	SED: Technical Services

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
11	As disclosed in note 60 to the financial statements, the municipality incurred material electricity losses of 53,48 million (2014-15: 44,37 million) kilowatts amounting to R29,24 million (2014-15: R21,47 million) as a result of technical and non-technical distribution losses.	To install Meters where they do not exist and faulty meters will be replaced.	30 June 2017	SED: Technical Services
		To perform a reconciliation of meter reading towards ensuring that Meter reading is conducted on all installed electricity meters.	Immediately w.e.f 01 February 2016	Director: Financial Management Asha Haripersad
12	As disclosed in note 14 to the financial statements, the municipality provided for impairment of receivables amounting to R596,32 million (2014: R400,96 million) due to poor collection practices.	We are in the process of enhancing our debt collection process which includes:  (a) Installation of water restrictors in Madadeni and Osizweni (project already started in December 2016)	Already started	Director: Financial Management Asha Haripersad

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		(b) We had a drive in November 2016 in respect of employees owing the municipality and now 95% of all employees who are in arrears have a salary deduction.	01/02/2017	Director: Financial Management Asha Haripersad
		(c) Other measures include a credit control system which will be available from 01 February 2017 which will enable us to do perform our credit control processes more efficiently e.g. disconnection lists.	01/02/2017	Director: Financial Management Asha Haripersad
		(d) We will also be investigating a system in respect of the verification of indigents.	01/02/2017	Director: Financial Management

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
				Asha Haripersad
<b>Predetermined objectives</b>				
21	The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and are easy to understand and use. Important indicators were not well defined.	To review all KPI's to ensure that it comply with SMART principles and FMPPI.	31 March 2017	Manager : M & E

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
22	The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 23% of the indicators were not verifiable.	1. To obtain guidance from CoGTA and StatsSA on the use of Census information for reporting purposes	31 March 2017	Manager : M & E
		2. Departments to compile a listing of all serviced and un-serviced households for core services	30 June 2017	All relevant SED's
		3. KPI owners to implement PMS Checklist and ensure that controls are paper trailed for verification purposes	Ongoing (with effect 01 February 2017)	All KPI owners
23	The measurability of 23% of planned targets and indicators could not be assessed due to a lack of technical indicator descriptions, proper systems and processes, formal standard operating procedures and documented system descriptions.	Technical indicator descriptions, formal standard operating procedures and documented system descriptions will be compiled for the Revised SDBIP's 2016/17	30 June 2017	Manager : M & E and all KPI owners

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
24	The FMPPI requires municipality's to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of important indicators.	a) To obtain guidance from CoGTA and StatsSA on the use of Census information for reporting purposes	31 March 2017	Manager : M & E
		b) Departments to compile a listing of all serviced and un-serviced households for core services	30 June 2017	All relevant SED's
		c) KPI owners to implement PMS Checklist and ensure that controls are paper trailed for verification purposes	Ongoing (with effect 01 February 2017)	All KPI owners

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
27	<p><b>Adjustment of material misstatements</b></p> <p>I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for the infrastructure and service delivery development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.</p>	<p>KPI owners to ensure the accuracy of performance information and to evidence same accordingly.</p>	<p>Ongoing (with effect 01 February 2017)</p>	<p>All KPI owners</p>
<b>Compliance with legislation</b>				
29	<p><b>Annual financial statements</b></p> <p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements</p>	<p>a) To perform review and valuations to ensure that all assets are carried at the correct cost or valuation model in line with Standards of GRAP and the Asset Management Policy.</p> <p>b) Perform monthly reconciliations and timely review of all GL accounts by senior BTO management</p>	<p>30 June 2017</p> <p>31 January 2017</p>	<p>Director: Budget and Financial Reporting</p> <p>Director: Budget and Financial</p>

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
	receiving an unqualified audit opinion.			Reporting
		c) Regular capitalization of WIP in consultation with departments concerned (monthly basis)	28 February 2017	Director: Budget and Financial Reporting
		d) Perform completeness of intangible assets in all departments and accordingly update asset register.	31 March 2017	Director: Budget and Financial Reporting
		e) Ensure that all categories of debtors have been adequately provided for	30 June 2017	Director: Financial Accounting
		f) Implement the review control system to ensure that expenses and assets are identified at the requisition stage	31 January 2017	Director: Budget and Financial Reporting

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		g) Review all repairs and maintenance payments to ensure that assets are not expensed incorrectly.	31 March 2017	Director: Expenditure and Revenue Enhancement
		h) Recalculate the correct Vat Apportionment ratio and accordingly code the system to calculate Vat accurately.	31 December 2016	Director: Budget and Financial Reporting
		i) Process Vat adjustments as a result of the revised Vat Apportionment ratio, where necessary	28 February 2017	Director: Expenditure and Revenue Enhancement
		j) Maintain and review the list of commitments on a monthly basis that will clear separate between operational and capital commitments	28 February 2017	Director: SCM

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		k) Establish and monitor an effective year-end programme that will ensure early preparation of AFS and early submission to the Internal Audit and the Audit Committee.	14 May 2017	Director: Budget and Financial Reporting
30	<p><b>Procurement and contract management</b></p> <p>Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(j) of the MFMA and supply chain management (SCM) regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).</p>	<p>All the employees who have been found to be doing business with the state, will be reported accordingly and correspondence will be sent to them indicating that their services will be terminated. The system to identify these individuals is currently in place. Where the system has short comings, improvements will be implemented. Verification of these employees will be done at all levels of procurements before the service providers are appointed.</p>	31 March 2017	Director: SCM
<b>Expenditure Management</b>				
31	<p>Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.</p>	<p>A list of submitted invoices will be monitored continuously monitored. Follow up with the departments will be made to ensure that all their invoices are submitted to SCM to be included on</p>	31 March 2017	Director: SCM

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		the list of invoices.		
32	Reasonable steps were not taken to prevent irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.	The existing checklist for compliance will be reviewed, specifically to address the issues of irregular and fruitless and wasteful expenditure in order to ensure that these expenses do not recur.	31 March 2017	Director: SCM and Director: Budget and Financial Reporting
33	<b>Asset management</b>  An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	Perform monthly reconciliation and review of Asset Register to GL and financial statements	31 January 2017	Director: Budget and Financial Reporting
		Implements an effective system to capitalise WIP timeously	28 February 2017	Director: Budget and Financial Reporting
		Design an effective record keeping system of all asset management related documentation	28 February 2017	Director: Budget and Financial Reporting
		Ensure costs and valuation models of	31 June 2017	Director: Budget and

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
		all asset classes are in line with GRAP Standards		Financial Reporting
		Review Accounting Policies and the Asset Management policy in line with GRAP Standards	31 May 2017	Director: Budget and Financial Reporting
34	<p><b>Consequence management</b></p> <p>Irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.</p>	<p>From now going forward, Irregular and fruitless and wasteful expenditure incurred by the municipality will be investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA, starting with Irregular and fruitless and wasteful expenditure incurred by the municipality during 2015/16 financial year as disclosed in the 2015/16 Annual Financial Statements of the Municipality, and then take the necessary actions as per legislative requirement.</p>	30 June 2017	Municipal Manager

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
<b>Internal control</b>				
36	<p><b>Leadership</b></p> <p>Oversight over financial and performance reporting as well as compliance with legislation, was inadequate, as the positions of the accounting officer and chief financial officer were vacant for majority of the year. Leadership was slow in responding to the filling of these key positions.</p>	<p>The process of filling of vacant positions has started, of which the position of the Municipal Manager (Accounting Officer) has already been filled. The Municipality have advertised the positions, There is a process Plan in place for filling these position. Leadership shall endeavour to expedite the process of filling these vacant key positions.</p>	30 April 2017	Municipal Manager

Finding no	Audit Finding	Management Action plan	Target date	Responsible Official
37	<p><b>Financial and performance management</b></p> <p>Management did not undertake adequate reviews of registers, reconciliations and schedules supporting amounts reported in the financial statements. Furthermore, management did not adequately prepare complete and accurate performance reports and monitor compliance with legislation due to key positions being vacant.</p>	<p>To expedite the process of filling vacant key positions at senior management level.</p>	<p>30 April 2017</p>	<p>Municipal Manager</p>
38	<p><b>Governance</b></p> <p>The risk assessment processes and reviews were not adequate to ensure that key financial, performance and compliance risks were mitigated and responded to in good time by management due to instability at senior management level.</p>	<p>To expedite the process of filling vacant key positions at senior management level.</p>	<p>30 April 2017</p>	<p>Municipal Manager</p>

**CHAPTER 7****AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016.**

This report is submitted in terms of the provisions of sections 121 (3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 (“the MFMA”).

**MEMBERS**

Figure 4 Mr S Majola (Seated), Ms B Molefe (Seated), (Standing from left) Mr A Jordan . Mr L Quayle, Mr Madliwa

The following persons served as members of the Performance and Audit Committee for the year under review.

Mr. S Majola - Acting Chairperson

Ms. B Molefe

Mr. A Jordan

Mr. L Quayle

Mr. Madliwa

## OVERVIEW OF ACTIVITIES

The performance and audit committee held five formal meetings during the period covered in this report. The committee has therefore complied with the provisions of section 166(4) (b) of the MFMA which requires the Audit Committee to meet at least four times.

The following are standing invitees to Performance and Audit Committee meetings:

Representative from	Office of the Auditor-General (OA-G)
Municipal Manager (MM)	
Chief Financial Officer (CFO)	
Director / Manager	Internal Audit Service Provider
Senior Executive Directors	
Representatives from	Provincial Treasury and COGTA
Mayor	Newcastle Municipality
MPAC Chairperson	Newcastle Municipality

The following matters were dealt with at the meetings:

- Risk management controls implemented by the management were assessed
- The Internal audit plan for 2015/16 financial year was considered and approved;
- Internal audit reports were tabled in our meetings and they were discussed and approved;
- Attention was given to Council's Performance Management System.
- Implementation of the action plan to address the OA-G issues raised in the 2014/15 audit report was monitored by the committee
- Review of the Internal audit charter and audit committee charter;
- Review of the Annual Financial Statements for the year ended 30 June 2016.
- Review of the status of compliance with the Legislative Framework
- Review of the Risk Management policy and framework.
- Various other duties in line with S166 of the MFMA guided by Treasury Circular 65.

## REPORT

## **RISK MANAGEMENT**

Management updated the risk register on a quarterly basis up until the end of the financial year. Management must now continually monitor the implementation of the plans to address the risks identified within the agreed upon time limits.

## **INTERNAL CONTROLS**

The implementation and maintenance of proper systems of internal controls, risk management, the prevention of fraud and errors, safeguarding of the assets of the municipality and compliance with relevant laws and regulations, are the responsibility of management and Council. The role of the audit committee is to monitor the efficiency of the procedures and mechanism which management and Council have put in place in order to ensure that its policies and procedures are adhered to. Management must ensure that there is improvement in project management, performance reporting as well as record keeping. Management must also ensure that the financial resources allocated for projects are utilized adequately to improve the lives of the community.

## **INTERNAL AUDIT**

In executing its statutory duties as contained in section 166(2)(a) of the MFMA as well as its mandate as set out in the Performance and Audit Committee Charter, the Performance and Audit committee relies on the work done by internal audit.

In order to be able to rely on the work performed by internal audit, the audit committee has to satisfy itself on the quality and scope of work performed by internal audit that it is sufficient to be able to place necessary reliance thereon. Internal audit compiled an Internal Audit plan which was informed by the risk register and Auditor-General's report for 2014-15. This plan was approved by the Committee for execution and internal audit successfully executed this plan.

## **FIXED ASSET REGISTER COMPILATION**

The accounting and recognition of most infrastructural assets was incorrect in the previous financial year and this was one of the qualifying items on the OA-G's report in the 2014/15 financial year. During the 2015/16 financial year the municipality appointed a service provider to assist with the correct accounting and recognition of these infrastructural assets. One of the other challenges in this area is that the position of the Asset manager is vacant and therefore there is only an acting person occupying this role. It is recommended that:

- *The position of the asset manager be filled as a matter of urgency and this will ensure that*
- *Consultants appointed by the municipality to assist in this section can transfer skills to the Asset manager*
- *The asset register should be updated on a monthly basis*

## **FINANCIAL MANAGEMENT**

Monthly financial reports were submitted to Provincial and National Treasuries by management. Our main concern in this area is that the position of the Chief Financial Officer (CFO) has been vacant for a long time. Even though there is an incumbent acting in this role it should be noted that that individual acting also has other responsibilities relating to the job that he was appointed for and therefore it will be difficult for him to carry out the responsibilities of the CFO fully. Another concern is the increasing value of the debtors' book. This could result from the municipality's poor debtor's collection policy and it might also be caused by billing customers who are unable to pay. We recommend that:

- *The position of the CFO should be filled*
- *The municipality should consider updating the debtors collection policy*
- *The municipality should consider updating the valuation roll*
- *Indigent policy should also be updated*
- *Indigent register should be updated in line with the updated indigent policy*
- *Improve the collection of outstanding debt*
- *A plan to address the cashflow of the municipality be drawn up and approved by the council*
- *The council should monitor the implementation of this plan in all its meetings*

## **REVIEW OF THE ANNUAL FINANCIAL STATEMENTS**

Section 166 of the MFMA requires the audit committee to "review the Annual Financial Statements (AFS) to provide the council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this act, Generally Recognised Accounting Practices (GRAP), the annual Division of Revenue Act (DORA) and any other applicable legislation". For these purposes, the audit committee relies on the work performed by Internal Audit and the Auditor-General during its audit of the financial statements of the municipality. The committee reviewed the AFS and recommended a number of changes which management made an undertaking to update the AFS with those changes before submission to the OA-G.

## **PERFORMANCE MANAGEMENT**

The committee has many concerns in this area and these include

- One being the late submission of reports to the performance management section
- The fact performance assessments of senior managers for Mid-term and year-end for 2015-16 were not undertaken in compliance with the Municipal Systems Act (MSA)
- Portfolio of evidence files did not have records supporting the performance reported
- Inability to achieve the targets. This has negative results on the service delivery to the community.

In general there seems to be poor commitment to the PMS at the municipality. COGTA was requested to assist with this process however the overall responsibility still lies with the municipality. We recommend that:

- *The accounting officer should ensure compliance with the performance management framework on a monthly basis*
- *A formal plan with dates for the assessment of senior managers should be compiled and complied with*

#### **IMPROVEMENT IN THE AUDIT OPINION**

Management and Council are congratulated by the Committee for an improved external audit opinion. We believe that there is still room for improvement and we believe that a clean audit opinion can be achieved in the current financial period if:

- *Monthly reconciliations on the major accounts be undertaken*
- *Fixed asset register should be updated monthly*
- *Reconciliation of the leave balances should be compiled on monthly basis*
- *Interim Financial Statements should be compiled in January 2017 and audited by Internal Audit*

Also the Office of the Auditor-General has advised in the past that most municipalities who achieve a clean audit opinion have the following common characteristics:

- *Critical vacant positions are filled with competent personnel*
- *There is stability in both political and administrative leadership of the municipality*
- *Political leadership play their oversight role*
- *Management address all the issues raised by OA-G and issues raised by the internal auditors*
- *Monthly reconciliations of the financial records are compiled by the finance staff and reviewed by the chief financial officer.*
- *Amounts owed by debtors are collected*

The Committee therefore recommends that Management and Council addresses all the issues mentioned above to improve the chances of obtaining a clean audit opinion.

#### **CONCLUSION**

To this end the Committee pledges its support which goes beyond its duties charged per S166 of the MFMA, and commits to being a crucial part of the change management process at the municipality.

## CHAPTER 8

## ANNUAL REPORT OF THE MUNICIPAL ENTITY

The Annual Report of the Uthukela Water (Pty) Ltd is included as Appendix 6

## CHAPTER 9

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

OUTSTANDING DEBTORS PER CATEGORY			
	30 - 360 days	360 days +	Total
<b>Business</b>	16,900,966	36,367,836	53,268,802
<b>Councillors</b>	10,281	73,548	83,829
<b>Employees</b>	835,540	1,974,732	2,810,272
<b>Farms</b>	47,024	337,358	384,382
<b>Government</b>	1,882,255	8,959,680	10,841,935
<b>Individuals</b>	158,353,842	542,877,101	701,230,943
<b>Municipal</b>	126,344	243,040	369,384
<b>Other</b>	4,933,510	13,602,310	18,535,820
	183,089,762	604,435,605	787,525,367

The above analysis indicates that 76.75% of outstanding debt lies in the 360 days + category and the majority of the debt (89%) owing is in respect of individuals. This is outstanding debtors in respect of water, sewer and refuse in Madadeni and Osizweni where we do not have tight credit controls in place. We have implemented the following measures to try to reduce the outstanding debt:

- - Issuing letters of notice to all debtors focusing in Madadeni and Osizweni
- - Listing of all debtors as bad payers with the credit bureaus
- - Issuing of reminder sms in respect of outstanding amounts
- - Issuing of summons
- - Calling debtors in respect of outstanding

amounts

The above measures will however not result in a quick inflow of cash as it is a long process. The quickest method of increasing cash flows is implementing water restrictors in the Madadeni and Osizweni areas targeting the consumers who are able to pay but who are choosing not to pay their Municipal bills. This measure should be carried out ASAP in order for us to have effective credit control processes.

The payment factor of the Municipality was 79.48% for July 2016 which takes into account total billing vs receipts received for that particular month.

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

	<b>FULL YEAR TOTAL BUDGET</b>	<b>YEAR TO DATE ACTUAL</b>	<b>VARIANCE</b>	<b>% VARIANCE</b>
<b>PROPERTY RATES</b>	232,130,000	214,713,798	17,416,202	-8%
<b>SERVICE - ELECTRICITY</b>	651,707,938	633,318,173	18,389,765	-3%
<b>SERVICE - SEWERAGE</b>	96,142,976	76,453,626	19,689,350	-20%
<b>SERVICE - WATER</b>	172,646,453	150,375,794	22,270,659	-13%
<b>SERVICE- REFUSE</b>	77,963,559	54,603,194	23,360,365	-30%
<b>RENTAL</b>	7,918,135	7,918,136	1	0%
<b>INTEREST EARNED - EXTERNAL INVESTMENTS</b>	9,270,000	12,517,428	3,247,428	35%
<b>INTEREST EARNED -OUTSTANDING DEBTORS</b>	5,700,000	7,155,898	1,455,898	26%
<b>FINES</b>	5,205,647	5,205,647	-	0%
<b>LICENCES</b>	110	359	249	226%
<b>TRANSFERS RECOGNISED</b>	317,931,271	467,501,529	149,570,258	47%
<b>OTHER REVENUE</b>	16,085,631	17,291,427	1,205,796	7%
<b>TOTAL REVENUE</b>	<b>1,592,701,720</b>	<b>1,647,055,009</b>	<b>54,353,289</b>	<b>3%</b>



## CHAPTER 10

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

ALLOCATION & COMMITMENT SUMMARY			
Financial year	2015/16	2016/17	2017/18
Total MIG Allocation	110,705,000.00	115,266,000.00	122,104,000.00
Total Committed	110,705,000.00	109,214,000.00	122,104,000.00
Total Variance	0.00	6,052,000.00	0.00

		2015/16	2016/17	2017/18
Project Title (as per MIG 1 form)	Project Status	Total (Certified + Projected)	Total Projected	Total Projected
PMU		0.00	0.00	0.00
Osizweni E & F Waterborne Sewage (AFA) MIS 206908 (AFA) MIS 224706	Construction	0.00	0.00	4,935,000.00
Viljoenpark Bulk Services	Construction	8,520,281.76	0.00	0.00
Staffordhill Waterborne Sewage Phase 3	Construction	2,206,305.82	2,150,000.00	0.00
Mndoza Urban Roads and Stormwater	Construction	0.00	0.00	0.00
Madadeni-Johnstown Link Road (AFA) MIS 205719	Construction	0.00	0.00	0.00
Madadeni Roads and Stormwater Rehabilitation Phase 2	Construction	12,848,705.06	12,200,000.00	0.00

<b>Project Title (as per MIG 1 form)</b>	<b>Project Status</b>	<b>Total (Certified + Projected)</b>	<b>Total Projected</b>	<b>Total Projected</b>
Closure of Newcastle Landfill	Registered	0.00	0.00	5,100,000.00
Provision of Basic San Serv to Johnstown, Blaauwbosch and Craven	Construction	0.00	2,220,000.00	5,100,000.00
Water Conservation and Demand Management Programme	Construction	582,067.79	6,714,113.47	3,314,957.73
Upgrade of Madadeni Wastewater Treatment Works	Construction	0.00	15,395,053.00	13,890,513.25
Osizweni Urban Access Raods Phase 3	Construction	5,955,556.87	0.00	0.00
Provision of Basic Sanitation services to Normandien, Ingogo and Charlestown	Construction	51,621.96	8,164,833.53	1,800,000.00
KwaMathukuza Road and Stormwater plus Sidewalks	Construction	4,516,266.04	0.00	0.00
Construction of Sidewalks in Madadeni and Osizweni	Construction	958,357.97	2,100,000.00	3,000,000.00
Emergency Upgrade of Ngagane Water Purification Plant and Associated Infrastructure	Construction	550,479.24	12,510,000.00	16,620,083.17
Widening and Rehabilitation of Asiphephe Drive	Construction	20,479,081.14	10,630,000.00	11,670,000.00
Rehabilitation and Widening of Nelson Mandela Road (Madadeni)		0.00	0.00	0.00

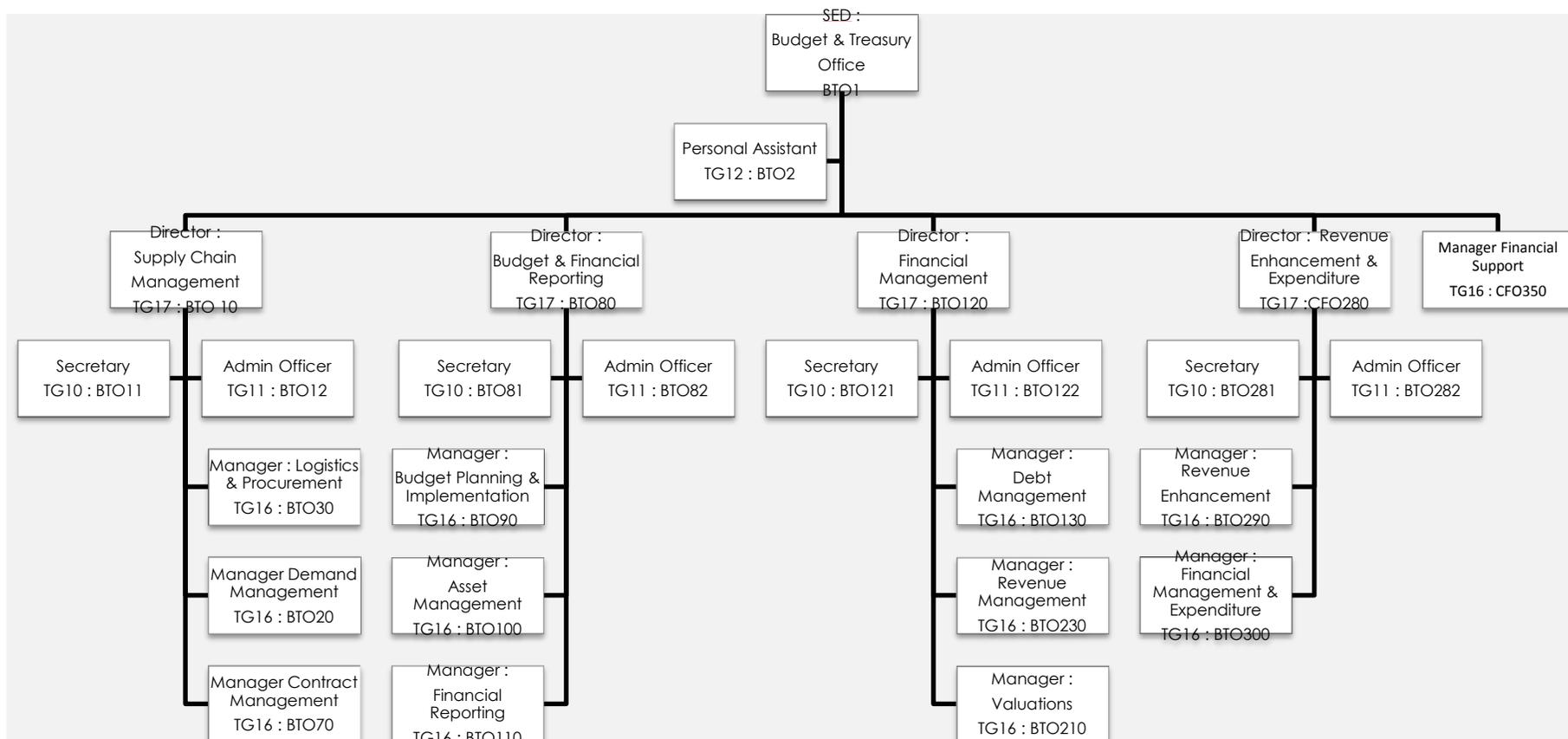
<b>Project Title (as per MIG 1 form)</b>	<b>Project Status</b>	<b>Total (Certified + Projected)</b>	<b>Total Projected</b>	<b>Total Projected</b>
Blaauwbosch Bulk Water Project	Design & Tender	5,035,220.93	8,100,000.00	17,525,000.00
Siyahlala IA Bulk Sewer	Construction	13,494,484.89	14,320,000.00	0.00
H39 Housing Project Bulk Infrastructure	Construction	3,764,390.15	6,920,000.00	0.00
Osizweni Urban Access Road Phase 4	Registered	5,681,089.26	0.00	0.00
Madadeni Urban Access Roads and Stormwater Phase 3	Registered	0.00	2,000,000.00	18,978,445.85
Construction of Charlestown Community Hall	Construction	5,507,716.39	0.00	0.00
Pipe Replacement and Upgrade Project	Design & Tender	3,676,455.33	0.00	20,170,000.00
Johstown, Blaauwbosch and Cavan (JBC) Hall and Fence	Construction	16,876,919.40	0.00	0.00
Charlestown Roads Construction	Registered	0.00	5,790,000.00	0.00
		0.00	0.00	0.00
		<b>110,705,000.00</b>	<b>109,214,000.00</b>	<b>122,104,000.00</b>

CHAPTER 10

DEPARTMENTAL HIGHLIGHTS 2015/16

BUDGET AND TREASURY OFFICE

Other content to be inserted



COMMUNITY SERVICES

Organogram

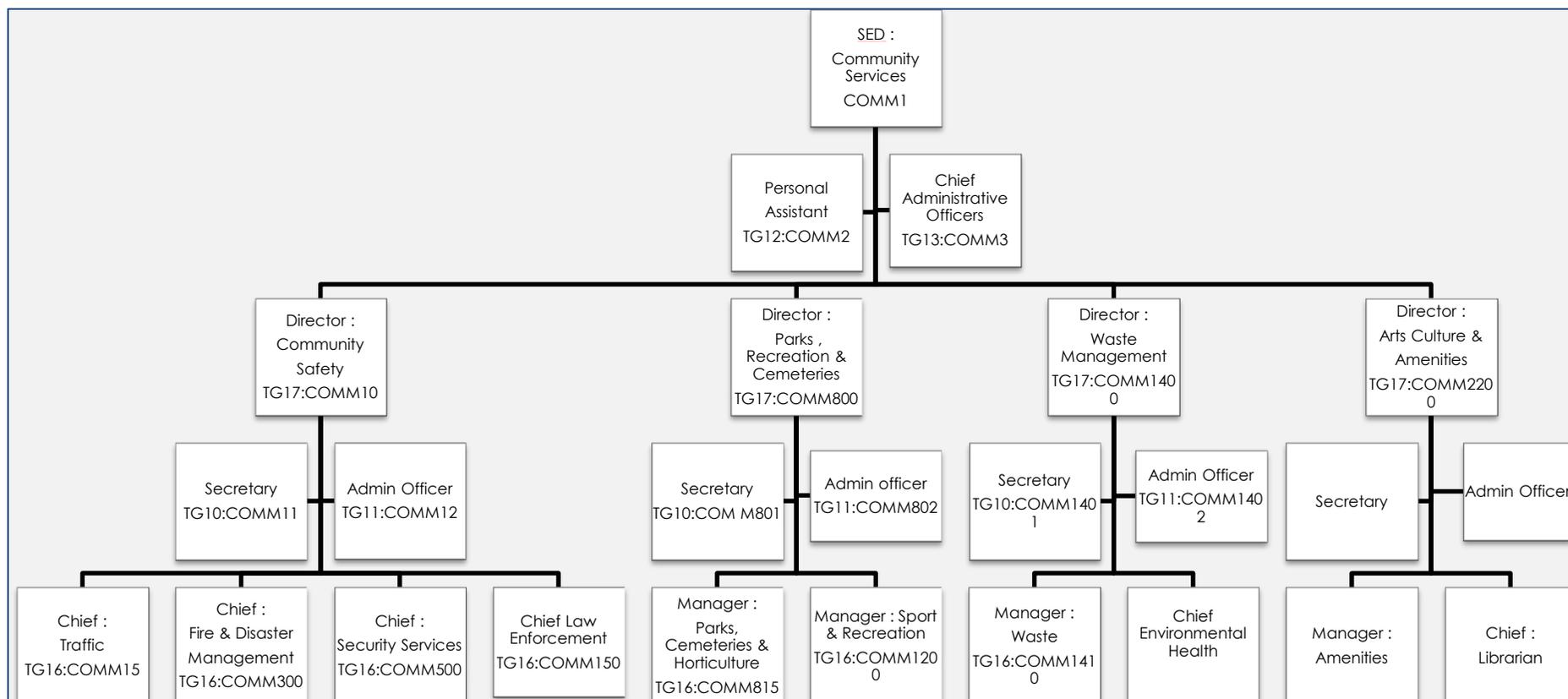


Figure 5: Community services organogram

<b>Waste Management Services -</b>	N. Swanepoel & T Kelly
<b>Environmental Health Services -</b>	S. Zuma
<b>Parks and Recreation -</b>	V. Govender
<b>Culture and Amenities -</b>	P. Niemand
<b>Fire and Disaster Management Services -</b>	N. Mpeko & S. Botha
<b>Traffic Management Services -</b>	A.K Anandhaw
<b>Security Management Services -</b>	P. Marais
<b>Administration -</b>	N. Moloko
	N. Mpanza

## Overview of Functions

### FIRE SERVICES AND DISASTER MANAGEMENT: 2015/2016

- Fire Compliance Prevention Inspection
- Fire Brigade Bylaw Enforcement
- Disaster management response and recovery
- Emergency Response Call outs
- Fire Prevention Awareness campaigns



**FIRE SERVICES – PERFORMANCE HIGHLIGHTS 2015/16- LDV & RESCUE EQUIPMENT**

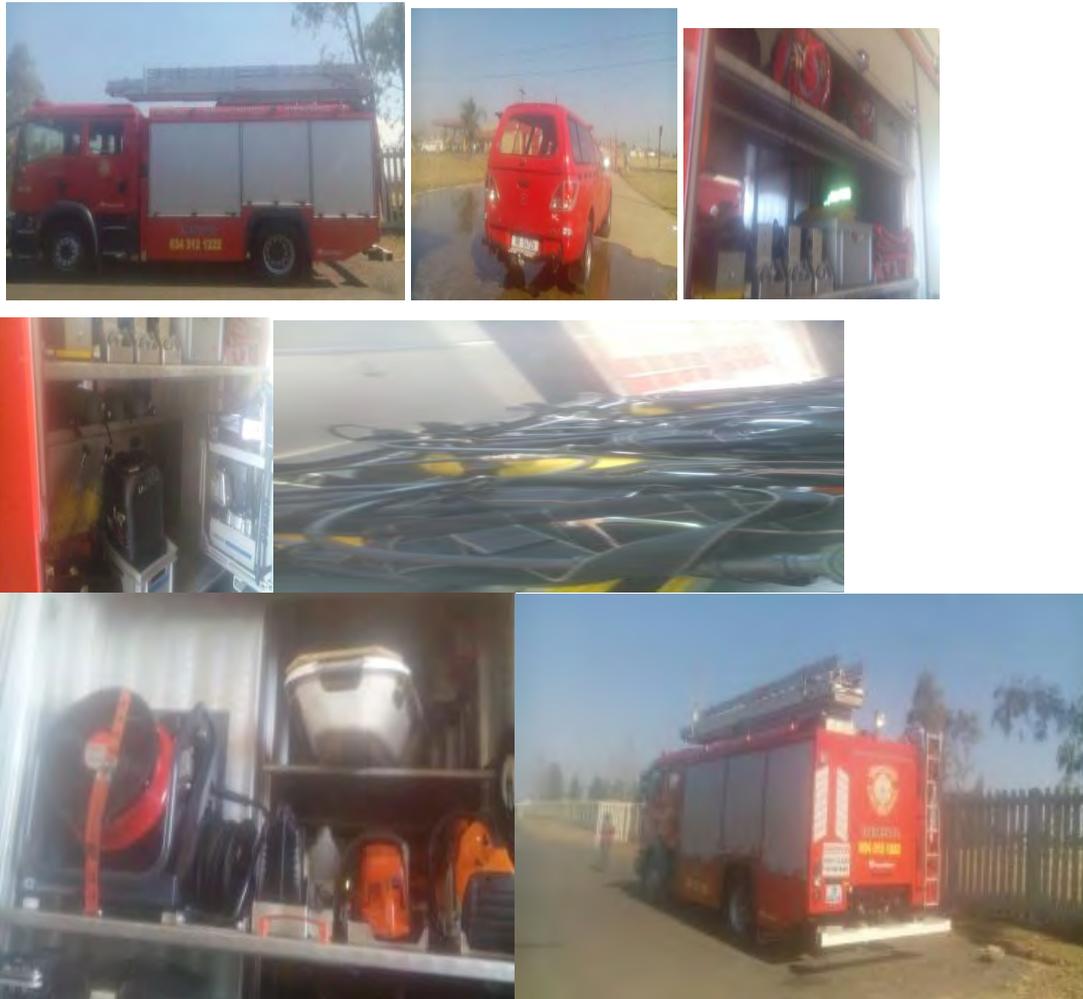


Figure 2: Performance Highlights

**FIRE SERVICES PERFORMANCE HIGHLIGHTS 2015/16 – MADADENI SATELIGHT OFFICES**



Figure 3: Performance Highlights

**FIRE SERVICES-PERFORMANCE HIGHLIGHTS 2015/16 SCHOOL CAMPAIGNS**



Figure 4: Performance Highlights

## ORGANOGRAM & OVERVIEW OF FUNCTIONS

### TRAFFIC MANAGEMENT: 2015/2016

- Law Enforcement
- Traffic Administration
- Roadblocks
- VIP Escorts and other
- Emergency Control Room Operations
- Scholar Patrols
- Road Safety Education

- Safety Awareness campaigns
- Crime prevention operations
- Traffic Control Duties



Figure 5: Performance Highlights

#### PERFORMANCE HIGHLIGHTS 2015/16 – ELECTRICAL POWER TOOLS TRAFFIC MANAGEMENT



Figure 6: Performance Highlights

#### PERFORMANCE HIGHLIGHTS 2015/16 – DIGITAL MOBILE RADIOS FOR TRAFFIC AND FIRE

The radios are an advancement in technology whereby we migrated from analog to digital radios. It improves communication between traffic and fire officers with the control room operators which is also a lifeline for their safety back Parks uses the communication radios



### Organogram & Overview of functions

#### WASTE MANAGEMENT: 2015/2016

- Domestic Refuse collection
- Business refuse collection
- Environmental awareness
- Landfill
- Street cleaning & litter picking



**WASTE MANAGEMENT-PERFORMANCE HIGHLIGHTS 2015/16 – FLEET & BULK CONTAINERS**



**WASTE MANAGEMENT- PERFORMANCE HIGHLIGHTS 2015/2016 CAMPAIGNS**





## Organogram & Overview of functions

### SECURITY SERVICES: 2015/2016

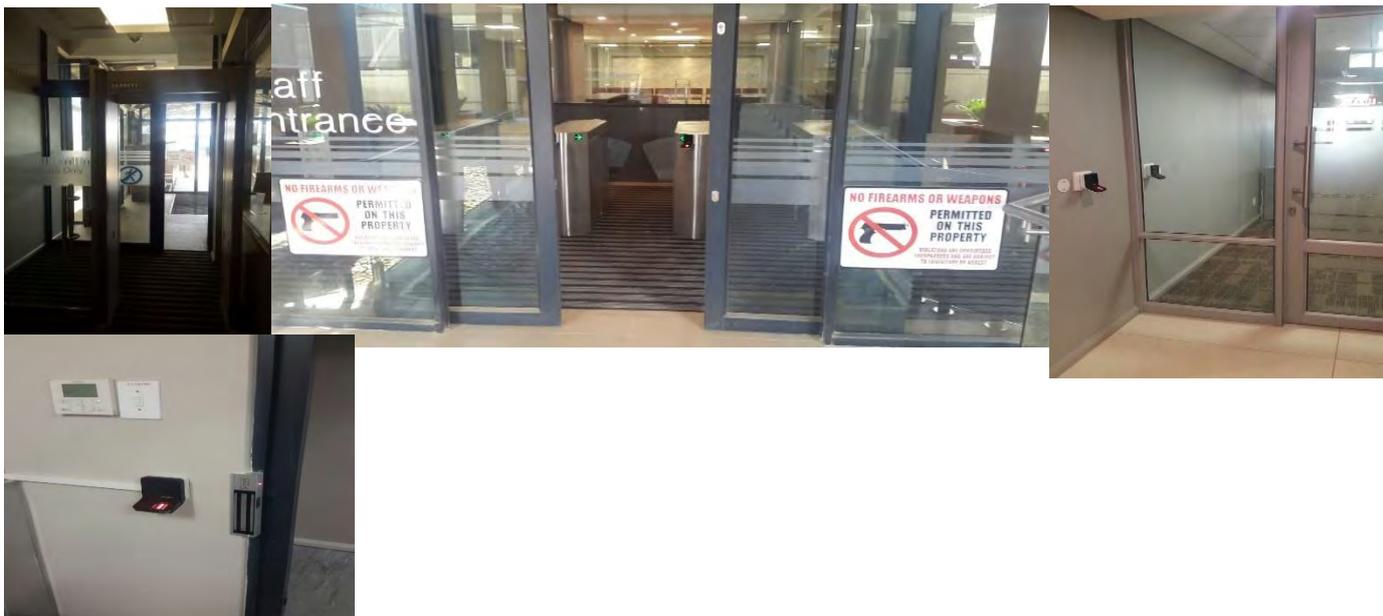
- Guarding Services
- Armed Response



- Special Events Security
- VIP Protection
- CCTV control room operations
- Intervention operations

### PERFORMANCE HIGHLIGHTS 2015/16 – SECURITY SERVICES

#### ELECTRONIC ACCESS CONTROL @ THE NEW TOWER BLOCK



**PERFORMANCE HIGHLIGHTS 2015/16 – SECURITY SERVICE FENCING OF PROTECTION SERVICES**



**ORGANOGRAM & OVERVIEW FUNCTIONS**

**ENVIRONMENTAL HEALTH SERVICES: SERVICE DELIVERY HIGHLIGHTS 2015/2016**

- Environmental Health services
- Public Ablution facilities
- Animal Pounding functions
- Health Legislation compliance inspections
- Addressing Public Complaints
- Vector control services

**PERFORMANCE HIGHLIGHTS 2015/16 – ENVIRONMENTAL HEALTH SERVICES  
LOCKERS FOR STAFF**



## PERFORMANCE HIGHLIGHTS 2015/16 – ENVIRONMENTAL HEALTH SERVICES

### INSTALLATION OF ELECTRICITY AT BUS AND TAXI RANK

The purpose for installing electricity at the bus and taxi rank is to ensure compliance and provision of the following:



- Safety to the community at the rank area in the morning and to those using bus and taxi transport in the evening

- Health, Safety and Security of municipal staff especially during winter season – when cleaning the rank early before sunrise and in the evening.

- To improve the standards and to ensure that those ablution facilities are in par with the newly build ablution blocks



## PERFORMANCE HIGHLIGHTS 2015/16 – ENVIRONMENTAL HEALTH SERVICES

### AWARENESS HEALTH CAMPAIGNS /WORKSHOPS



- The purpose of these workshops is to sensitize and educate informal traders on:
  - Food hygiene.
  - To reduce incidents of food poisoning within the informal sector
  - To capacitate formal food businesses on food related matters
  - Indicate required compliance in regard to food legislation



#### **CULTURE AND AMENITIES 2015/2016**

- Library services
  - To provide the information required by the customer;
  - To set, implement and monitor service standards in the library in order to achieve customer satisfaction.
- Amenities/ Halls
  - To maintain the condition of Council facilities for public use
- Arts and culture
  - The collection and preservation of art works
- Museums
  - Preservation and collection of information pertaining to history of the region



**PERFORMANCE HIGHLIGHTS 2015/16 – CULTURE AND AMENITIES****FORT AMIEL ABLUTION FACILITIES**

An amount of R620,000 was budgeted for in the 2015/2016 financial year for the ablution facilities at Fort Amiel Museum. The project was awarded to Nobongile Business Enterprise in the amount of R613,000. The construction of the ablution facilities commenced on 05 April 2016 and completion date will be end August 2016.

**PERFORMANCE HIGHLIGHTS 2015/16 – CULTURE AND AMENITIES****REPLACEMENT OF VEHICLE: HALLS**

Provision was made on the 2015/2016 financial year for a new vehicle for the halls. A Ford Transitor Panel delivery vehicle was purchased for the halls. The vehicle will be utilised for the delivery of staff as well as cleaning material to halls and tables and chairs to halls when required.



## PERFORMANCE HIGHLIGHTS 2015/16 – CULTURE AND AMENITIES

### CONSTRUCTION OF JBC AND CHARLESTOWN HALLS

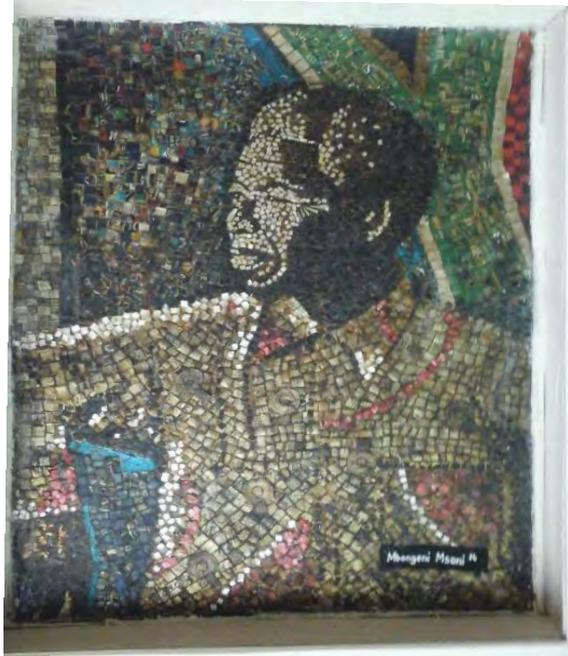
Provision was made on the 2015/2016 financial year for the construction of two new halls at JBC and Charlestown Halls. Construction commenced and will be completed in the 2016/2017 financial year.



### Charlestown Hall

**PERFORMANCE HIGHLIGHTS 2015/16 – CULTURE AND AMENITIES**

- Two artworks were purchased from artists Mbongeni Msani : “Madiba Portrait” for R12 000 and Vusi Zwane for R3 800.
- Mbongeni’s artwork was purchased due to its significance in educating public about our National Heritage. Vusi Zwane ‘s artwork is educating society to care about environment and animals.



Vusi Zwane Portrait

Madiba Portrait

## Fencing

Provision was made on the 2015/2016 financial year for the purpose of fencing the following facilities within the Directorate: Arts, Culture and Amenities:

Fort Amiel Museum R417 000.00

Fairleigh Library R414 760.00

Lennoxton Library R370 000.00

The purpose of the projects was to replace deteriorated fencing in order to safeguard Council property and provide secure facilities to the Community of Newcastle. All three projects were completed during 2015/2016.



**Fort Amiel Museum**

**Fairleigh Library and Hall**

**Lennoxton Library**

### Air-conditioning Units

Provision in the amount of R464 592.00 was made to replace obsolete air-conditioning units at the Fairleigh, Lennoxton, Newcastle, Madadeni and Osizweni Libraries. The project was completed, providing a conducive environment for both staff and users of the various libraries.



### PARKS RECREATION AND CEMETERIES: 2015/2016

- Play Parks -recreational
- Parks and Gardens grass/tree cutting/ maintenance
- Sports Grounds and Sporting Facilities rugby, soccer, squash, cricket, netball, hockey ,tennis ,bowls, athletics scuba diving, karate and golf
- Recreational facilities – Pools- swimming
- Caravan Park-camping facilities
- Dams - fishing
- Cemetery Facilities- burials



**Fencing Arbor Park Sports Field**



**Fairleigh Grounds Change Rooms**



**Upgrade of uMzamo Sports Field**

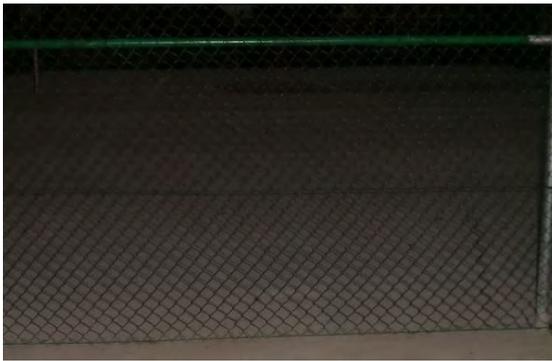


### Osizweni Cricket Oval

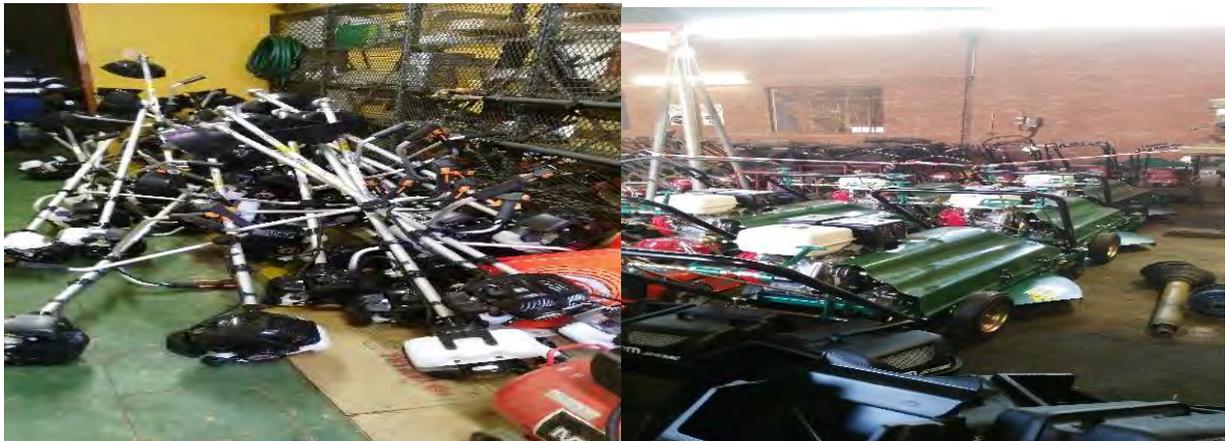


### Upgrade of Ingagane Sports Field





### Purchase of Machinery and Equipment



### Upgrade of Newcastle Swimming pool



### Swimming Pool Safety Equipment



### Phelindaba Swimming Pool



### Ferrum Pool Piping



### 30 Communication Radios



### Upgrade of Newcastle Cemetery



### ADHOC DELIVERABLES NOT COVERED IN SDBIP's

### Institute of Waste Management Conference 24-25 May 2016



The Institute of Waste Management is waste management body which partners all bodies from waste management industry.



The conference is a platform for best practices.

### ADHOC DELIVERABLES NOT COVERED IN SDBIP

#### Intergovernmental Relations- Hibiscus Municipality



Newcastle municipality was visited by the Hibiscus Municipality during 2015/16 financial year.



The purpose of the visit was for sharing of information and knowledge on best municipality practices between the two councils.

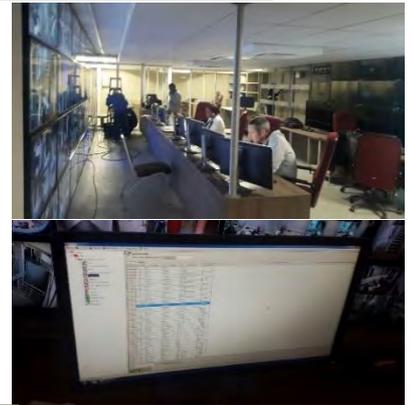
### Additional City Surveillance Cameras in Newcastle CBD Areas



### CCTV Camera Room



Fully fleshed CCTV Camera room  
at Newcastle new Tower Block  
functional as of June 2016



**Mandela day cleanup campaign at the  
taxi rank**



Newcastle Municipality Community Safety together with Community Services Standing Portfolio Chair Clr NP Kunene, Community Safety Admin Personnel, Fire Services and the Taxi Intervention Unit initiated a cleanup campaign at the taxi rank as a pledge to commemorate Nelson Mandela Day in July 2015.

Newcastle Municipality Community Safety provided refuse bags and protective gloves to all involved.



New cultural exhibition on KhoiSan people at Fort Amiel namely "First Peoples of Newcastle"



## School visits and tours to museum



## Participation at Amajuba Rainbow Show event at Osizweni Arts Centre



## Library Programmes

Outreach Programmes for 2015/2016 included visits to the library from pre-schools. The Madadeni and Osizweni Libraries concentrated on early childhood development, through nurturing a love of books and reading from a very young age. Pre-schools attended library orientation sessions, where children were introduced to the library environment, books, storytelling, as well as creative activities.



**Issuing of traffic fines:** Traffic Management division issued **9525** traffic fines in 2015/16. The actual revenue of **R4, 723,498.00** was billed and collected from these fines by end of June 2016.



**Innovative service delivery achievements towards municipal excellence**

The traffic section introduced a color coded, watermarked type of rank permit.

Each of the five taxi associations were issued with its own color. The permits have certain distinguishing marks which does not allow anybody to clone/ fraudulently reproduce these documents.



This helped to curb taxi related violence,

improve access control to the taxi rank and indicate to law enforcers which are the fully compliant and or legal taxis operating in the area.

COGTA has actually recognized this as one of the unique methods of the taxi management plan and tabled it so that all other areas can adopt it to overcome their challenges pertaining to taxi wars.

In September 2015 the Carnegie Art Gallery curated the Cultural Diversity/Image of Umzansi exhibition to celebrate Heritage month showcasing the creativity of the people of KZN, Eastern Cape and Limpopo. The aim of the exhibition was to educate the public about the diverse cultures, history and heritage. The valuable items on exhibition was borrowed from AMAFA- KwaZulu Natal Museum, Fort Amiel and Newcastle local individuals. The exhibition was well received by the public, as well as tourists.



## Parks

- The utilization of farmers to cut open spaces.
- The introduction of an electronic grave and burial system
- The formation of a cemetery maintenance team
- The repair and maintenance (in-house) of grass cutting machinery and equipment

## Service Delivery Challenges experienced and interventions implemented to resolve these Challenges – Fire Services

CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> <li>• Inadequate personnel especially for fire prevention and Disaster Management</li> </ul>	<ul style="list-style-type: none"> <li>• Capacitation of the proposed Fire Services organogram</li> </ul>
<ul style="list-style-type: none"> <li>• Lack of proper storage facility for DM stock</li> </ul>	<ul style="list-style-type: none"> <li>• Budget for the storage should be allocated in 1718 financial year</li> </ul>
<ul style="list-style-type: none"> <li>• No proper system for capturing and analyzing all emergency incidents</li> </ul>	<ul style="list-style-type: none"> <li>• System needs to be upgraded</li> </ul>
<ul style="list-style-type: none"> <li>• Late payment to suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Administrative issues which required require MM intervention</li> </ul>

### Service Delivery Challenges experienced and interventions implemented to resolve these Challenges-Waste Mgt.

CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> <li>Insufficient Drivers for number of new trucks purchased</li> </ul>	<ul style="list-style-type: none"> <li>MM and HR to approve Waste Management to use acting drivers</li> </ul>
<ul style="list-style-type: none"> <li>Insufficient permanent employees and vacant positions not filled</li> </ul>	<ul style="list-style-type: none"> <li>Use EPWP workers to bridge the gap</li> </ul>
<ul style="list-style-type: none"> <li>Insufficient overtime budget</li> </ul>	<ul style="list-style-type: none"> <li>Use EPWP workers to bridge the gap</li> </ul>
<ul style="list-style-type: none"> <li>Shortage of staff to compose at the landfill site.</li> <li>The department is required to save space at the landfill site to prolong life span of the existing landfill site</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of at least 10</li> <li>Approached Dpt of DTI in KZN to provide funding for MRF since couldn't fund this facility in 2016/17</li> </ul>

### Service Delivery Challenges experienced and interventions implemented to resolve these Challenges –Security Services

CHALLENGES	SOLUTION
<ul style="list-style-type: none"> <li>Shortage of Staff. Security officials are refusing to comply with duty roaster</li> </ul>	<ul style="list-style-type: none"> <li>Manco to intervene on execution of a 4 shift system.</li> </ul>
<ul style="list-style-type: none"> <li>Filling of critical vacancies</li> </ul>	<ul style="list-style-type: none"> <li>Fill Divisional Officers posts in order to enable Chief Security Officer to focus on Managing the section and take leave when required</li> </ul>
<ul style="list-style-type: none"> <li>By Pass of Access Control System</li> </ul>	<ul style="list-style-type: none"> <li>Chief Security to establish Standard Operational Procedure for utilization of ACS. Any contravention thereof, corrective measures should be taken</li> </ul>

### Service Delivery Challenges experienced and interventions implemented to resolve these Challenges-Environmental Health

CHALLENGES	SOLUTION
<ul style="list-style-type: none"> <li>Insufficient funding for sampling of foodstuffs</li> </ul>	<ul style="list-style-type: none"> <li>Provision of additional funding required</li> </ul>
<ul style="list-style-type: none"> <li>Unavailability of an accredited laboratory in Newcastle for Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Provision of funding to establish this facility</li> </ul>
<ul style="list-style-type: none"> <li>Shortage of Staff and non-filling of vacant positions</li> </ul>	<ul style="list-style-type: none"> <li>Filling of vacant and funded positions.</li> </ul>
<ul style="list-style-type: none"> <li>Low staff moral due to the outcomes of the task grade system</li> </ul>	<ul style="list-style-type: none"> <li>Expedite conclusion of the Task System</li> </ul>

**Service Delivery Challenges experienced and interventions implemented to resolve these Challenges-Traffic Management**

CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> <li>Unfilled vacancies and shortage of staff. The approved structure does not address the shortage gap of staff the division is currently faced with.</li> </ul>	<ul style="list-style-type: none"> <li>Filling of vacant vacancies. Review of the structure in the next two to three years as the current reduced structure does not do any justice to the required services from Traffic Management</li> </ul>
<ul style="list-style-type: none"> <li>Lack of technologically advanced law enforcement equipment</li> </ul>	<ul style="list-style-type: none"> <li>upgrade the existing equipment</li> </ul>
<ul style="list-style-type: none"> <li>Lack of a parking management service.</li> </ul>	<ul style="list-style-type: none"> <li>SCM processes to be expedited in the first term of 1617 and the service should be implemented by the end of 1617</li> </ul>

**Service Delivery Challenges experienced and interventions implemented to resolve these Challenges-Culture & Amenities**

CHALLENGES	INTERVENTIONS IMPLEMENTED
<ul style="list-style-type: none"> <li>No vehicle available to visit rural/remote areas for projects such as obtaining oral history etc</li> </ul>	<ul style="list-style-type: none"> <li>To purchase a double cab LDV for the museum &amp; art gallery to perform its mandate in the rural and township areas</li> </ul>

<ul style="list-style-type: none"> <li>Lack of security at the Carnegie Art Gallery &amp; Fort Amiel Museum</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of security guards</li> </ul>
<ul style="list-style-type: none"> <li>Shortage of space for storage, exhibition and work space for staff at Fort Amiel Museum</li> </ul>	<ul style="list-style-type: none"> <li>Rezoning of land towards the west of the museum. To apply for funding to construct various buildings, et. Storage, offices, workspace, exhibitions and ablution facilities</li> </ul>
<ul style="list-style-type: none"> <li>Lack of museum facilities &amp; services in previously disadvantaged areas</li> </ul>	<ul style="list-style-type: none"> <li>To apply for funding in order to purchase the Maharaj House and mount an exhibition at Blaauwbosch Primary School</li> </ul>
<ul style="list-style-type: none"> <li>Shortage of staff at the Art Gallery</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of additional staff</li> </ul>
CHALLENGES	INTERVENTIONS IMPLEMENTED
<ul style="list-style-type: none"> <li>No vehicle available to visit rural/remote areas for projects such as obtaining oral history etc.</li> </ul>	<ul style="list-style-type: none"> <li>To purchase a double cab LDV for the museum &amp; art gallery to perform its mandate in the rural and township areas</li> </ul>
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**Service Delivery Challenges experienced and interventions implemented to resolve these Challenges-Parks and Cemetery**

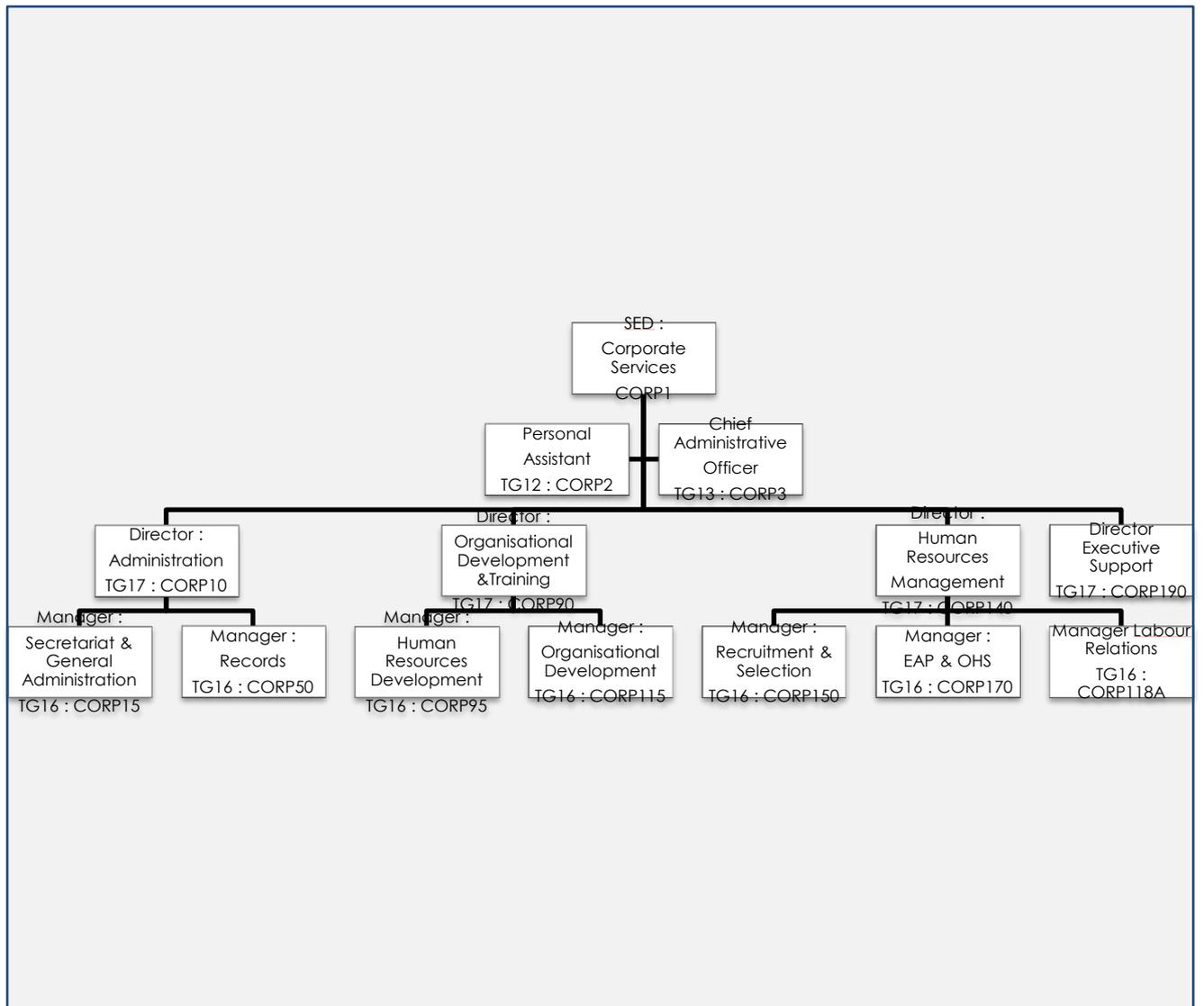
CHALLENGES	SOLUTIONS
<ul style="list-style-type: none"> <li>Vast span of area</li> </ul>	<ul style="list-style-type: none"> <li>Use Community Based Contractors</li> </ul>

<ul style="list-style-type: none"> <li>• Staff facilities such as a depot and toilets</li> </ul>	<ul style="list-style-type: none"> <li>• Funding required for establishment of these facilities</li> </ul>
<ul style="list-style-type: none"> <li>• Inadequate budget for operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Additional funding required in order to render minimum required services from Parks and Cemeteries section</li> </ul>

### CONCLUDING REMARKS

Between 2011 and 2016, the department was allocated more than R25 Million for procurement of fleet because community services department is the heart of local government service delivery. There many activities within the department which are not within the so-called normal duties yet the department renders them efficiently = together we can do more.

## CORPORATE SERVICES



## OVERVIEW OF FUNCTIONS

UNIT	
<b>Administration</b>	<p>The section has a Director, 1 Manager, an Assistant Manager and 5 supervisors.</p> <ul style="list-style-type: none"> <li>➤ Secretariat</li> <li>➤ Building and Maintenance</li> <li>➤ Printing</li> <li>➤ Registry and Records</li> </ul>

UNIT	
	<ul style="list-style-type: none"> <li>➤ Switchboard.</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>➤ Recruitment &amp; Selection</li> <li>➤ Leave Management</li> <li>➤ Exit Management</li> <li>➤ Administering Employees Benefits</li> <li>➤ Long Services Awards</li> <li>➤ HR Administration</li> <li>➤ Employee Wellness (EAP)</li> <li>➤ Labour Relations</li> </ul>
<b>HRD, Workstudy &amp; LR</b>	<p><b>HRD</b></p> <ul style="list-style-type: none"> <li>➤ Coordinating of Job Evaluation workshops to the entire organization.</li> <li>➤ Consultation with departments for restructuring of the organogram.</li> <li>➤ Coordinating of the skills audit along with SANCAA Connection.</li> <li>➤ Compilation of Job Descriptions for all employees.</li> <li>➤ Completion of TASK Job Evaluation process.</li> <li>➤ Implementation of TASK Job Evaluation results for all employees within Newcastle Municipality.</li> <li>➤ The Human Resources Development Unit draws its mandate from the Constitution, Municipal Systems Act, Skills Development Act, Skills Development Levies Act, National Skills Development Strategy and Intergrated Development Plan (IDP) of the Municipality.</li> </ul>
	<p><b>WORKSTUDY</b></p> <ul style="list-style-type: none"> <li>➤ Compilation of Job Descriptions.</li> <li>➤ Structural reviews</li> <li>➤ Verification of qualification requirements</li> <li>➤ Compilation of Job Descriptions.</li> </ul> <p><b>LABOUR RELATIONS</b></p> <ul style="list-style-type: none"> <li>➤ Department to provide</li> </ul>

**ADMINISTRATION PERFORMANCE HIGHLIGHTS****Building and Maintenance**

- The department has budgeted R74 3000 000, 00 for the Tower block building and the building is towards its completion.

**Records Management**

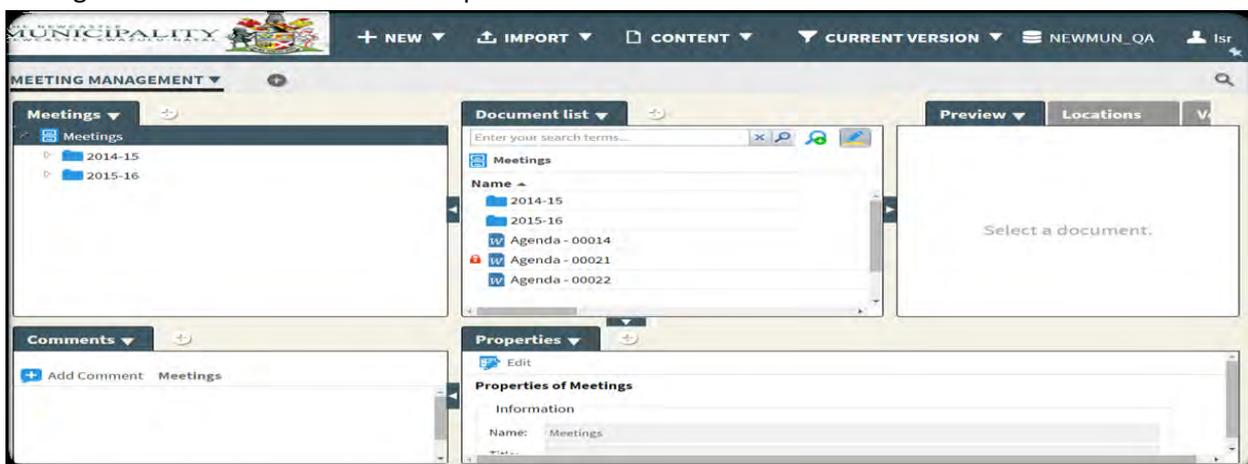
- The Administration Directorate has appointed Electronic Document and Records Management Consultant to implement Documentum D2. This is to enhance proper management of documents and records electronically within the municipality to mitigate audit queries.



**ADHOC deliverables not covered in SDBIP**

### **Learning visits by the office of the Premier**

- The Municipality welcomed office of the Premier for a learning visit on paperless environment project and good governance. The main focus of the visit was on the meeting management module which will be implemented via Documentum D2



### **HUMAN RESOURCES PERFORMANCE HIGHLIGHTS**

- A total of 10 employees from employment equity target groups were appointed on the three highest levels of management only two employees were appointed during the 2015/2016 financial year.
- Recruitment and Selection Section provided adequate human capital through the filling of 561 EPWP positions during the 2015/2016 financial year.
- Recruitment and Selection Section during the 2015/2016 financial year was able to appoint 142 contract workers into permanent positions.
- A total of 93 employees were assisted through the Employee Assistance Programme.

### **ADHOC DELIVERABLES – HUMAN RESOURCES**

- Recruitment and Selection Section embarked on verification of Municipal staff. The project was completed successfully and assisted in cleaning out the VIP system.
- Recruitment and Selection Section hosted 25 years Long Service Awards.
- A total of 86 employees received long service pay-outs.
- One wellness day event was conducted in the month of September by EAP.
- There were 55 Exits in total within the 2015/2016 financial year.
- There were 55 Exits in total within the 2015/2016 financial year.
- Total number of 16 disciplinary cases conducted held.
- Total number of 2 suspension hearings conducted held.
- Total number of 16 Local Labour Forum Meetings held.
- Total number of 5 sub-committee meetings held.

### **HRD, WORKSTUDY & LABOUR RELATIONS PERFORMANCE HIGHLIGHTS**

1. The Human Resources Development (HRD) Division in line with its mandate of capacity building and in implementing the Workplace Skills Plan 2015/16 was able to enrol 920 employees across Departments on skills development programmes that are aimed at sharpening their skills, career development and multi-skilling with an objective to improve service delivery. The following are some of the highlights of HRD Unit for 2015/16 financial year:
  - Assisted 6 council employees to be trade tested and become qualified artisan electricians as part of our contribution to the National Programme “Decade of the Artisan”
  - Currently enrolled 15 employees with Newcastle Training Centre for Artisan Development Programme in Electrical, bricklaying, plumbing and motor mechanic.
  - Trained 100 employees on basic and advanced computer training.
  - Assisted over 100 employees to acquire drivers licenses
  - Trained 15 artisan assistants in Basic Electrical course

#### ADHOC deliverables not covered in SDBIP

As part of our community outreach programme, we have taken the following initiatives to assist the youth of Newcastle with relevant skills, knowledge and experience that will enable them to be attractive and fit for the labour market:

- Facilitated the placement of over 500 (N6 graduates) from Majuba FET College for purposes of work-intergrated learning in the public and private sector (LGSETA funded initiative)
- Facilitated the placement of 80 (N6 graduate)s in the Municipality

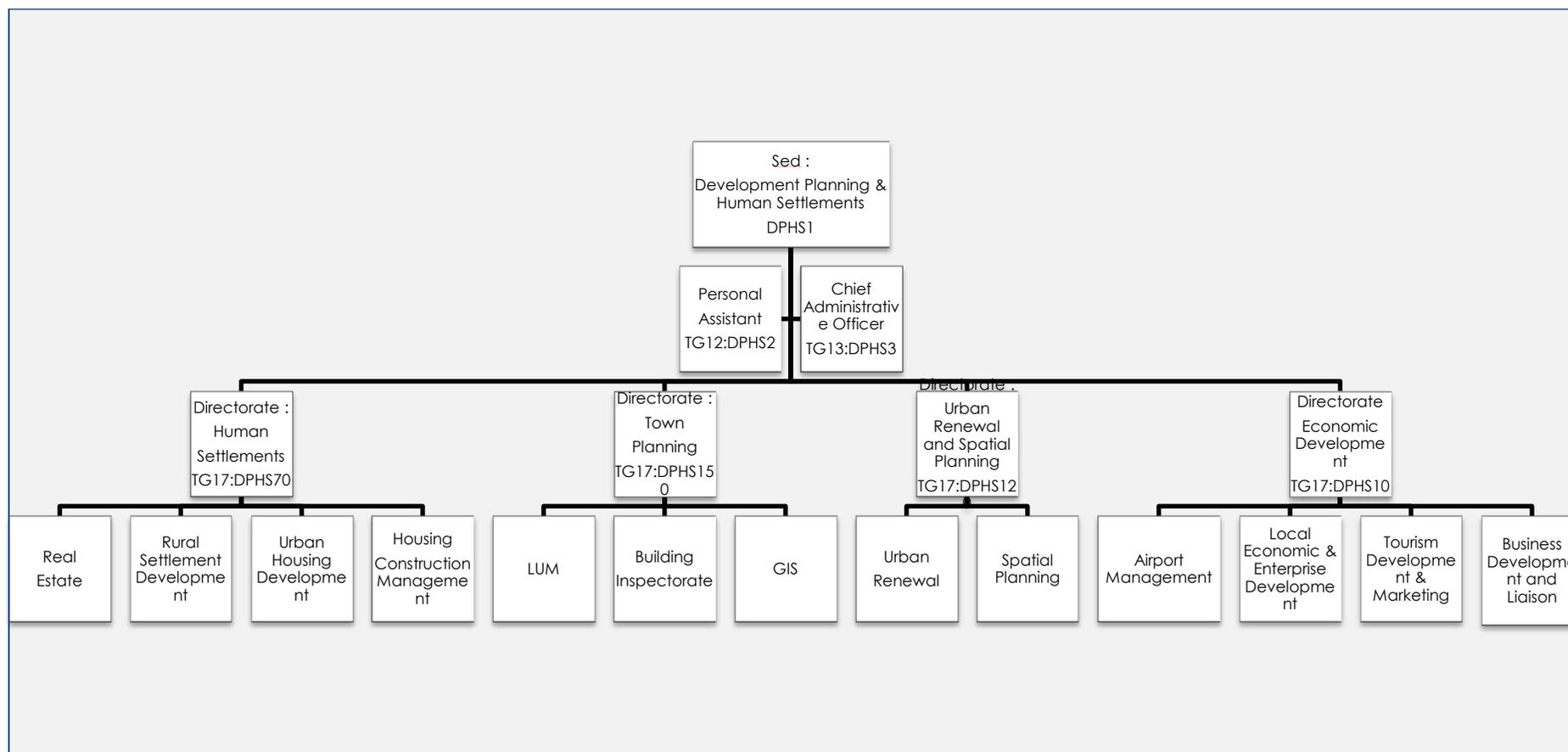
#### CHALLENGES AND INTERVENTIONS IN THE CORPORATE SERVICES DEPARTMENT

PROJECT OR AREA	CHALLENGE	INTERVENTION
<b>Administration</b>	1. Department to provide challenges	➤ Department to submit
<b>Human Resources</b>	1. Some departments still do not adhere to the process applicable to the filling of vacancies and the Standard Operating Procedures. 2. Acting Allowances and Memorandums are directly sent to the Municipal Manager	➤ HR embarked on the reviewing of policies (Acting policy, Leave policy, Employment practice policy and Overtime policy). The policies are on the approval stage, this was done in order to ensure that the current

	<p>without comments from Human Resources.</p> <p>Departments appoint employees on an acting capacity without following proper procedures.</p> <ol style="list-style-type: none"> <li>3. Departments are doing alterations to Job Descriptions without consulting the Work Study Unit.</li> <li>4. Panel Members don't possess necessary skills to do Selection process, they need to be trained.</li> <li>5. Employees in HR are given responsibilities that are far beyond their expertise and level.</li> <li>6. Implementation of job evaluation outcomes.</li> <li>7. Interference of organised labour on HR functions.</li> <li>8. Departments do not follow line of command when communicating with HR.</li> <li>9. Shortage of staff, no Assistant Personnel Officers. Personnel Officers find themselves doing the work of Senior Personnel Officer, Manager: Personnel, as well as Assistant Personnel Officers and Admin Officer.</li> <li>10. Non filling of HR critical vacancies.</li> <li>11. New VIP System was bought but it is not user friendly when it comes to generating of reports.</li> <li>12. Shortage of Equipment (Stationary).</li> <li>13. Questions still leaking out and revealing of information after interviews.</li> <li>14. Staff Planning (Budget).</li> <li>15. There is no scientific division of labour among personnel officers hence overload and inefficiency in delivering services to departments.</li> </ol>	<p>policy gaps are closed and also to comply with the recent amendments on the Labour Relations Act.</p> <p>➤ Contract workers policy and dress code policy was developed and they are both in the approval stage.</p>
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	<p>16. HR still struggles to get order numbers in time to submit to the suppliers for advertisement and other goods needed.</p> <p>17. Employees on daily basis do consultation that hinders personnel officers to do their administration.</p> <p>18. Pension fund keeps sending employees letters that demand medical reports and X-Ray reports of which they were submitted long time ago to the pension fund. Employees on daily basis visit HR for copies and faxing.</p> <p>19. System is not in place for the previous Financial Year in order to capture leave.</p> <p>20. Leave is therefore been captured manually.</p> <p>21. Leave books/forms are not submitted in time which makes calculation of balances inaccurate.</p> <p>22. Shortage of staff in LR, unit only has one permanent staff member: an Administration Officer (LR).</p> <p>23. Budget of the unit is still under Legal Services Unit.</p> <p>24. Shortage of working tools (EAP).</p> <p>25. Poor attendance to EAP information sessions.</p> <p>26. No full recognition and support of EAP as a unit.</p>	
PROJECT OR AREA	CHALLENGE	INTERVENTION
HRD, Work-study & LR	1. Strikes were imminent as the news of re-engineering was brought to them.	1. Department to insert the comment

DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS



### **VISION**

Economically vibrant, sustainable human settlements and trend setting forward planning City.

### **MISSION**

To be dynamic in shaping the municipal spatial structure and development growth to support the creation of a City which is economically sustainable and improves the

Residents' quality of life and local environment.

### **DEPARMENTAL STRATEGIC SERVICE DELIVERY OBJECTIVES**

- To ensure that the Municipality can attract development by unlocking and facilitating the processes land and economic development in a municipal area;
  
- To facilitate delivery of sustainable and integrated human settlements and manage efficiently and effectively construction of housing projects;
- To provide a service to the residence, developers and property owners which is efficient and effective and continues to reduce the turnaround time of the approval processes for land use applications, building inspectorate, advertising and manage enforcement aspects relating to these;
- To provide ready access to accurate and reliable strategic and spatial (GIS) information to inform development planning and decision-making in the municipal area.

### **Overview of functions: DP&HS**

Development Planning and Human Settlements is the department that is responsible for all planning and development decisions that are related to the jurisdiction of Newcastle Municipality.

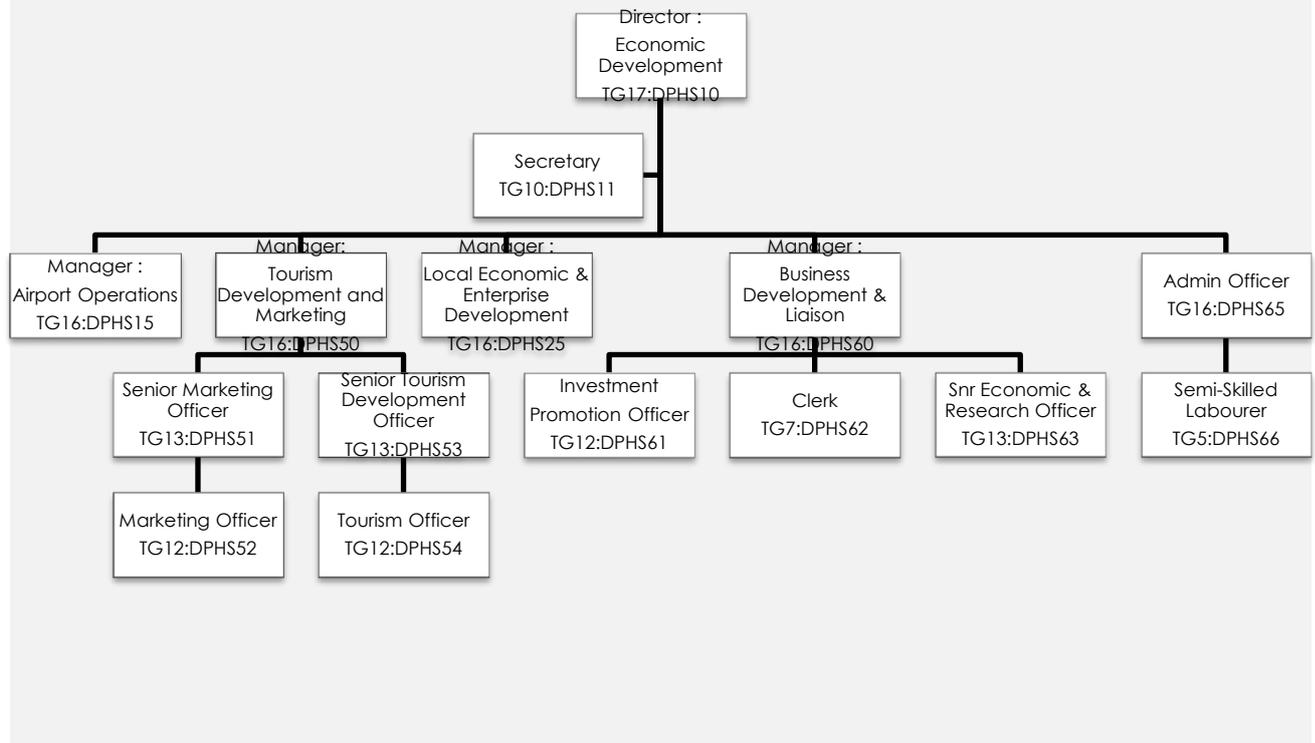
**The Department is comprised of four functional directorates:**

- 1) Town Planning (TP)
- 2) Human Settlements, known as Housing & Land (H&L) 3) Economic Development (ED)
- 4) Urban Renewal Programme and Special Projects (URP&SP)

**The core functions of this department includes the following:**

- Responsible for planning functions from the preparation of development plans to developing long term strategies and ensuring that those plans are economically, environmentally and socially sustainable
- Processing of land use management, advertising and building development applications.
- Promoting economic development and investment in to the town with the intention to alleviate poverty and create jobs by implementing various programs including the promotion of tourism within Newcastle.
- Ensuring provision of sustainable Habitable Human Settlements to the communities of Newcastle though a range of national housing programs.
- Administration of the municipal immovable property and managing the processes of disposal of municipal land and the acquisition of land required for housing development.
- Management of municipal rental stock.
- Providing GIS services to the organization.

**DP&HS Organogram**



## URBAN RENEWAL PROGRAMME & SPECIAL PROJECTS DIRECTORATE

### OBJECTIVES OF THE DIRECTORATE

#### Special Projects-

Facilitate the establishment of a hierarchy of higher order services and facilities that impact on the regional, city, and local levels – e.g. Satellite University, Transportation Infrastructure, Social Service precincts, etc.

#### Urban Renewal Interventions

- Identify zones of decay or gaps in service delivery and devise a systematic, coordinated approach in alleviating service backlogs - Reinforcing coordinated planning and development through the Spirit of Working with and Through others (Planning to reclaim its central role in guiding development)

- Creating development networks outside the department, with internal and external stakeholders for funding of development—including international funders and other partnerships  
Touching the communities' lives through integrated efforts with e.g. Dept. of Education, police, Department of Social Dept., Environmental Affairs, Dept. of Economic Dept. in addressing ills faced by communities
- Creating well designed, aesthetic pleasing urban precincts in strategic nodal areas in both formal and informal township areas
- Developing strategic linkages along arterial, collector, distributor and access roads entry points and improving movement spaces to be physically and aesthetically appealing
- Establish a Community Economic Development Vehicle- empower communities to contribute, establish income generators for employment income enhancement
- **Servicing of Portion 1 of Erf 782 Schainshoogte (Coronation Road) - R11 million** – The department successfully completed the project towards servicing of 39 residential stands which will contribute to city compaction and the widening of the revenue base of the municipality.
- **JBC Urban Hub Precinct Plan (Blaaubosch)** – This is a Central Business District for the JBC area. It will be serviced with the requisite service infrastructure (i.e. roads and storm water drainage, sewerage, electricity etc. and pieces of land will be made available for public and private sector investment. The objective is to bring services, facilities and employment opportunities within easy reach of communities. The municipality is working with National Treasury's NDPG.
- **Construction of New Mzamo High School – R37 million** – the old school has been decommissioned due to the danger posed by undermining below the school. Pupils are learning in mobile classrooms and the school will be completed in February 2017 where teaching and learning will be conducted in a safe and healthy environment. This is a partnership between the municipality, COGTA and Department of Education.
- **Blaaubosch Youth Centre – R25 million** – The project is complete and will offer training services to the local youth and incorporates an Early Childhood Learning Centre.

#### PERFORMANCE HIGHLIGHTS 2015/16

- **Servicing of Portion 1 of Erf 782 Schainshoogte (Coronation Road) - R11 million** – The department successfully completed the project towards servicing of 39 residential stands which will contribute to city compaction and the widening of the revenue base of the municipality.
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### Servicing of Portion 1 of Erf 782 Schainshoogte (Coronation Road) -R11 million

- Reduction of urban sprawl (leap-frog development) through compaction
- Contribution to housing-backlog eradication
- Expansion of municipal rates base.
- The stands have now been advertised for sale

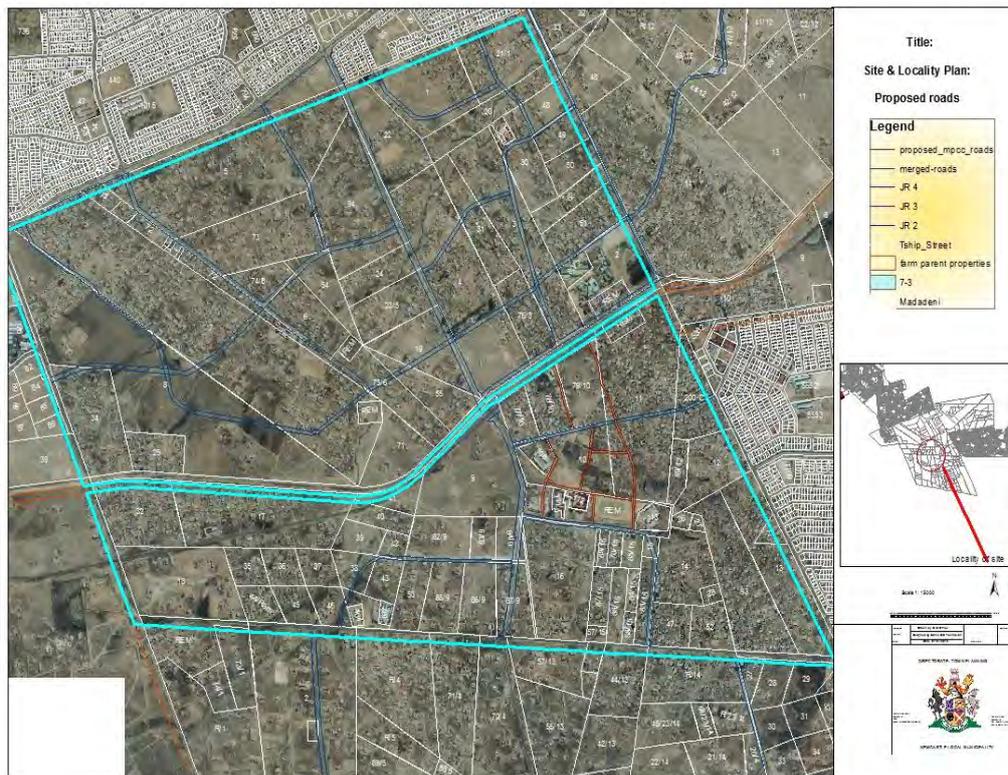


Figure 6

### JBC Node before 2015

### Blaauwbosch before Detailed Planning

- There was no integrated, sustainable, detailed planning
- Planning was piece-meal, incremental (adding on bit by bit over time)



**Figure 7**

Plan designates specific land uses in orderly manner

- System of public spaces
- Land uses such as:
  - retail,
  - recreation,
  - offices,
  - banking,
  - community facilities
  - government services,
  - hospitality/tourism,
  - leisure
  - high density housing



**Figure 8**

- ❖ **National Treasury to fund provision services at the Node and facilitate development of anchor projects**

#### **New Mzamo High School – R37 million**

Department of Education in partnership with municipality, community, DMR and COGTA

- School to provide safe teaching and learning environment
- New school to facilitate mine closure
- Opening January 2017



**Figure 9**

#### **Blaaubosch Youth Centre – R 25 million**

- Department of Social Development in partnership with municipality
- Training facility for youth

- Early childhood learning centre



Figure 5



Figure 6

### Adhoc deliverables not covered in SDBIP

#### Facilitating the establishment of a University in Newcastle

The department initiated engagement with Mangosuthu University of Technology to assist the municipality on the broad steps and options available towards the establishment of a university in Newcastle. Council rendered the support and gave the go ahead to seek help towards the establishment of a higher order educational institution in the town. Negotiations are still underway save that Mangosuthu University of Technology has been delayed by their own internal processes.

#### Service Delivery Challenges experienced and interventions implemented to resolve these Challenges

CHALLENGE	INTERVENTION INSTITUTED
Grant funding conditions on expenditure not met	Negotiations entered into with National Treasury to avoid loss of funding
Inadequate budget for street-lighting due to migration to expensive LED fixtures	Negotiations entered into with National Treasury to address shortfall and project allowed to proceed
NDP-funded taxi ranks not in use	Request for municipal funds for improvements required by Taxi Associations not successful due to budgetary constraints
Community disruption of projects	Community development facilitators intervened to

	resolve problems
--	------------------

### Concluding remarks

- Bringing change to communities requires interdepartmental cooperation which has improved significantly and needs to be nurtured.
- Bringing change to communities requires funding which departments need to work together not only to find more funding sources but collaborate in speeding up project implementation to open funding pipelines
- There is a need for relevant stakeholders to understand the implications for conditional grant funding in order to avoid actions that may lead to loss of grant funding.

### TOWN PLANNING DIRECTORATE

#### MISSION:

*To achieve a coherent spatial structure that facilitates consistent and sustainable growth and development.*

#### OVERVIEW OF FUNCTIONS:

Spatial Planning: This unit is responsible for maintaining and trend-setting forward planning of the town. It thrives on seeing big dreams of the municipality coming to fruition.

Land Use Management: This unit is about bolt and nuts of the municipality, it's responsible for returning order and ambience to the municipality. Its functions better when the municipality is focused on development markets and responds to development with certainty and confidence.

Building Inspectorate: The building sections ensures that the structures used for commercial, industrial and human habitation are structural sound.

Geographic Information Systems: Is responsible for management of data which has geographical/non-geographical reference. Currently both internal and external data users have access to our system through internet or intranet.

### PERFORMANCE HIGHLIGHTS 2015/16 SDBIP INDICATOR: SPATIAL PLANNING

Approval of the minor review of the Spatial Development Framework (SDF) and ultimate submission of the same to Cooperative Government as part of the IDP.

Some of the issues the SDF addresses:

- Direction for future investment;
- Areas where population density must be intensified;
- Interventions to enhance economic infrastructure;
- Interventions to redress spatial fragmentation and promote restitching the spatial fiber in the municipality;

- Programmers to deliver Newcastle as a city within the time horizon specified in the IDP vision.

### PERFORMANCE HIGHLIGHTS 2015/16 SDBIP INDICATOR: SOUL CITY LOCAL AREA PLAN

Approval of the minor review of the Soul City Local Area Plan

Some of the issues addressed in the review:

- Designed layout plan for the area;
- Demarcate where infrastructure services can occur in the area;
- Gave raise to preparedness of the area to be formalized through planning processes;
- Provision of social facilities distinctive to the settlement



Figure 8

### PERFORMANCE HIGHLIGHTS 2015/16 SDBIP INDICATOR: SPATIAL PLANNING CONT...

Completion of the Geotechnical Investigation for the Rivers meet Cemetery;  
 Studies found that the site is unsuitable for cemetery purposes;  
 Based on these results the site is now being tested for structural stability of buildings with primary focus to establish housing; development and these results are expected during 2016/17 Financial Year.

### AD HOC DELIVERABLES: SPATIAL PLANNING



Figure 10



Figure 11

### 1. Actualized the Environmental Management Framework (EMF)

Some of the issues addressed:

Used the EMF viewers to evaluate environmental needs for planning and development applications submitted to the municipality



Figure 12

### 2. Completion of the Traffic & Transportation Study

Some of the issues addressed:

- Classification of the road hierarchy for the entire municipal area;
- Proposed new transportation projects aimed at enhancing the municipal transportation network;
- Prioritize which Roads Council must direct sizable investment on

### PERFORMANCE HIGHLIGHTS 2015/16 SDBIP INDICATOR: LAND USE MANAGEMENT

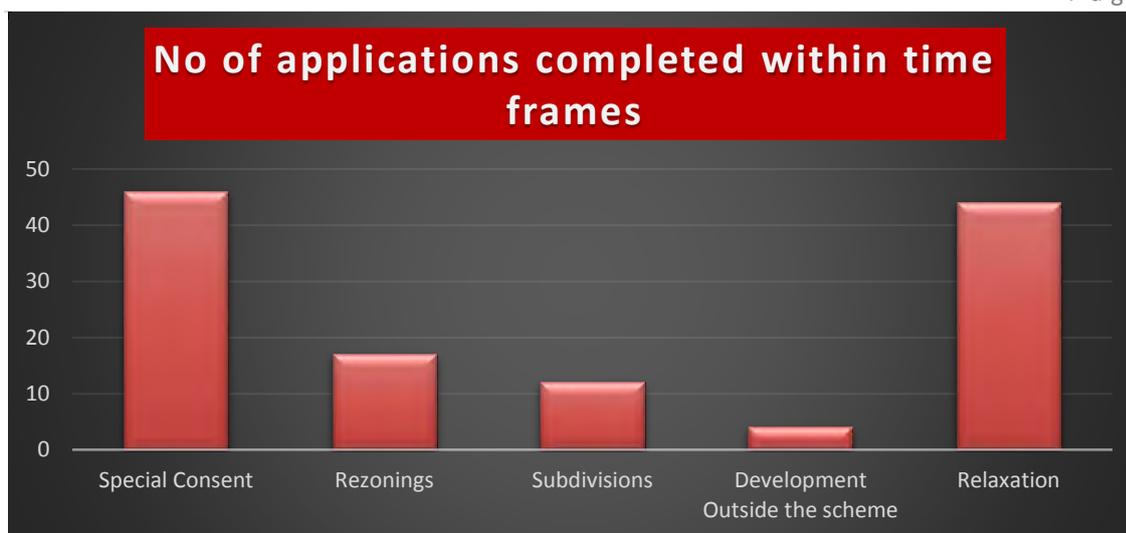


Figure 13

#### PERFORMANCE HIGHLIGHTS 2015/16 SDBIP INDICATOR: LAND USE MANAGEMENT

##### Finalized the Rural Planning Scheme in line with Spatial Planning and Land Use Management Act.

Some of the objectives of the Rural Scheme:

- To provide the uniform type of land use structure;
- Coordinate land resource adequately;
- Formalize settlements with an intension to provide infrastructural services optimally;
- Allow for preservation of the traditional type of the certain rural settlements

#### AD HOC & INNOVATIVE DELIVERABLES TO RESOLVE PROBLEMS: LAND USE MANAGEMENT

##### Internal initiatives & project

Subdivisions/consolidation for worship purposes	8 properties made available for disposal
Newcastle Place Naming Policy	Approved by the Municipality
Industrial sites identification in Osizweni	1 finalized and 3 pending
Unauthorized land uses survey	Completed and relevant notices issued
Erf R/1 Newcastle for Med clinic Helipad	Approved
Illegal advertising signs removed	1028 advertising signs removed
Revenue generated from Advertising	R 43 340

PERFORMANCE HIGHLIGHTS 2015/16 SDBIP INDICATOR: BUILDING INSPECTORATE

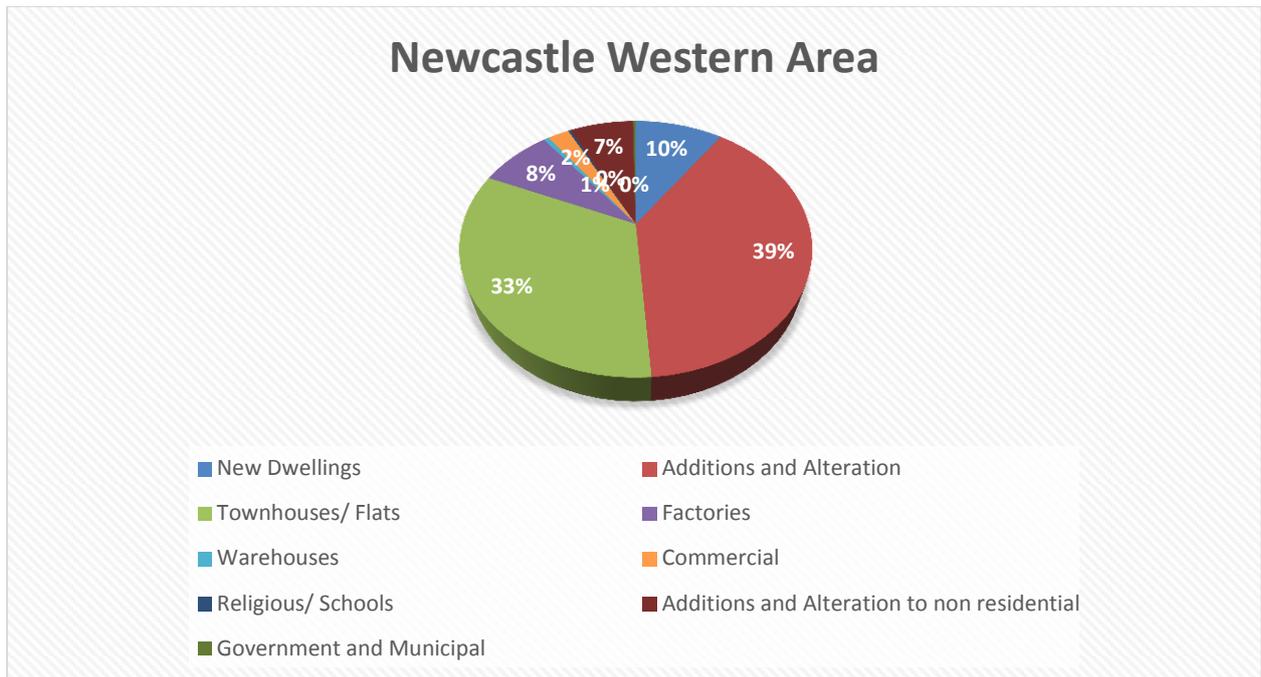


Figure 15

TOTAL PROSPECTED VALUE BASED ON SUBMITTED PLANS BY MONTH



Figure 16

**SOME OF THE BUILDINGS CONSTRUCTED IN THE 2015/16**

Figure 17



Figure 18

**SOME OF THE BUILDINGS PASSED****AUDI CAR DEALERSHIP AND THE SASOL PETROL FILLING STATION****INNOVATIVE INITIATIVE AIMED AT RESOLVING PROBLEMS: 38 AYLIFF STREET**

Investigative report on the collapsed building where fatality occurred. The report concluded by recommending that the rest of the building be demolished since structural stability could not be ascertained.

**PERFORMANCE HIGHLIGHTS 2015/16 SDBIP DELIVERABLE: GIS**

Application Type	Erf No.	Progress Made
Rezoning	R/1294 Newcastle	Cadastral Updated
Rezoning	Erf 2774 Osizweni	Cadastral Updated
Subdivision	Erf 2936 Newcastle	Cadastral Updated
Consolidation, Subdivision and Rezoning	Erf 12022 Newcastle	Cadastral Updated
Rezoning	Erf 3988 Newcastle	Cadastral Updated
Rezoning	Erf 2784 Newcastle	Cadastral Updated
Subdivision	Erf 9799 Madadeni A	Cadastral Updated

<b>Rezoning</b>	Erf 1/667 Newcastle	Cadastral Updated
<b>Rezoning</b>	Erf R/1/623 Newcastle	Cadastral Updated
<b>Rezoning</b>	Erf 8960 Newcastle	Cadastral Updated

**PERFORMANCE HIGHLIGHTS 2015/16 SDBIP DELIVERABLE: GIS**

<b>Land Use</b>	<b>Erf No.</b>	<b>Progress Made</b>
<b>Additional Dwelling Unit</b>	Erf 4/13618 Newcastle	Cadastral Updated
<b>Bed and Breakfast</b>	Erf 10706 Newcastle	Cadastral Updated
<b>Special Industrial Building</b>	Erf 14814 Newcastle	Cadastral Updated
<b>Educational Building</b>	Erf 30/4/787	Cadastral Updated
<b>Betting Depot</b>	Erf 15472 Newcastle	Cadastral Updated
<b>Tuck Shop</b>	Erf 5909 Newcastle	Cadastral Updated
<b>Tuck Shop</b>	Erf 1116 Madadeni F	Cadastral Updated
<b>Tuck Shop</b>	Erf 5909 Ncandu Park	Cadastral Updated
<b>Granny Flat</b>	Erf 4800 Newcastle	Cadastral Updated
<b>Tuckshop</b>	Erf 2032 Madadeni F	Cadastral Updated
<b>Granny Flat</b>	Erf 8083 Newcastle	Cadastral Updated

PERFORMANCE HIGHLIGHTS 2015/16 SDBIP KPI: GEOGRAPHIC INFORMATION SYSTEM

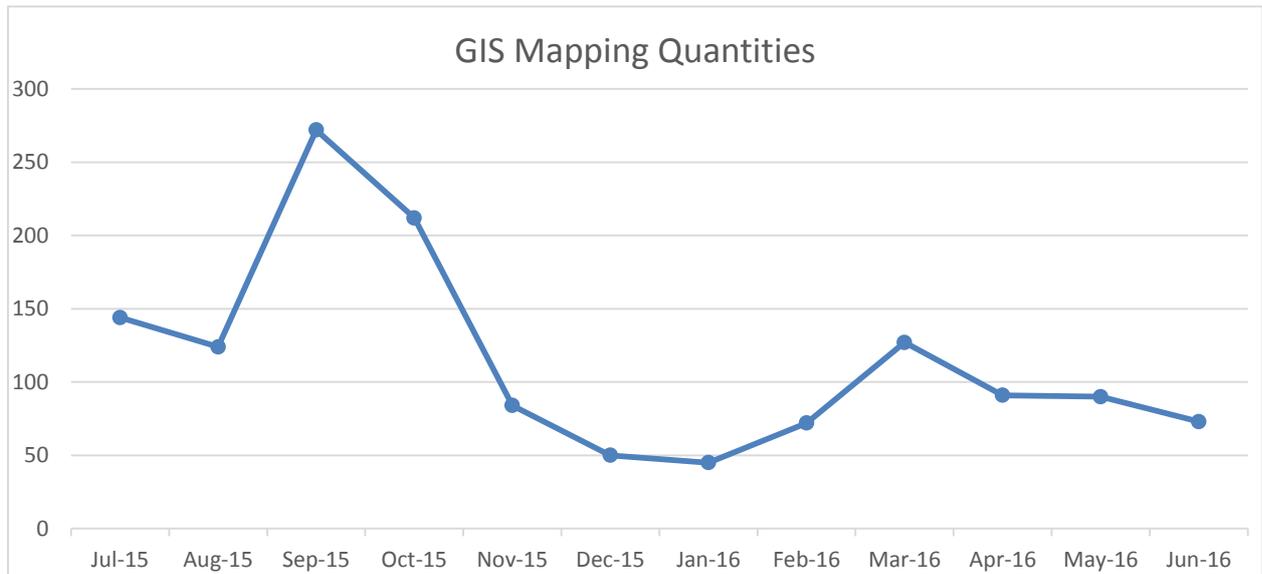


Figure 20

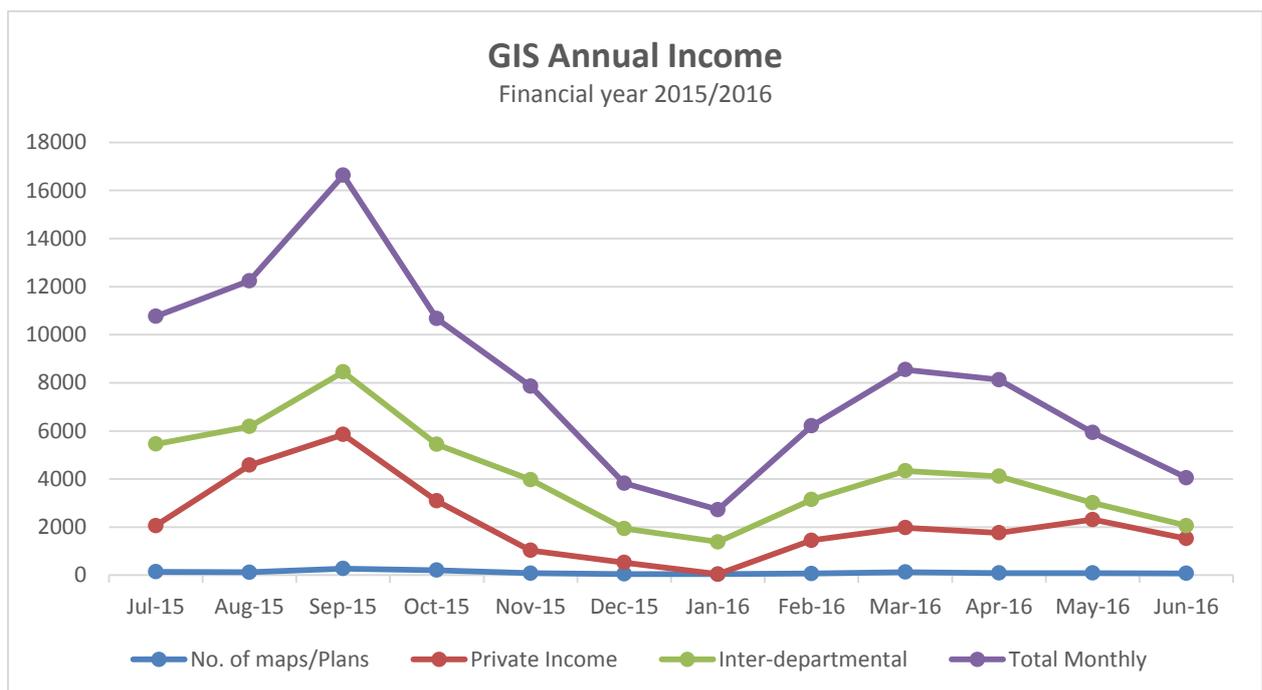


Figure 21

## INNOVATIVE DELIVERABLE AIMED AT RESOLVING PROBLEMS: GIS

The screen capture above shows the property selected and description of the property. There is also hyperlinks that allow a person to see the properties: property valuation, SG diagram, building plan and billing information. The property information on billing and building plans is password protected



Figure 22



Figure23

The GIS Office has undertaken a few projects on GIS mapping. The GIS mapping includes the SDF mapping, Social facilities mapping and the Newcastle businesses mapping. Please see a screenshot of Newcastle businesses on the Newcastle CBD:

**Service Delivery Challenges experienced and interventions implemented to resolve these Challenges**

<b>Challenges</b>	<b>Interventions</b>
<b>During 2015/16 Council observed influx of dwelling houses being unlawfully converted to student communal residence.</b>	A policy framework together with the bylaws was designed to regulate the use of residential properties for student accommodation
<b>A comprehensive land use survey was undertaken for the Newcastle eastern area to assess if businesses operating in specific neighborhoods' have been authorized by Council. The outcome of the exercise revealed transgressions which could not be ignored and unveiled poor enforcement processes in place</b>	The department has opted to further improve the provincial legislation by designing its own bylaw aimed at expediting prosecution and imposing sanctions which would serve as a deterrent against flawing municipal town planning scheme.
<b>With challenges of the ageing infrastructure and infrequent maintenance, some development applications were delayed in the year, to allow Engineers to complete their exercise of mapping periodical infrastructure challenges. Delays in applications</b>	The exercise was completed in April and applications are being taken through appropriate forums for finalization

## **HUMAN SETTLEMENTS DIRECTORATE**

### **Vision and Mission of Directorate**

#### **VISION**

**To provide sustainable Habitable Human Settlements to the Community of Newcastle.**

#### **MISSION**

**Develop and achieve adequate shelter for all.**

#### **Overview of functions: Human Settlements**

- Planning for settlement development for both urban and rural areas and delivery of integrated and sustainable Human Settlements

- Subsidy applications, registration and administration
- Upgrading of Informal Settlements
- Facilitate access (Land Acquisition) to land for future housing development
- Facilitate Tenure upgrade within Newcastle Municipality Area
- Co-ordination of consumer education programmes to housing beneficiaries within the Municipality
- Manage and Monitor Housing Waiting List (Database)
- Responsible for quality assurance in all our human settlements projects in construction in conjunction with Province and NHBRC
- Management and maintenance of existing rental housing stock.
- Responsible for management and control of land invasion

### PERFORMANCE HIGHLIGHTS 2015/16: HUMAN SETTLEMENTS

- **Total Housing Units built against SDBIP Annual Target 2015/16**

Project	Annual Target	Achieved
Khathide Rural Housing Project Phase 2	400	537
Osizweni E Housing Project Phase III	100	42
Osizweni E Housing Project Phase II	200	48
<b>Total</b>	<b>700</b>	<b>627</b>



Figure 24

Khathide Rural Housing Project



Figure 25

Osizweni E Phase 3 Housing Project

- **Projects under construction of internal services phase:**

Project	Annual Target	Achieved
Siyahlala-la Housing Project	180	800
H39 Housing Project	100	581
Emawozeni Greenfield Project	100	100
Total	380	1481

- **Replacement of Storm Damaged Roofs in Madden**

Project	Annual Target	Achieved
<b>Madadeni Storm damaged Roof Project</b>	<b>444</b>	<b>444</b>

## PERFORMANCE HIGHLIGHTS 2015/16

### SIYAHLALA-LA HOUSING PROJECT

**Total number of sites serviced : 800**

**Total cost : R57 403 054.94**

During the 2015/2016 Financial Year Newcastle Municipality commenced with the construction of Internal Services of 1205 Housing Units at Siyahlala-la Housing Project. This is done as part of the formalization of the oldest Informal Settlement in Newcastle. This is the first Low Income Housing Project build within 3km radius of Newcastle Central Business District. It is also a unique project in that it has Colored's; Indian's, Whites and African Beneficiaries; a first of its kind in Newcastle.



Figure 26



Figure 27

### H39 HOUSING PROJECT

**Total number of sites serviced : 581**

**Total Cost : R49 119 045.13**

Residents who were evicted from the old Ingqayizivele Hostel in Madadeni who were dumped in H39; are also about to benefit in terms of Low Income Housing Project. During the course of 2015/2016 financial the Municipality has commenced with the Internal Services in this project as part of formalization of this Informal Settlements which is a eyesore along P483.



Figure 28



Figure 29

### PERFORMANCE HIGHLIGHTS 2015/16

#### FAIRLEIGH FLATS

**Repairs of the flats : 48 Flats**

**Total cost : R5 000 000, 00**

The Directorate has also completed the repairs and Renovation of 48 Flats in Fairleigh; these flats were built by the old House of Representatives during the old Trilateral Parliament. All the 48 Flats are waiting to be transferred to the occupants through Enhanced Extended Discount Benefit Scheme (EEDBS).



**Figure30**



**Figure 31**

#### **SURYAVILLE FLATS**

**Repairs of the Flats : 72 Flats**

**Total Cost : R7 500 000, 00**

The Directorate has also completed the Repairs and Renovation of 72 Flats in Sayreville; these flats were built by the old House of Delegates during the old Trilateral Parliament. All the 72 Flats are waiting to be transferred to the occupants through Enhanced Extended Discount Benefit Scheme (EEDBS).



**Figure 32**



**Figure 33**

## PERFORMANCE HIGHLIGHTS 2015/16: HUMAN SETTLEMENTS

Managed to submit 3 applications to Province for funding of human settlements projects

1. Siyahlala Housing Project Stage 3 (Top-structure)
2. Emawozeni Greenfield project Stage 3 (Top-structure)
3. Charlestown Housing project Stage 2 (Internal Services)

Continual Disposal of Municipal land to facilitate business, industrial and residential development, number of sites disposed in 2015/16

Business and Industrial Sites = 16

Residential Sites = 42

Completion of Land Audit Study for the Municipality

Managed to transfer 66 housing transfer through Enhanced Extended Discount Benefit Scheme (EEDBS).

## HOUSING DEVELOPMENT COMMITTEE SUMMIT 2016

March 2016 Newcastle Municipality had a committee summit, this summit was also attended by two representative from each ward committee as well as ward councillors



Figure 35



Figure 36



**Figure 37**

### **Innovative service delivery achievements towards municipal excellence**

#### **LAND DISPOSAL**

The Municipality has made Land available to Newcastle community; which has proved that Land is accessible to all communities. A sizeable number of residential; commercial and industrial land was made available through public tender and private treaty sale, A landmark land for private hospital was made available for a development of a second private hospital in the city.

#### **FLIPS SCHEME**

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

### **Service Delivery Challenges experienced and interventions implemented to resolve these Challenges**

- 1, Shortage of qualifies construction Managers with the Municipality.  
Position have been advertised using level 2 Accreditation funding to solve this challenges.
- 2, Interference by local Sub-Contractor and stoppages of work by labor.  
Regular meetings are being held with the representatives of the Sub Contractors to ensure that they understand the appointment process of Sub – Contractors.
- 3, Bricklayer shortages in and around Newcastle.  
Amajuba FET College Intervention known as “a decade of artisan” will go a very long way in alleviating the shortage of bricklaying skills in Newcastle and Surrounding areas.
- 4, Shortage of suitable land for housing.  
Land audit has been completed and we believe it will solve most problems associated with land,
- 5, Delay with the Filling of Critical Positions  
The delay in the filling of Critical Grant Funded Positions and the moratorium that was imposed has had a very negative impact into the service delivery mechanism of this Municipality. If it was not for this challenge; we would have recruited highly qualified individuals to assist in ensuring that houses are built for homeless people.

## ECONOMIC DEVELOPMENT DIRECTORATE

### Objectives of the Directorate: ED

- To provide internal guidance for investment and infrastructure expenditure;
- Facilitate the creation of sustainable employment;
- Facilitate local investment promotion (either by foreigners or locals);
- Promotion of local entrepreneurship and SMME Development;
- Business Retention Expansion (BRE);
- To align skills to our local economic growth;
- Local Key sector development;
- To provide accurate local economic data;
- Provide support to CTO and
- Marketing and Branding of Newcastle

### Overview of functions: ED

- To Facilitate local job creation;
- To Stimulate local and foreign investment;
- To support and regulate local Informal trade;
- To support and develop local SMME'S;
- To support and develop local Tourism;
- Branding and marketing of Newcastle;
- Local Market Research and Development and
- Local Business retention and expansion

## PERFORMANCE HIGHLIGHTS 2015/16: ECONOMIC DEVELOPMENT

### SMME DEVELOPMENT INITIATIVES FACILITATED:

- Very successful small business week was hosted in October 2015 about 1600 attended;
- Women in business awards in conjunction with Ithala Bank in May 2016 –'Imbokodo lyazenzela' – together with Ithala (recognising women in business);
- Support was given to 67 poverty alleviation projects in 2015/16 for Agricultural (crop and poultry), Manufacturing and I.T. sectors;
- Facilitated compilation and approval of the municipal SMME's Preferential Procurement Policy;
- Workshop on Procurement Indaba was held in April 2016 and about 196 emerging contractors attended;
- 45 entrepreneurs trained in compilation of business plans as part of Start-up campaign in September 2015.
- Continuous support to SMME's to link them to formal business sector and municipality still busy with Mittal Steel's initiative and NPC block making programme.
- **Tourism development and marketing initiatives:**
- Municipality managed to form the Newcastle Community Tourism Organisation and formal launch was in November 2015.

**POVERTY ALLEVIATION PROJECTS**



**Figure 38**

Chicken project Madadeni



**Figure 39**

chicken Project Madadeni



**Figure 40**

Garden Project Osizweni



**Figure 41**

Garden Project Ward3

## SOME OF THE HIGHLIGHTS SMME Development



Figure 42



Figure 43

Small Business Week 13-16 October 2015 attended by 1600 people



## SMME Skills Development Programme

Figure 44

### START UP NATION

- 45 entrepreneurs trained in compilation of business plans in 2015.
- Procurement Indaba hosted for 200 emerging contractors in 2016.

### **BUSINESS PROMOTION AND INVESTMENT:**

- Funding for the establishment of a Techno Hub and refurbishment of the Newcastle Airport was sourced from Provincial Treasury to the value of R43 million;
- Continual engagements with business chamber quarterly;
- Facilitation of establishment of new business in Newcastle in 2015/16 financial year
- Completion of Vulintaba Golf estate and hotel- R1.2 billion

### **PERFORMANCE HIGHLIGHTS 2015/16: ECONOMIC DEVELOPMENT**

#### **BUSINESS PROMOTION AND INVESTMENT:**

- Sasol garage and new Super Spar- R200 million
- Audi Garage- R20 million
- Curro school in Madadeni- R120 million
- New Total garage- R30 million

- New Boxer-R 8 million
- SBV- R58 million
- Net growth- R60 million
- Newcastle Private Hospital- R100million
- Formosa Plastics- R120 million on upgrading of building and equipment

#### Industrial Development Facilitation

- Continued efforts to broaden the economic base of Newcastle by attracting investors both locally and abroad.
- 11 new factories established in Newcastle during the last year with a capital investment of more than R30 million and employing 550 local people.
- We have now managed to identify land in Osizweni and JBC which has now been set aside for industrial development. The provision of services to these sites are now being investigated and subdivision of some of the sites have now started.



Figure 46



Figure 47

FORMOSA PLASTIC R 120 MILLION EXPANSION PROGRAM

The Ingogo Fresh produce market (currently under construction will also assist in creating a market for small scale farmers.



Figure48



Figure 49

### International Relations

- Continue efforts to promote economic trade, education and cultural opportunities with our sister cities and Newcastle Alliance partners:
- During the last year a number of delegations from our sister cities have visited us whilst we have also signed co-operation agreements with DE Zhou City and Xining City in the People's Republic of China.
- We have also visited Newcastle in the United Kingdom and has participated in an investment and trade Conference which was hosted by the High Commissioner which took place in October 2015. This has led to the roll out of a pilot project between a Newcastle UK based company and our electricity department. This project is funded by the UK Foreign Affairs Office.
- Cultural exchanges has also been strengthened and we sponsored Newcastle Art Development Organisation to jointly develop a show with Newcastle UK actors.



Figure 100



Figure 51

**Current LED Projects**

**Catalytic projects**

- Airport regeneration project and the establishment of scheduled flights plus the development of the airport Precinct.
- Newcastle Technology Hub Project- We have managed to source R43 million grant funding for the provision of basic infrastructure and the building of a small techno hub information office. This project is EU funded.

**PROPOSED AIRPORT LAYOUT**

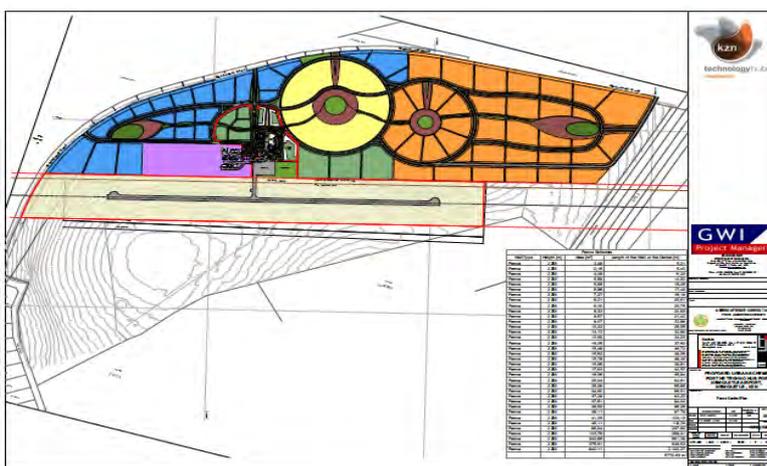


Figure 52

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**Service Delivery Challenges experienced and interventions implemented to resolve these Challenges**

**The department is one of the smallest departments in the Municipality with a very small budget and a number of vacant positions**

- Despite this we have still managed to facilitate investment to our area and through regular interactions with organised business and local investors we have managed to create an environment where business is confident in the local economy and is still prepared to invest by expanding their existing factories and investing in new ventures.

## OBJECTIVES OF THE DIRECTORATE

### Special Projects –

Facilitate the establishment of a hierarchy of higher order services and facilities that impact on the regional, city, and local levels – e.g. Satellite University, Transportation Infrastructure, Social Service precincts, etc.

### Urban Renewal Interventions

- **Identify zones of decay or gaps in service delivery and devise a systematic, coordinated approach in alleviating service backlogs - Reinforcing coordinated planning and development** through the Spirit of Working with and Through others (Planning to reclaim its central role in guiding development)
- **Creating development networks** outside the department, with internal and external stakeholders for funding of development – including international funders and other partnerships
- **Touching the communities' lives through integrated efforts with** e.g. Dept. of Education, police, Department of Social dept., Environmental Affairs, dept. of Economic Development in addressing ills faced by communities
- **Creating well designed, aesthetic pleasing urban precincts** in strategic nodal areas in both formal and informal township areas
- **Developing strategic linkages along arterial, collector, distributor and access roads** entry points and improving movement spaces to be physically and aesthetically appealing
- **Establish a Community Economic Development Vehicle-** empower communities to contribute, establish income generators for employment income enhancement

### PERFORMANCE HIGHLIGHTS 2015/16

- **Servicing of Portion 1 of Erf 782 Schainshoogte (Coronation Road) - R11 million** – The department successfully completed the project towards servicing of 39 residential stands which will contribute to city compaction and the widening of the revenue base of the municipality.
- **JBC Urban Hub Precinct Plan (Blaaubosch)** – This is a Central Business District for the JBC area. It will be serviced with the requisite service infrastructure (i.e. roads and storm water drainage, sewerage, electricity etc. and pieces of land will be made available for public and private sector investment. The objective is to bring services, facilities and employment opportunities within easy reach of communities. The municipality is working with National Treasury's NDPG.
- **Construction of New Mzamo High School – R37 million** – the old school has been decommissioned due to the danger posed by undermining below the school. Pupils

are learning in mobile classrooms and the school will be completed in February 2017 where teaching and learning will be conducted in a safe and healthy environment. This is a partnership between the municipality, COGTA and Department of Education.

- **Blaaubosch Youth Centre – R25 million** – The project is complete and will offer training services to the local youth and incorporates an Early Childhood Learning Centre.

#### **Servicing of Portion 1 of Erf 782 Schainshoogte (Coronation Road) -R11 million**

- Reduction of urban sprawl (leap-frog development) through compaction
- Contribution to housing-backlog eradication
- Expansion of municipal rates base.
- The stands have now been advertised for sale



**Figure 11**

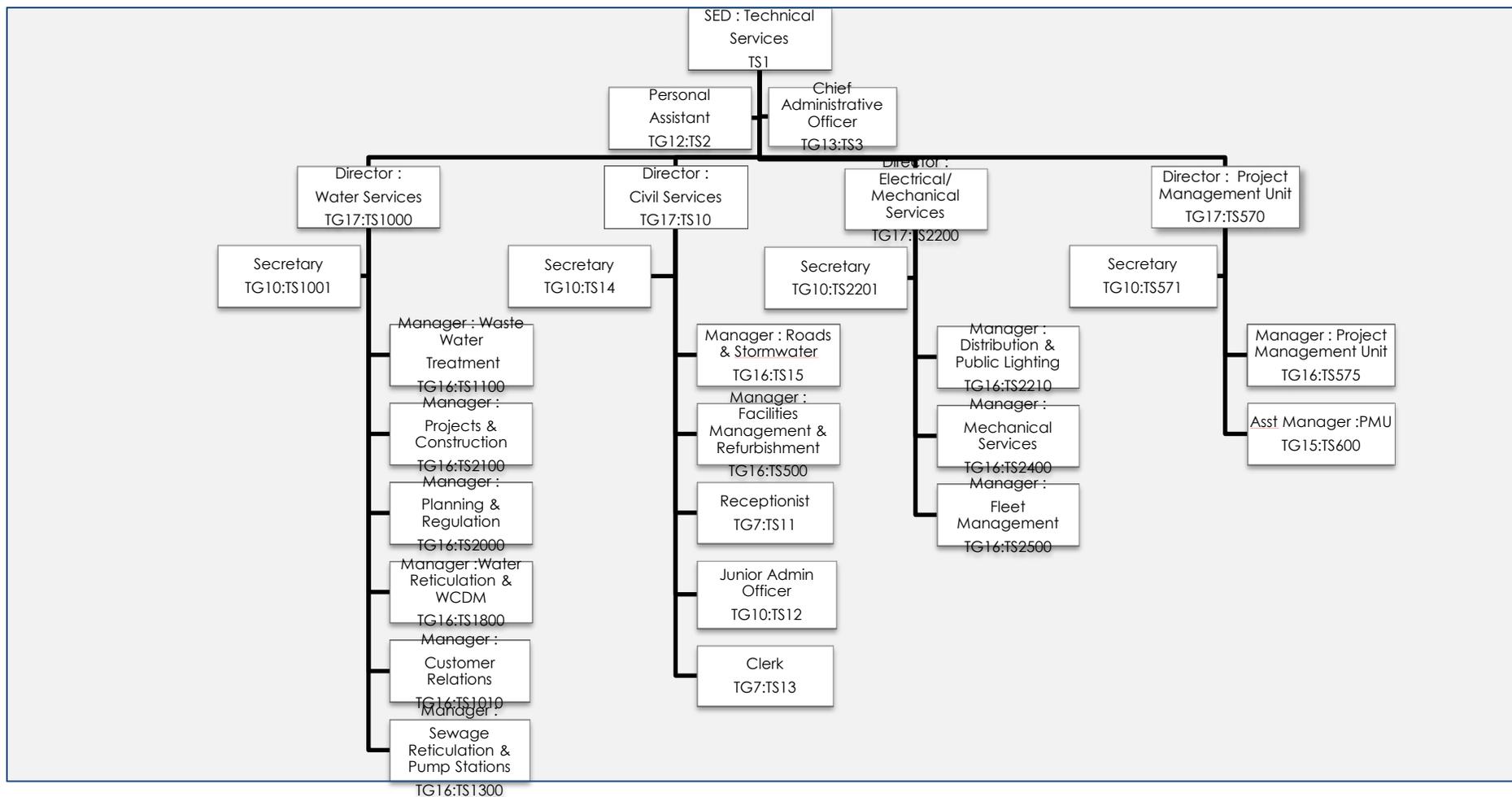
#### **JBC Node before 2015**

There was no integrated, sustainable detailed planning

#### **JBC Node before 2015**

There was no integrated, sustainable detailed planning

## TECHNICAL SERVICES (ELECTRICAL AND CIVILS)



## ELECTRICAL SERVICES

## Overview of Functions

UNIT	FUNCTION
<b>ELECTRICAL DEPARTMENT</b>	<p>Responsible for the provision and maintenance of electrical, mechanical and fleet management services within the municipality.</p> <ul style="list-style-type: none"> <li>➤ Network Planning (new reticulation/new connections)</li> <li>➤ Test and Measurement</li> <li>➤ Protection and Control</li> <li>➤ Distribution (maintenance/installation)</li> <li>➤ Public Lighting (maintenance/installation)</li> <li>➤ Purchasing and repairs for two way radios</li> </ul>
<b>MECHANICAL DEPARTMENT</b>	<ul style="list-style-type: none"> <li>➤ Vehicle Fleet Maintenance/Repairs</li> <li>➤ Fleet Monitoring Management</li> </ul>

**PERFORMANCE HIGHLIGHTS 2015`16**

**EMAWOZENI, EMADANYINI & FAIRVIEW ELECTRIFICATION**



**CHARLESTOWN, NORMANDIEN & INGOGO ELECTRIFICATION**



Figure2: Performance Highlights

**LED LIGHTS – LINK ROAD, BLAAUBOSCH, VLAM CRESENT**

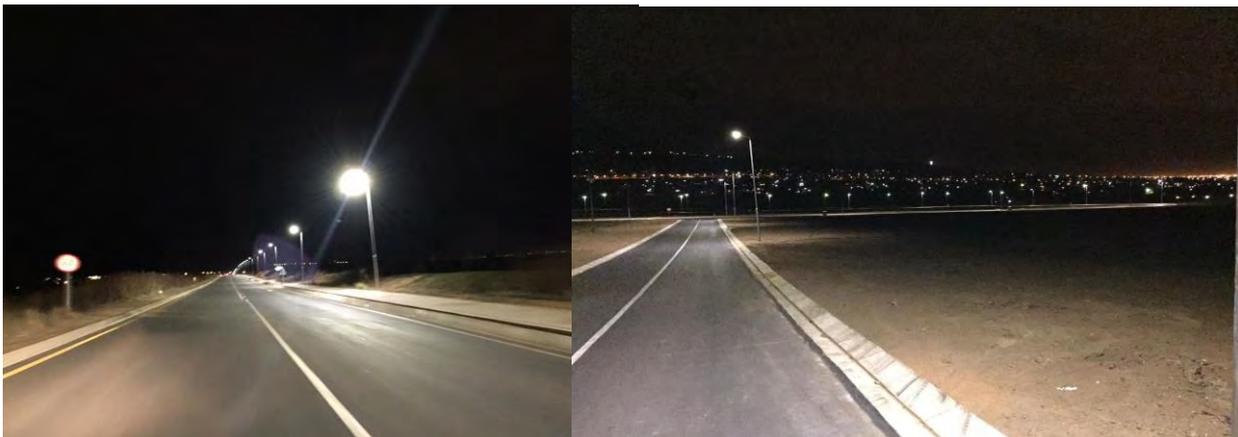


Figure 3: Performance Highlights

### INSPECTION OF 132kV POWERLINE USING A DRONE AND FIBRE REPAIRS



Figure 4: Performance Highlights

### AIRCONDITIONING REPLACEMENT IN THE ELECTRICAL BUILDING



Figure 5: Performance Highlights

### BUILDING LIGHTING ENERGY EFFICIENCY



Figure 6: Performance Highlights

**TAKING OVER KILBARCHAN**



**STREETLIGHTING FROM Eskom**



Figure 7: Performance Highlights

**FESTIVAL LIGHTING**



Figure 8:

Performance Highlights

**INSTALLATION OF 1<sup>ST</sup> PREPAID METER FOR NEWCASTLE WEST**



Figure 9: Performance Highlights

**PROVISION OF BACKUP GENERATORS FOR BOREHOLES DURING DROUGHT**





Figure  
Performance Highlights



10:

During the load shedding season Newcastle did not experience load shedding like other cities were experiencing. The Electrical department was using a way of shedding with a load control system by where only geysers were switched off. This is controlled by a ripple relay which is found in most of households.



Figure 11: Performance Highlights

**MOBILE APP FOR SWITCHING BOREHOLE DRIVES ON AND OFF IN CHARLESTOWN**

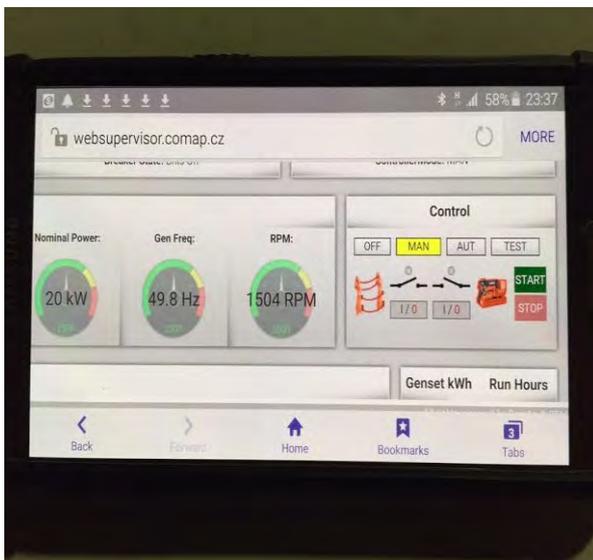


Figure 12: Performance

**NEW MECHANICAL WORKSHOP**



**Highlights**

**BUILDING**



Figure 13: Performance Highlights

**SERVICES DELIVERY CHALLENGES EXPERIENCED AND INTERVENTIONS IMPLEMENTED TO RESOLVE THESE CHALLENGES**

**CABLE THEFT IS ONE OF OUR BIGGEST CHALLENGES**

- Service delivery experienced were resolved quick and effectively to ensure the Electrical/ Mechanical Department provides excellent services to customers and other departments



**LOW MAINTENANCE BUDGET**

## VEHICLE ACCIDENTS



A tracking system has been installed in all vehicles to monitor driver behavior.

## INNOVATIVE FUNDING

- Grants are not sufficient to fund development – the municipality needs to use guarantees

## CONCLUSION REMARKS

- Municipality needs to consider innovative funding mechanisms to fund network refurbishment.
- All transformers have reached their useful life.
- There is no 132kV ring to ensure in the event of line damage, power can be back fed.
- The department recommends that more investment be made in the fleet management and mechanical workshop.
- The department recommends that the fleet management section be adequately resourced.
- The department recommends that the municipality needs to invest in the purchase of its own vehicles, trucks, water tankers, etc. instead of renting.

## CIVIL SERVICES

## OVERVIEW AND FUNCTIONS OF TECHNICAL SERVICES

Unit	Overview Of Functions
<b>PMU</b>	<ul style="list-style-type: none"> <li>➤ To ensure that the Municipality complies with the provisions of the Municipal Finance Management Act, Act No. 56 of 2003.</li> <li>➤ To ensure that internal control measures are in place to monitor expenditure on Capital Projects.</li> <li>➤ To ensure that records of expenditure on Capital Projects are kept.</li> <li>➤ To evaluate internal controls implemented to produce complete, reliable and accurate sets of financial reports related to Capital Projects.</li> <li>➤ To evaluate the internal controls implemented to select service providers to achieve the Municipality objectives in order to address infrastructure backlogs and to provide basic services to the poor.</li> </ul>
<b>ROADS &amp; STORM WATER</b>	<ul style="list-style-type: none"> <li>➤ To provide, cost effective, safe, efficient and affordable roads and storm water infrastructure in Newcastle in order to improve the quality of life our communities</li> <li>➤ To provide safe and accessible civil infrastructure for vehicles and pedestrian traffic</li> <li>➤ To render an efficient and effective roads and storm water function</li> <li>➤ To provide and upgrade storm water drainage</li> <li>➤ To ensure the maintenance of industrial sidings</li> <li>➤ To provide safe and accessible civil infrastructure for locomotives and rolling stock</li> <li>➤ To provide and upgrade storm water drainage on railway siding</li> <li>➤ To manage the repairs and maintenance of all municipal buildings</li> </ul>

- To maintain council property to a pre-determined standard
- To prevent deterioration of council property

## WATER SERVICES AUTHORITY

- Abstraction and WTW (uThekela Water)
- Water services operations and Project management
- Planning and Regulation including WCWDM
- Customer services and public relations

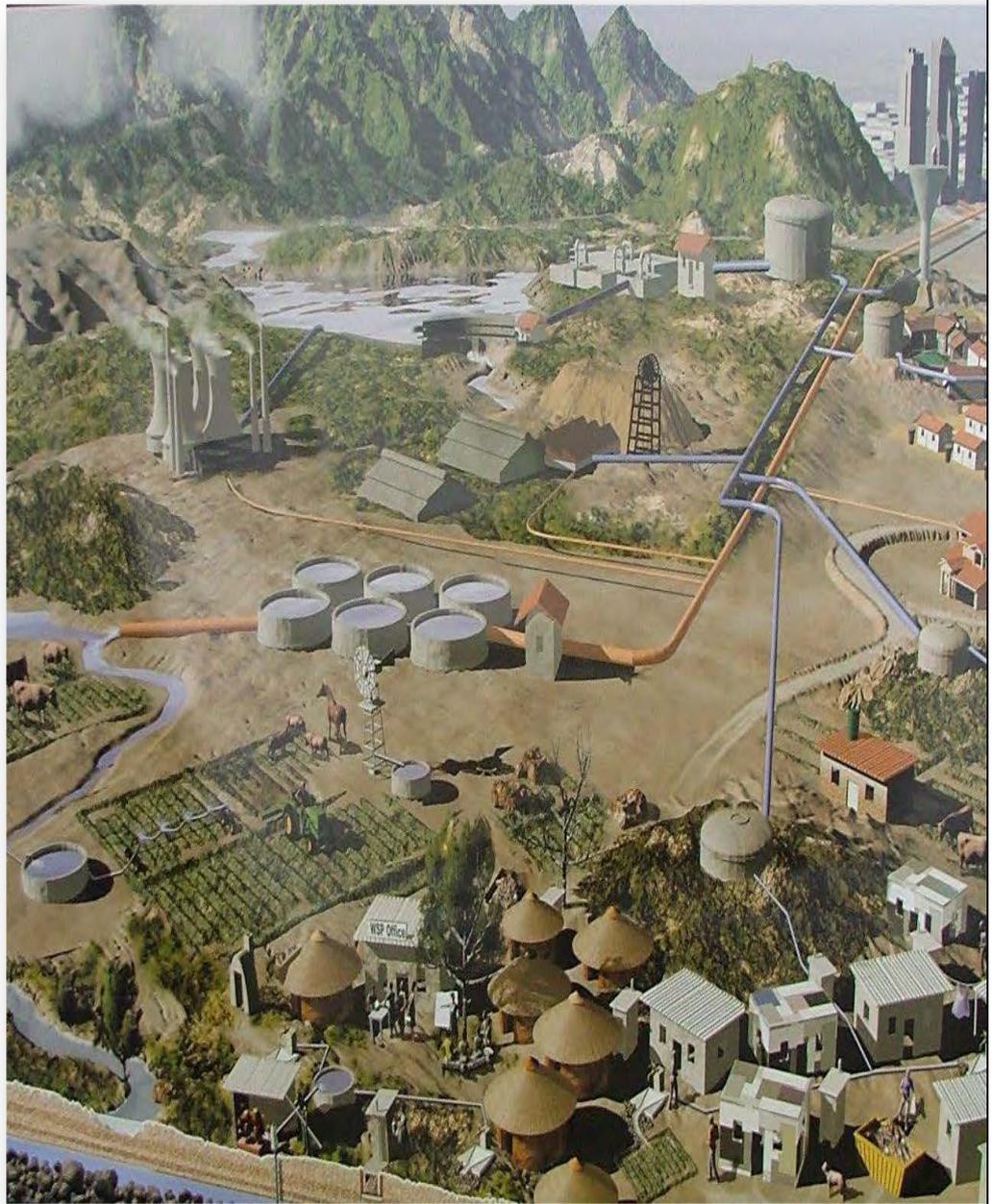


Figure 12 functions of water services

## PERFORMANCE HIGHLIGHTS FOR 2015/16

### PROJECT MANAGEMENT UNIT HIGHLIGHTS

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Widening of Asiphephe Road and Rehabilitation	6,000,000	19,705,488	19,618,407.53	06/11/2015	07/07/2016	20



Figure 13 widening of asiphephe road



Figure 14 widening of ASIPHEPHE ROAD

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Widening of Allen street	27,000,000.00	23,100,000.00	16,415,792.00	01/04/2014	22/10/2015	25, 4,



Figure 15 widening of allen street



Figure 16 widening of allen street

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Construction of KwaMathukuza Road	3 000 000,00	4 000 000,00	4,445,686.64	23/11/2015	19/05/2016	20



Figure 17 construction of kwamathukuza



Figure 18 construction of kwamathukuza road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Urban Access Roads (OB39)	1,800,000.00	-	1,565,659.17	08/10/2015	29/02/2016	17



Figure 19 UPGRADE OF OB39

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Urban Access Roads (OB97)	1,300,000.00	1,500,000.00	1,478,047.49	07/10/2015	01/03/2016	17



Figure 20 UPGRADE OF OB97



Figure 21 UPGRADE OF OB97

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (ME28)	1,600,000.00	1,800,000.00	1,448,120.85	18/01/2016	29/04/2016	28



Figure 22 UPGRADE OF ME28



Figure 23 UPGRADE OF ME 28

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (ME18)	1,400,000.00	0	1,352,395.39	24/12/2015	04/05/2016	28



**Figure 24 UPGRADE OF ME18**



Figure 25 UPGRADE OF ME 18

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
SOUL CITY PEDASTRIAN BRIDGE	275,820.00	338,208.00	334,729.15	06/07/2015	10/02/2016	6



Figure 26 SOUL CITY PEDATRAIN BRIDGE WARD 6



Figure 27 SOUL CITY PEDAstriAN BRIDGE

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
HATHORN STREET EXTENSION	1,000,000.00	0	574,295.75	08/04/2016	8/08/2016	3



Figure 28 HATHORN STREET EXTENSION



Figure 29 HATHORN STREET EXTENSION

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
CONSTRUCTION OF WATT STREET	3,600,000.00	0	2,351,863.72	12/04/2016	12/08/2016	4



Figure 30 CONSTRUCTION OF WATT STREET



Figure 31 CONSTRUCTION OF WATT STREET

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Urban Access Roads (OB1,	2,500,000.00	2,300,000.00	1,247,586.50	01/05/2016	15/12/2016	18

OB3 & OB8)						
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Figure 32 UPGRADE OF OB1, OB3 & OB8



Figure 33 UPGRADE OF OB1, OB3 & OB8

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Urban Access Roads (OB7,	3,300,000.00	1,312,722.00	1,257,261.86	01/05/2016	15/12/2016	13

OB13 & OB45)						
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Figure 34 UPGRADE OF OB7, OB13 & OB45



Figure 35 UPGRADE OF OB7, OB13 & OB45

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Urban	700,000.00		677,982.08	01/05/2016	31/10/2016	13

Access Roads (OB134)						
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Figure 36 upgrade of ob134



Figure 37 upgrade of ob134

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni	2,400,000.00	0	1,074,624.43	01/04/2016	31/10/2016	11

Urban Access Roads (OA17)						
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Figure 38 UPGRADE OF OA17



Figure 39 upgrade of oa17

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Urban Access Roads (MA40 &MA45)	3,000,000.00	2,300,000.00	2,213,989.57	15/04/2016	17/10/2016	22



Figure 40 UPGRADE OF MA40 & MA45

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (MD11 & MD6)	3,000,000.00	2,300,000.00	2,2,203,259.85	15/04/2016	17/10/2016	26



Figure 41 UPGRADE OF MD 11 &amp; MD6



Figure 42 UPGRADE OF MD11 &amp; MD6

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (ME30 & ME33)	3,000,000.00	2,300,000.00	1,574,297.26	11/04/2016	17/08/2016	28



Figure 43 UPGRADE OF ME30 &amp; ME33



Figure 44 UPGRADE OF ME30 &amp; ME33

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (MP9)	3,000,000.00	2,300,000.00	2,271,712.77	15/04/2016	17/08/2016	14



Figure 45 UPGRADE OF MP9



Figure 46 UPGRADE OF MP9

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (MC18)	3,000,000.00	2,300,000.00	1,081,329.01	23/05/2016	22/11/2016	20



Figure 47 UPGRADE OF MC18



Figure 48 UPGRADE OF MC18

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (MD55)	3,000,000.00	2,300,000.00	751,754.05	23/05/2016	22/11/2016	26



Figure 49 UPGRADE OF MD55



Figure 50 UPGRADE OF MD55

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Sidewalks	500,000.00	0	535,229.53	21/09/2015	15/03/2016	Multi - wards



Figure 51 constuction of madadeni sidewalks



Figure 52 construction of madadeni sidewalks

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Osizweni Sidewalks	500,000.00	0	525,531.89	21/09/2015	15/03/2016	Multi - wards



Figure 53 construction of osizweni sidewalks



Figure 54 construction of osizweni sidewalks

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Rehabilitation of Dongas	1,678,972.00	0	1,524,931.10	21/09/2015	15/03/2016	Multi - wards



Figure 55 rehabilitation of dongas



Figure 56 rehabilitation of dongas

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Construction of Charlestown Road	6,000,000.00	0	3,361,118.15	12/04/2016	12/10/2016	1



Figure 57 construction of charlestown road



Figure 58 construction of charlestown road

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Upgrade of Madadeni Urban Access Roads (MD18,MD20,MD22,MD24 & MD34)	3,000,000.00	2,300,000.00	2,467,806.755	23/05/2016	17/01/2017	26



Figure 59 UPGRADE OF MD18, MD20, MD22, and MD24 & MD34



Figure 60 UPGRADE OF MD18, MD20, MD22, and MD24 & MD34

**LIST OF PROJECTS AND KM'S OF STORMWATER INSTALLED 2015/2016 FINANCIAL YEAR**

<b><u>PROJECTS NAME</u></b>	<b><u>KM's</u></b>
1. Asiphephe Drive	0.385km

2. Construction of KwaMathukuza Road Phase II	0.313km
3. ME30/ME33	0.036km
4. MA40 & MA45	0.520km
5. Allen Street	0.495km
6. MD11	0.3km
7. MC18	0.260km
8. Completion of ME18	0.0km
9. Completion of ME28	0.085km
10. OA17	0.3km
11. OB134	0.140km
12. OB97	0.036km
13. OB39	0.213km
<b>TOTAL</b>	<b>3.083 KM</b>

**LIST OF PROJECTS AND KM'S OF TARRERD ROADS 2015/2016 FINANCIAL YEAR**

<u>PROJECTS NAME</u>	<u>KM's</u>
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1. OB39	0.293km
2. OB97	0.229km
3. ME18	0.222km
4. ME28	0.270km
5. Allen Street	1.1km
6. Asiphephe Drive	1.4 km
7. Kwamathukuza	0.780km
<b>TOTAL</b>	<b>4.294 KM</b>

#### **PMU ADHOC DELIVERABLES NOT COVERED IN THE SDBIP**

- Monthly meetings with consultants and contractors to monitor performance on capital projects
- Site Inspections Audit so as to comply with the provisions of Occupational Health and Safety Act (Act No. 85 of 1993), the Construction Regulation Act of 2003 and other applicable legislation.
- To facilitate and enhance good coordination on all projects implemented, making sure that all relevant stakeholders (ward councillors, service providers and community) are happy with the services rendered.

## ROADS AND STORM WATER CAPITAL PROJECT HIGHLIGHTS

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>START DATE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Soul City Pedestrian Bridge ward 31	R 400 000.00	R 0	R 383 500.00	April 2016		31



Figure 61 soul city pedestrian bridge ward 31

<u>PROJECT NAME</u>	<u>BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>EXPENDITURE</u>	<u>COMPLETION DATE</u>	<u>WARD LOCALITY</u>
Esididini Road	R 7,000,000.00	-	R 4,762,494.77	Project is in progress	11



Figure 62 esididini road

## OPERATIONAL ACHIEVEMENTS MAJOR MAINTENANCE 2015/16

### TAR PATCHING AT AQUAMARINE DRIVE



Figure 63 tar patching at aquamarine drive

### TAR PATCHING AT DIESEL AND GUTTENBURG STREET



Figure 64 before tar patching at diesel and guttenburg street



Figure 65 after tar patching at guttenberg street

## TAR PATCHING AT ALBERT WESSELS DRIVE



Figure 66 before tar patching on albert wessels drive



Figure 67 after tar patching on albert wessels drive

## TAR PATCHING ON SUTHERLAND STREET



Figure 68 tar patching on sutherland street

## TAR PATCHING ON MURCHISON STREET



Figure 69 tar patching on murchison street

## STORM WATER MANAGEMENT

### FOOT BRIDGE IN MADADENI SECTION 6



Figure 70 foot bridge madadeni section 6



Figure 71 foot bridge madadeni section 6

### RE GRAVELLING

AREA	KM'S	BUDGET
MADADENI	4	R 4,000,000.00
OSIZWENI	6	R 6,000,000.00

## REGRAVELLING OF ROADS PROGRAMME 15-16

### OSIZWENI

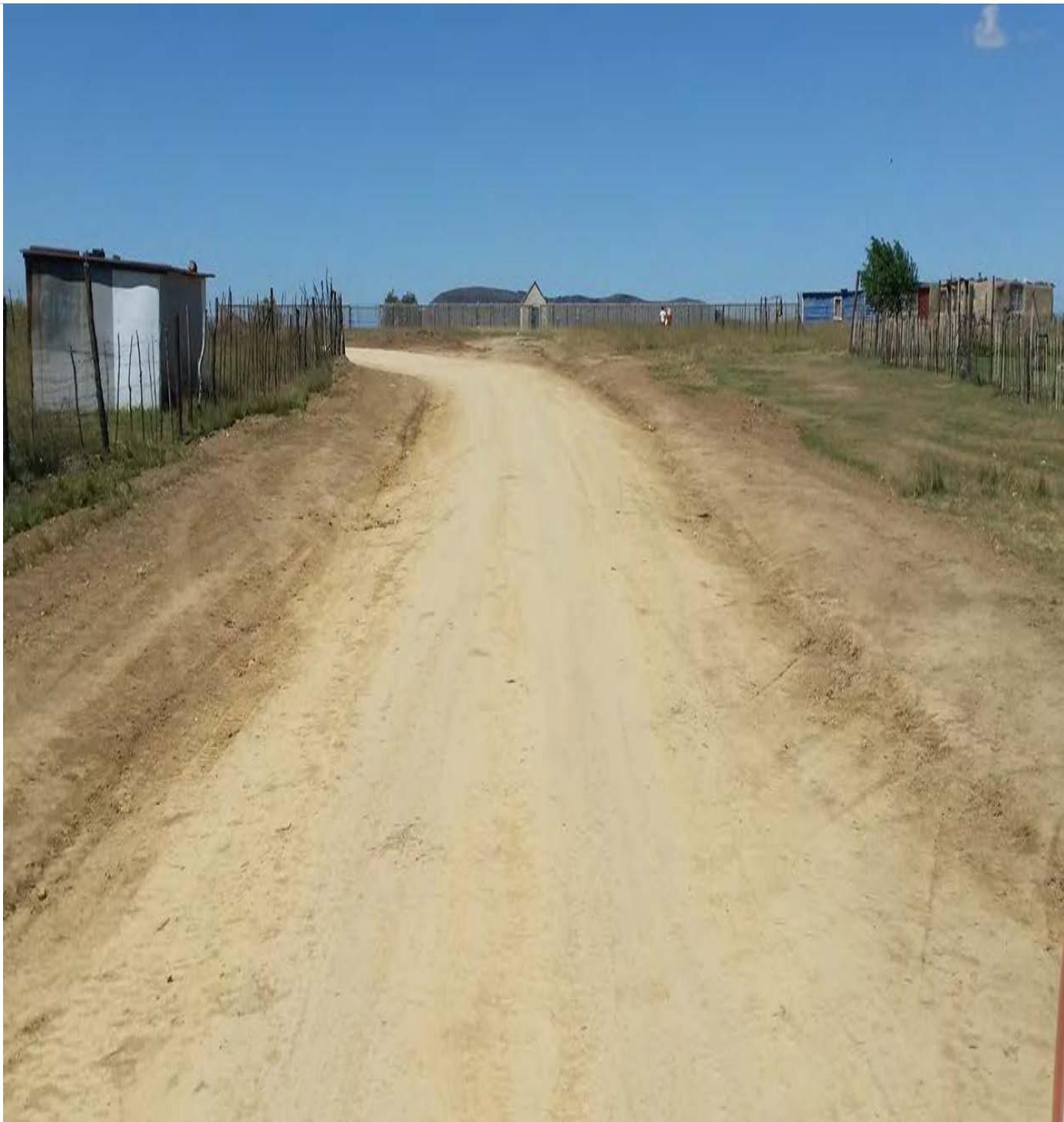
WARD	SECTION	ROAD NAME	LENGTH ( KM )	COMMENTS	STATUS
30	Manzana	Road 1	1	regravelling	COMPLETE
18	Blouwbosch	Teku Mall	1	regravelling + Stabiliser	COMPLETE
6	Mndozo	road 1	1,5	regravelling	COMPLETE
18	Blouwbosch	Teku Mall	1	Stabiliser	COMPLETE
13		OB 18	1	regravelling	COMPLETE
7	Mndozo	road 2	1	regravelling	COMPLETE
11	Section F	OA 36	1	regravelling	COMPLETE
			7,5 KM		

### MADADENI

WARD	SECTION	ROAD NAME	LENGTH ( KM )	COMMENTS	STATUS
16	Blaauwbosch	road 1	1,2	regravelling	Complete
18	Section N	road 1	1,1	regravelling	Complete
12	Johnstown	road 1	1	regravelling	Complete
27	Stafford	MR 12,,28,22,29	1	regravelling	Complete
19	Section 7	MR 19	1,2	regravelling	Complete
24		MG 1	0,8	regravelling	Complete
			6,3 KM		



**Figure 72 REGRAVELLING OF A ROAD IN WARD 8**



**Figure 73 RE-GRAVELLING OF A ROAD IN WARD 12**

## **MAINTENANCE OF THE MUNICIPAL SIDING / RAIL WAY LINE**



Figure 74 npc railway line



Figure 75 karbochem railway line

## RESEALING ACHIEVEMENTS 2015'16

## AQUAMARINE DR



Figure 65 after resealing on aquamarine drive drive

Figure 66 before resealing on aquamarine

## RACHEL DE BEER STREET



Figure 67 before resealing on rachael de beer street de beer street



Figure 68 after resealing on rachael de beer street

## TAGORE STREET



Figure 76 BEFORE RESEALING ON TAGORE STREET



Figure 77 AFTER RESEALING ON TAGORE STREET

## GUARDRAILS



Figure 78 guardrails in albert wessels drive



Figure 79 guardrails in allen street

**SPECIAL PROJECT – SUTHERLAND STREET TAXI HOLDING AREA**



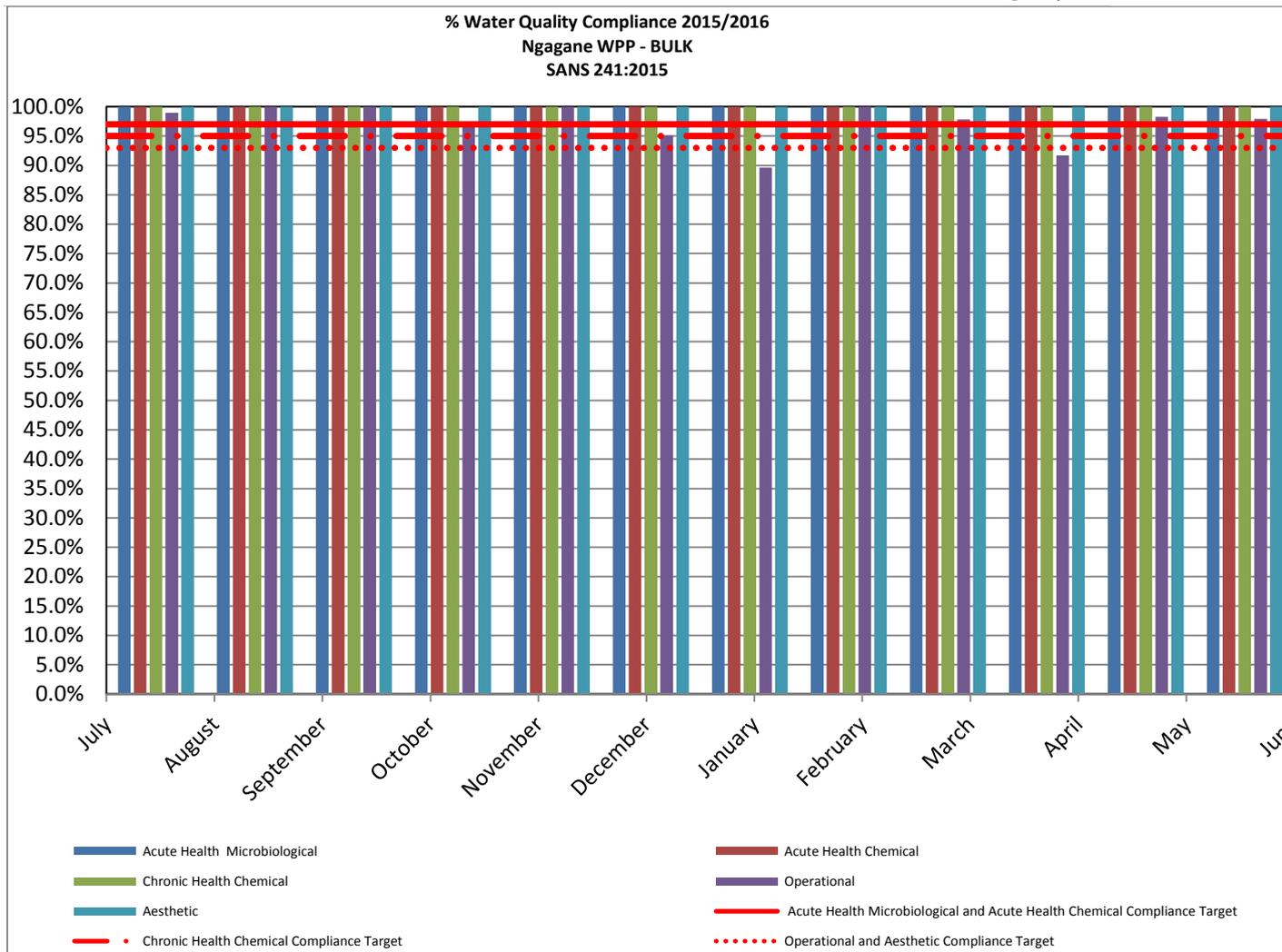
Figure 80 before



Figure 81 after

**WATER SERVICES PERFORMANCE HIGHLIGHTS 2015/16**

**WATER QUALITY ANNUAL RESULTS FOR 2015/16**



**Figure 82 water quality annual results**

**THE FOLLOWING GRAPH ILLUSTRATES THE OVERALL COMPLIANCE OF THE NEWCASTLE WSA WASTE WATER PLANTS AGAINST THE DWA GENERAL AUTHORIZATION LIMITS (2013) FOR THE MONITORING PERIOD JULY 2015 TO JUNE 2016**

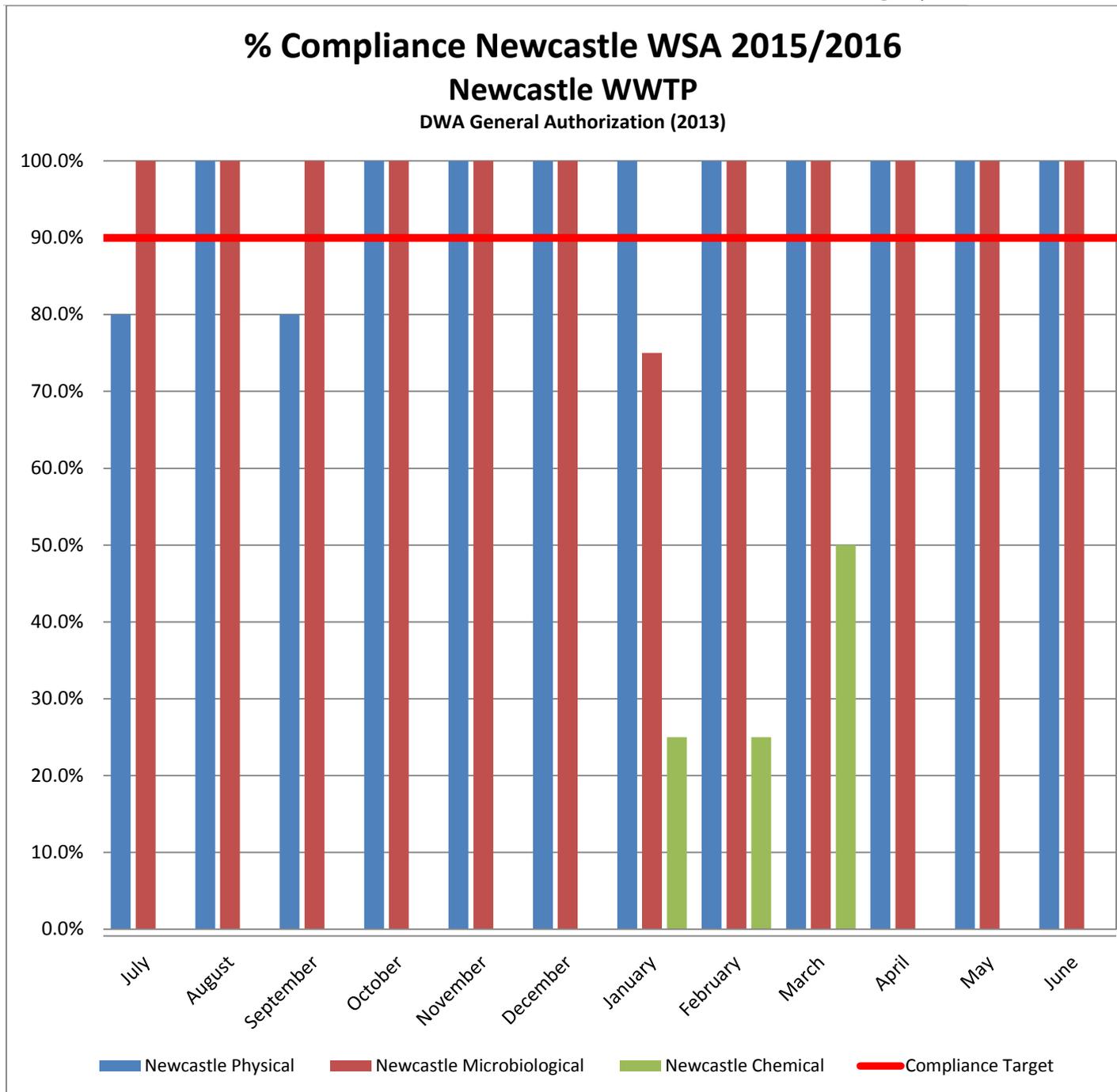


Figure 83 % compliance newcastle wsa 2015/16

THE FOLLOWING GRAPH ILLUSTRATES THE OVERALL COMPLIANCE OF THE NEWCASTLE WSA WASTE WATER PLANTS AGAINST THE DWA GENERAL AUTHORIZATION LIMITS (2013) FOR THE MONITORING PERIOD JULY 2015 TO JUNE 2016

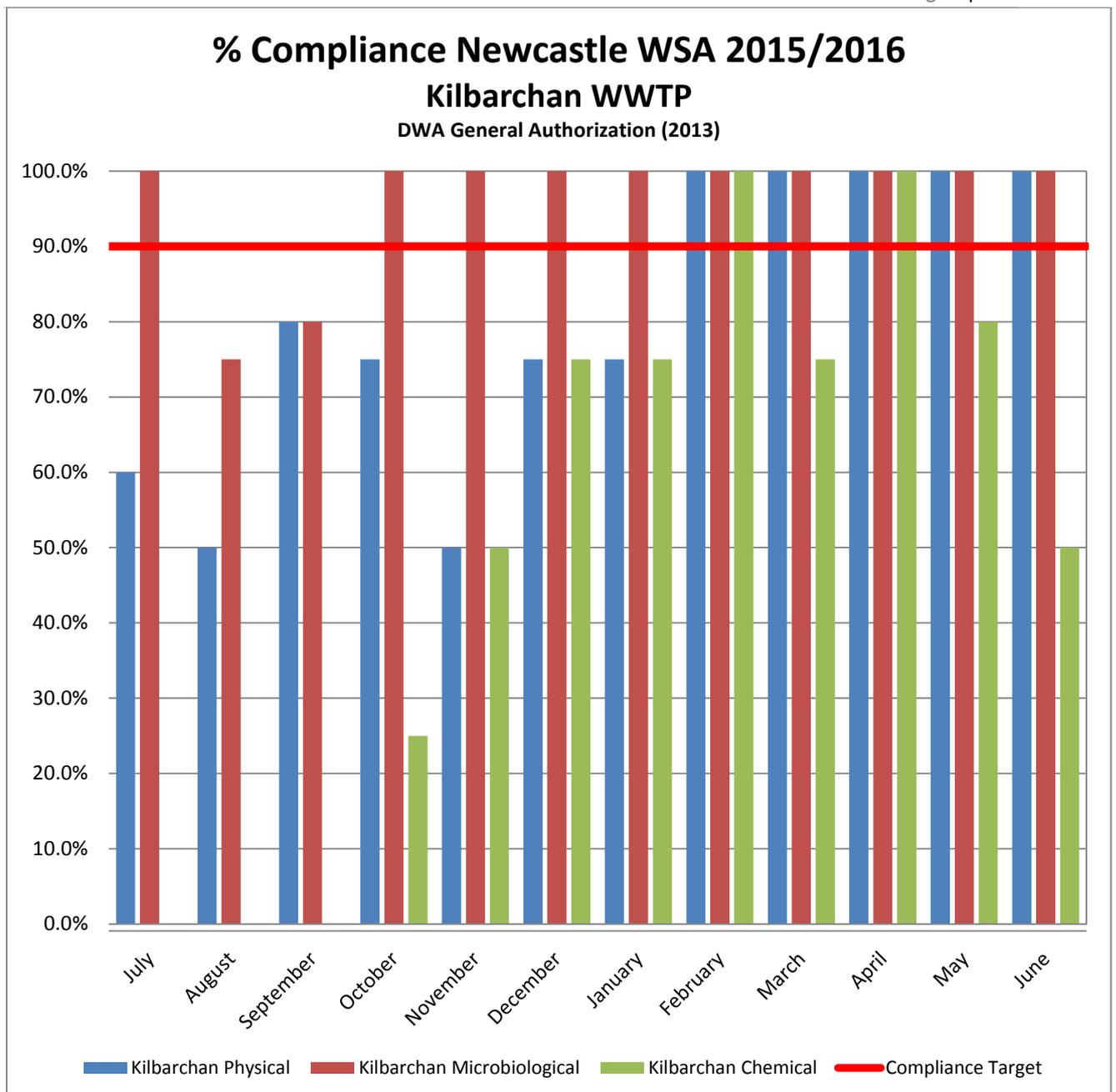
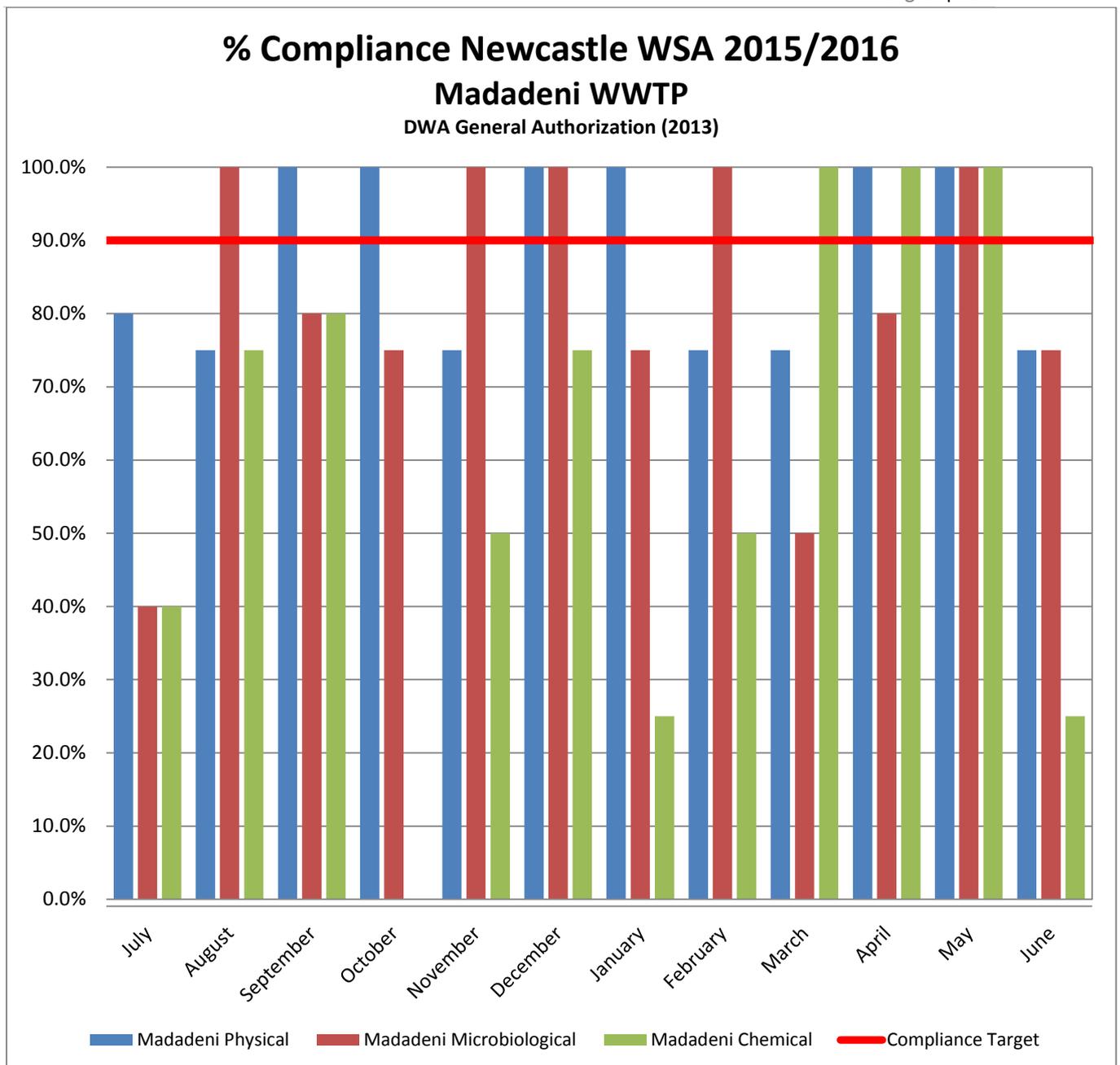


Figure 84 % COMPLIANCE NEWCASTLE WSA 2015/16

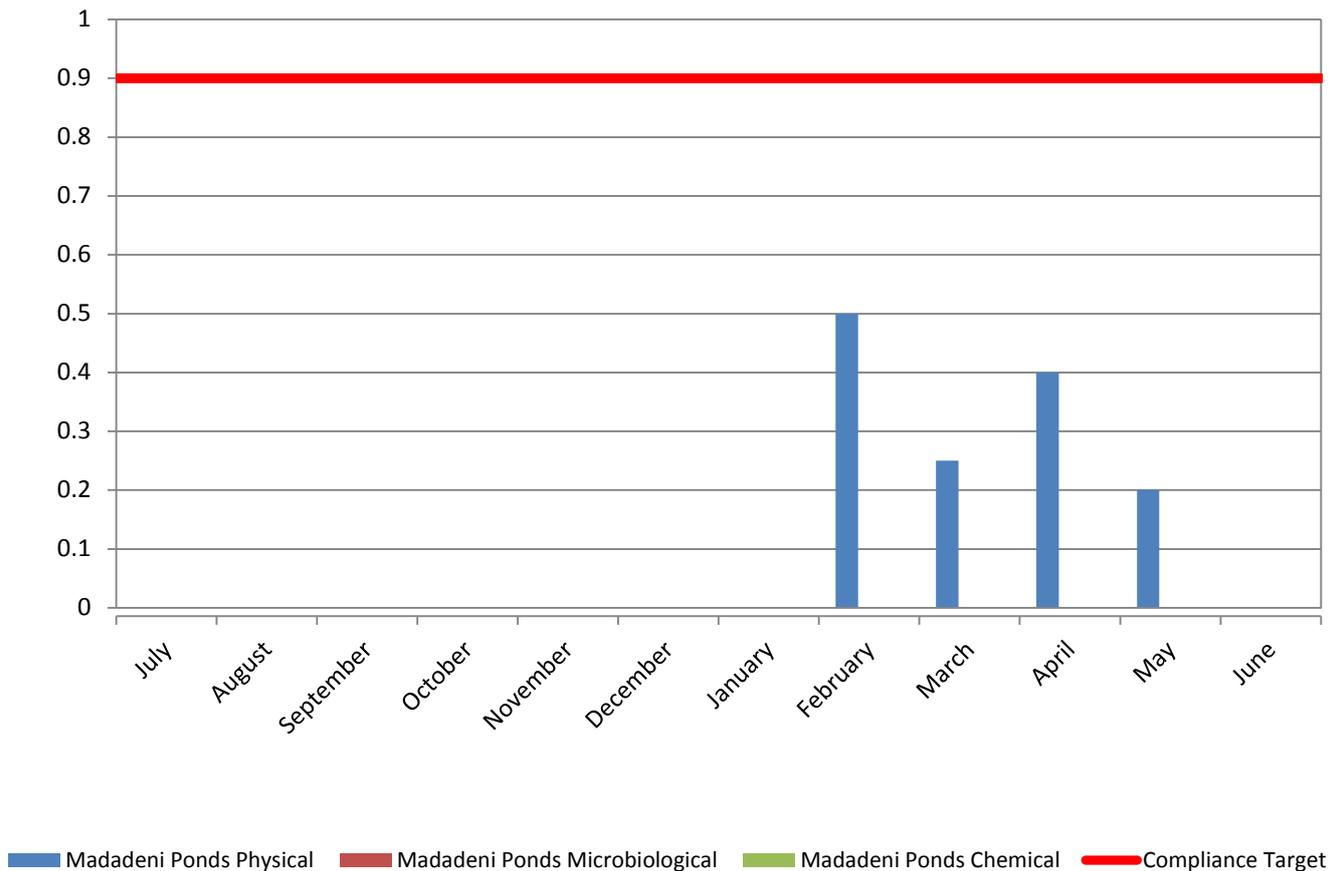
**THE FOLLOWING GRAPH ILLUSTRATES THE OVERALL COMPLIANCE OF THE NEWCASTLE WSA WASTE WATER PLANTS AGAINST THE DWA GENERAL AUTHORIZATION LIMITS (2013) FOR THE MONITORING PERIOD JULY 2015 TO JUNE 2016**



**Figure 85% COMPLIANCE mADADENI**

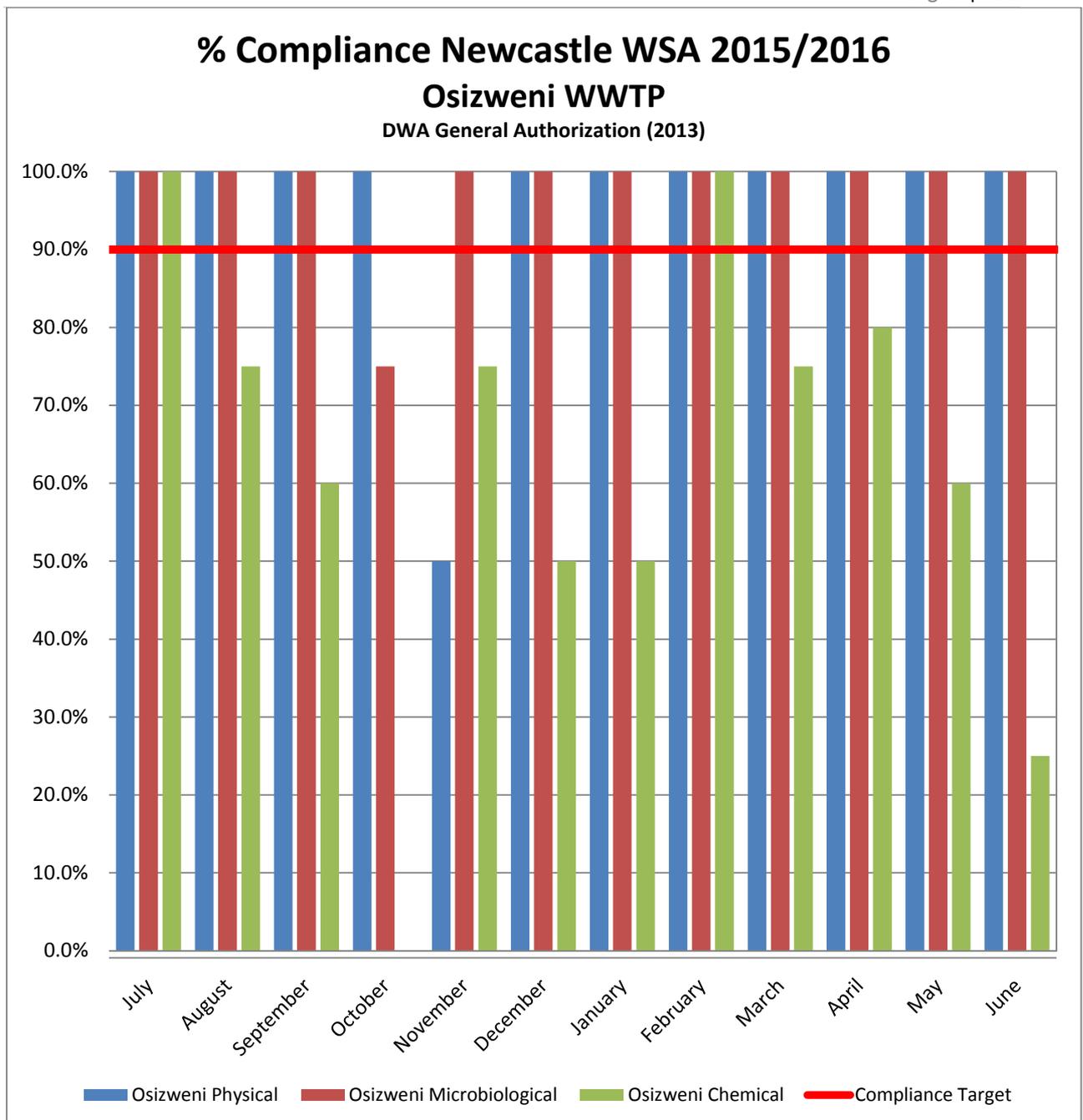
**THE FOLLOWING GRAPH ILLUSTRATES THE OVERALL COMPLIANCE OF THE NEWCASTLE WSA WASTE WATER PLANTS AGAINST THE DWA GENERAL AUTHORIZATION LIMITS (2013) FOR THE MONITORING PERIOD JULY 2015 TO JUNE 2016**

## % Compliance Newcastle WSA 2015/2016 Madadeni Ponds DWA General Authorization (2013)



**Figure 86 % COMPLIANCE MADADENI PONDS**

**THE FOLLOWING GRAPH ILLUSTRATES THE OVERALL COMPLIANCE OF THE NEWCASTLE WSA WASTE WATER PLANTS AGAINST THE DWA GENERAL AUTHORIZATION LIMITS (2013) FOR THE MONITORING PERIOD JULY 2015 TO JUNE 2016**



**Figure 87 % COMPLIANCE OSIZWENI**

## COMPLIANCE REPORTING

### BLUE DROP STATUS

In order to achieve Blue Drop Status Municipality is required to obtain an overall percentage of 95%.

As it stands the Newcastle Municipality overall Blue Drop score is **89, 06%**.

- The Ngagane Water Supply System scored 90, 6% with a decrease of 6.4%.
- The Charlestown Water Supply System scored 64, 49% with an increase of 4.39%.

Water Services Authority	Newcastle Local Municipality	
2014 Municipal Blue Drop Score	89.06 %	
Performance Area	Newcastle 	Charlestown 
Water Services Provider(s)	uThukela Water	Pixley Ka Sema Municipality , Newcastle LM
Water Safety Planning (35%)	32.73	20.13
Treatment Process Management (8%)	8.00	3.20
DWQ Compliance (30%)	23.25	21.00
Management Accountability (10%)	8.50	5.13
Asset Management (14%)	13.27	6.55
Use Efficiency, Loss Management (3%)	2.34	2.34
Bonus Scores	1.98	6.16
Penalties	0.00	0.00
2014 BLUE DROP Score	<b>90.06%</b>	<b>64.49 %</b>
2012 Blue Drop Score	<b>97.0%</b>	<b>60.1 %</b>
2011 Blue Drop Score	<b>75.9%</b>	<b>40.7 %</b>
System Design Capacity (Ml/d)	105.0	4.0
Operational Capacity (% ito Design)	93%	100 %
Average daily Consumption (l/p/d)	332.2	1250.0
Microbiological Compliance (%)	99.8%	95.6 %
Chemical Compliance (%)	99.1%	99.9 %
Blue Drop Risk Rating (2012)	61.5%	83.4 %
Blue Drop Risk Rating (2013)	36.9%	52.3 %

Figure 88 blue drop status results

## GREEN DROP STATUS

- In order to achieve Green Drop Status Municipality is required to obtain an overall percentage of 90%.
- As it stands the Newcastle Municipality overall Green Drop score is **77.97%**, increase of 6.47% from the previous assessment.

1. Newcastle Local Municipality				
Water Services Authority		Newcastle Local Municipality		
Water Services Provider(s)		uThakala Water		
<b>2013 Municipal Green Drop Score</b>		<b>77.97%</b>		
<b>2011 Municipal Green Drop Score</b>		<b>71.50%</b>		
<b>2009 Municipal Green Drop Score</b>		<b>11.00%</b>		
Key Performance Area		Charlestown Pondk	Ribbarchin/ Ngqame	Madadeni
Process Control & Maintenance Skills	100%	30	60	64
Monitoring Programme	10%	83	93	93
Submission of Results	5%	50	100	100
Effluent Quality Compliance	80%	80	56	56
Risk Management	11%	38	84	89
Local Regulation	1%	80	88	88
Treatment Capacity	4%	25	45	44
Asset Management	11%	10	58	58
Non-compliance		4.28	0.47	4.31
Penalties		2.74	0.00	0.00
<b>Green Drop Score (2013)</b>		<b>55.86%</b>	<b>76.17%</b>	<b>74.96%</b>
2011 Green Drop Score		<b>18.30%</b>	<b>59.40%</b>	<b>0.00%</b>
2009 Green Drop Score		<b>24.00%</b>	<b>50.00%</b>	<b>0.00%</b>
System Design Capacity	40%	0.3	1	12
Capacity Utilisation (0.82DW - to Design Capacity)		1.66%	40.50%	134.75%
Resource Discharged into:		No Discharge	Ngqame River	Buffalo river
Microbiological Compliance	%	N/A	77.78%	18.18%
Chemical Compliance	%	N/A	92.55%	90.10%
Physical Compliance	%	N/A	100.00%	94.44%
Overall Compliance	%	N/A	93.58%	81.09%
<b>Wastewater Risk Rating (2012)</b>		<b>71.43%</b>	<b>71.43%</b>	<b>54.50%</b>
<b>Wastewater Risk Rating (2013)</b>		<b>41.43%</b>	<b>91.43%</b>	<b>59.09%</b>

Figure 89 green drop status results

## TOWN PLANNING WATER SERVICES SUPPORT

Development Description	Area/Location	Supported	Not Supported	Total
Rezoning's and Subdivisions	Newcastle	48	0	48
	Madadeni	4	0	4

	KwaMathukuza	1	0	1
	Osizweni	9	1	10
			<b>Total</b>	<b>62</b>
Placing of Shipping Containers	Newcastle	13	0	13
	Madadeni	11	2	13
	KwaMathukuza	3	0	3
	Blaauwbosch	1	0	1
	Osizweni	7	1	8
			<b>Total</b>	<b>38</b>
Spécial Consent (Granny flats, etc.)	Newcastle	39	0	39
	Madadeni	4	0	4
	Osizweni	3	0	3
	KwaMathukuza	1	0	1
			<b>Total</b>	<b>47</b>
Relaxations	Newcastle	4	0	4
	Madadeni	0	0	0
	Osizweni	1	0	1
	KwaMathukuza	0	0	0
			<b>Total</b>	<b>5</b>
Lease Application	Newcastle	25	0	25
	Madadeni	4	0	4
	Osizweni	5	0	5
	KwaMathukuza	1	0	1
			<b>Total</b>	<b>35</b>

## MONTHLY NRW AND WATER LOSSES

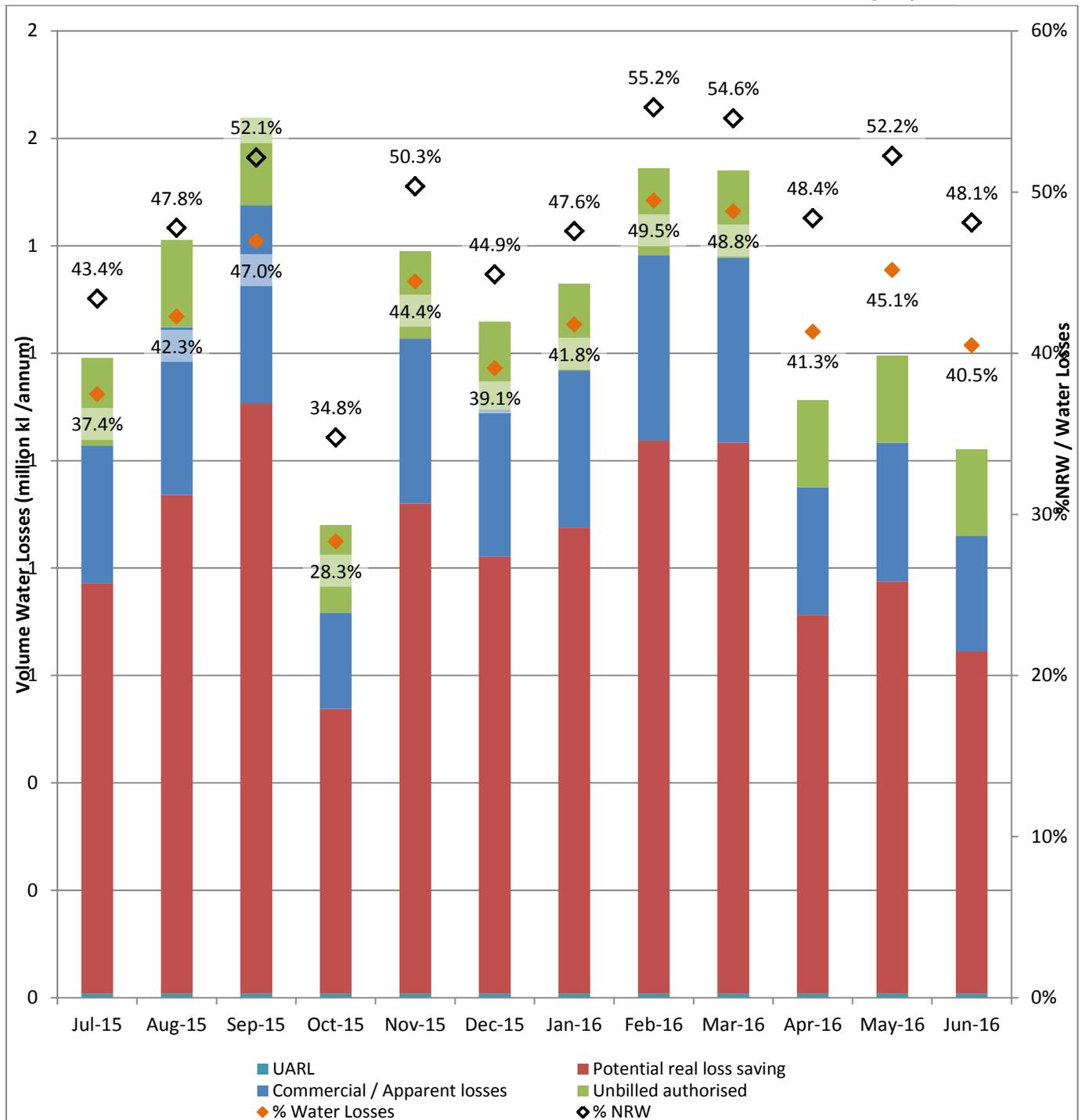


Figure 90 monthly nrw & water losses

### 3 YEARS ANNUAL WATER AUDIT PROGRESS

WATER BALANCE FIGURES				Reference/remarks
	2013/2014	2014/2015	2015/2016	
<b>Input Volume(KL)</b>	32 295 734	32 433 476	29 994 636	Water balance table
<b>Non-revenue Water loss (KL)</b>	13 104 922	14 147 834	14 522 290	Water balance table
<b>Non-revenue Water loss (%)</b>	40.6%	43.60%	48.4%	Water balance table
<b>Bulk Tariff(R/KL)</b>	2.46	2.46	2.56	UTW Pty Ltd water cost.
<b>Water loss cost</b>	R 32 238 108	R 34 803 672	R 37 177 062	Unmetered connections, emergency drought and high peak season demand.

Municipal Strategic Self-Assessment of Water Services (MuSSA) (2015).

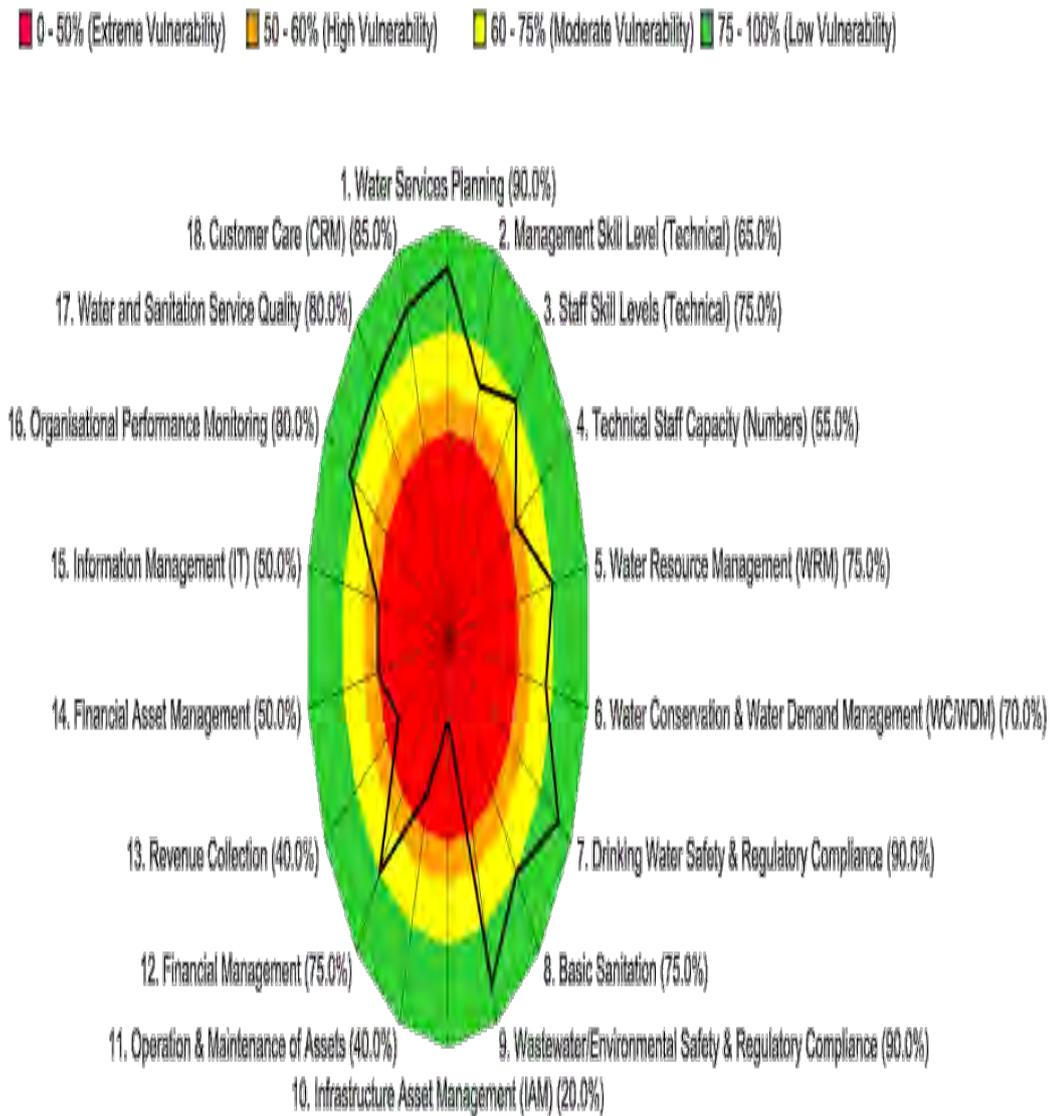


Figure 91 NEWCASTLE mUssa 2015/16

MUSSA PERFORMANCE

Back 2 Basics Categorisation (February 2015)	MuSSA Vulnerability Index (2015)	
Performing Well	High Vulnerability	

Back 2 Basics Pillar	MuSSA Vulnerability (2015)	
Putting People First	Water and Sanitation Service Quality	
	Customer Care (CRM)	
Basic Service Delivery	Water Services Planning	
	Water Resource Management (WRM)	
	Water Conservation & Water Demand Management (WC/WDM)	
	Drinking Water Safety & Regulatory Compliance	
	Basic Sanitation	
	Wastewater/Environmental Safety & Regulatory Compliance	
	Infrastructure Asset Management (IAM)	
	Operation & Maintenance of Assets	
Good Governance	Information Management (IT)	
	Organisational Performance Monitoring	
Sound Financial Management	Financial Management	
	Revenue Collection	
	Financial Asset Management	
Building Capable Local Government Institutions	Management Skill Level (Technical)	
	Staff Skill Levels (Technical)	
	Technical Staff Capacity (Numbers)	
MuSSA Vulnerability Legend		
Extreme Vulnerability		High Vulnerability
Moderate Vulnerability		Low Vulnerability

Figure 92 mussa performance

## 2015 MUSSA STATUS NEWCASTLE PRIORITIZED VULNERABLE AREAS

Prioritised Vulnerable areas	MuSSA Status
Infrastructure Asset Management (IAM)	20%
Operation & Maintenance of Assets	40%
Revenue Collection	40%

## WATER AND SANITATION PROJECTS

### VIP TOILETS WARD 30

VIP TOILETS WARD 30	
MIG number	N/A
PROJECT NO	A272-2014/15
Name of consultant	New castle LM (Internal)
Name of contractor	Dlongwane Trading
	

PROGRESS REPORT	
<b>KEY ACTIVITIES: CONSTRUCTION</b>	
Preliminary and general	100%
Community project meeting	100%
Hiring of labour	100%
Beneficiary list confirmed	100%
Site clearance	100%
Excavation	100%
Bottom structure assembly	100%
Floor and top structure assembly	100%
Accessories	100%
Tiding up and finishing	100%
Sign-off completed units	100%
Handover	100%
<b>Overall progress</b>	<b>100%</b>

## CONVERSION OF VIP TOILETS TO WATERBOURNE SEWER IN STAFFORDHILL

**CONVERSION OF 1500 VIPS TO WATERBORNE AT MADADENI SECTION 7 STAFFORDHILL**

<b>MIG Project number</b>	2003 C25 018, 2005MIGK2520004 & 2008MIGFK252153184
<b>Name of consultant</b>	Royal HaskoningDHV
<b>Name of contractor</b>	BBC Projects JV Silimasonke

**PROGRESS REPORT**

	%	Nº of Houses
Sites Excavated	17.04%	230
Sewer Pipeline laid in trench	15.19%	205
Water Pipeline laid in trench	15.19%	205

## JBC BULK WATER PROJECT

**JBC BULK WATER****MIG Project number**

2014MIGFK252226030

**Name of consultant**

Abaziyo Consulting Engineers

**Name of contractor**

NRB Piping Systems (Pty) Ltd

**PROGRESS REPORT****PROGRESS REPORT**

Manufacturing	100%
Inspection and quality check	10%
Delivery to site	0%
Overall Progress	37%

SIY AHLALA BULK SERVICES

**SIYAHLALA BUSLK SERVICES****MIG Project number**

A172-2014/15

**Name of consultant**

Royal HaskoningDHV

**Name of contractor**

Klus Civils (Pty) Ltd

**PROGRESS REPORT**

Roads	40%	
Pipelines : Sewer	20%	
Pipelines : Stormwater	6%	
Portal Culverts	100%	
Detention Tank	6%	
Overall Progress	34%	

OSIZWENI WCDM

Newcastle Municipality (NM) recognized the need to focus on the reduction of Non-Revenue Water (NRW) as part of its' contribution towards the objectives of the National Water Conservation/Water Demand Management (WC/WDM) initiatives currently underway throughout the country, that are in support of the protection of a scarce water supply resource.

Coupled by the effect of the current drought situation it was imperative to try and use the available water as efficiently as possible so to delay water restrictions as long as possible.

The main objectives of this project was to implement the following 15 real loss, apparent loss and global initiatives over the project lifespan:

- Mentorship Program;
- WC/WDM Public Awareness and Media Campaign;
- Reservoir Audit and Repair;
- Reservoir Inlet Control Audit and Repair;
- Active Leak Detection and Repair;
- Optimising existing PRVs and Advanced PRV Controllers;
- Installation of new PRVs (Pressure Reducing Valves);
- Forced internal leak repair;
- Reservoir outlet Replacement;
- Bulk Meter and PRV audit and maintenance;
- Consumer meter replacement and/or installation;
- Allowance for Telemetry Upgrades



Figure 93 PRV CHAMBER



Figure 94 PRV

## JOB CREATION BY THE WCDM OSIZWENI PROJECT

The Turnkey project created a total of 84 temporary jobs in the Osizweni area.

## CHALLENGES EXPERIENCED DURING THE WCDM OSIZWENI PROJECT

- Due to low levels at Braakfontein Reservoir the continuous shutting of the reservoir has caused delays in zone testing at night as well as making night flow analysis difficult
- The wet weather in the months of March and April has delayed progress in leak detection as well as domestic meter replacements.
- Inaccuracies in GIS has led to delays in locating bulk mains, and delaying the progress in
- Intermittent supply has made zone testing and collecting of baseline information very difficult. This has led to delays in the aforementioned activities.
- Getting requests/instruction from the Client to use local Contractors has been difficult as the Contractors received did not have any expertise for the type of specialist work. It is recommended that the number of Contractors that need to be subcontracted be significantly reduced and that local Contractors who have a proved track record and experience only be included.

## CUSTOMER SERVICES

- Water awareness campaign as one of the pillars of water conservation and demand management.
- Call Centre performance

## WATER WEEK 2016 REPORT

Newcastle Municipality had another opportunity to participate in the National Water Week of 2016. Through this initiative the Water Services department echoed the message of re-iterating the value of water, the need for sustainable management of this scarce resource and the role water plays in eradicating poverty and under-development in South Africa.

The campaign took place from 14 to 22 March 2016, under the theme “Water for people, Water by people”, which also coincides with World Water Day and National Human Rights Day

Together with stakeholders from the Department of Environmental affairs, Department of Health and Department of Education and the communities of Madadeni and Osizweni were visited. The campaign trail kicked off in Madadeni, where the team visited Mdumiseni High School and engaged with the community at Phelindaba stadium.

On the days that followed the campaign extended to Osizweni, where the Mzamo High School and Zibambeleni High School were visited. And furthermore the community at the Theku Plaza and the Boxer Shopping Complex was also visited by the water services team. At schools learners were taught about the importance of water and the role in plays in society.

The campaign team was accompanied by the Newcastle Arts Development Organisation and Sbo Da Poet, who aligned their performances and interaction with the public with the message of Water Week.

The main focus of the campaign was to instilling the message of saving water through fixing internal leaks, reporting water and sanitation related problems to the municipal call center, and using water saving tactics at home. The communities were also urged to work together with the municipality, in decreasing the levels of water wastage because the drought problems has not subsided.

On the last day the team closed off the campaign by cleaning the Ncandu River, running through the Newcastle Taxi rank. A lot litter was picked on the riverbank, while the importance of keeping our environment and our natural water sources clean.



Figure 95 municipal team and community during water week



Figure 96 wsa team during water week



Figure 97 community during water week



Figure 98 municipal team during water week





Figure 99 municipal team during water week

## WATER SUPPLY AND SANITATION PROVISION

Emergency repair work was conducted on Ntshingwayo raw water pipe line on the 22nd of September 2015. The line was isolated from 6 h00 and stayed isolated up to 18h00. During this period limited potable water was produced. Available water was shared during this period. Residents were requested to use water sparingly. There was a planned water outage at Arbor Park South and Hilldrop smallholdings on 2015-10-22 from 8:00 to 14:00 to connect the Hilldrop water tower to the supply main from Tiger Kloof reservoir. Residents were requested to make arrangements in order to have enough water to sustain them until full restoration of supply. They were further requested to contact the 24/7 call centre: 0860 144 144 and to report water leaks and burst pipes or any water and sanitation complaints. Water supply was restored as planned. Bulk sms's proved to be the best communication tool to notify affected residents about water interruptions in their areas. The call center still remains the main contact point between council and the residents.

## CALL CENTRE

Statistics from Water Services call centre for the period of July 1 2015 to July 31 2016

### ANALYSIS:

From July 1 2015 to July 31 2016 a total of 9604 complaints were received and captured into the system by the Call Centre operators. The same number of complaints was forwarded to the Operations Team by the query rooters. At the time of reporting 8028 complaints were resolved and 1576 still outstanding. Upon further analysis it appeared that 1576 unresolved complaints included completed jobs but not yet submitted to the query rooters to close the lope due to systems challenges.

### RECOMMENDATION:

- The service level standards be implemented immediately in order to control response times by the operations team thus producing a more accurate report.
- The Water Management Information System (WMIS) be upgraded and made accessible to assistant managers as well as foremen on sites.

### CONCLUSION:

This statistical report is true and correct in all respects as extracted from the system without any manipulation.

## Financial Performance 2015/16

SECTION	OPERATING BUDGET		CAPITAL BUDGET		SDBIP		CAPEX		NO. OF PROJECTS COMPLETED
	APPROVED BUDGET (2015/16)	ACTUAL YTD (2015/16)	APPROVED BUDGET (2015/16)	ACTUAL YTD (2015/16)	NO. OF KPI'S	NO. OF TARGETS MET	NO. OF PROJECTS APPROVED		
PMU	R25,346,306.00	R28,144,792.85	R109,538,643.00	R87,361,548.06	5	1	38	19 (19 projects are still in progress-some projects are multi-year)	
ROADS AND STORMWATER	R 64 610 520.00	R68,463,817,59	R7,533,500.00	R4,847,934.77	4	2	4	0 (all projects are still in progress)	
WATER SERVICES AUTHORITY	R301 886 213.00	R558,626,863,11	R72,440,925.00	R62,749,832.11	20	4	29	13	

**CHALLENGES AND INTERVENTIONS**

Unit	CHALLENGES	INTERVENTIONS
<b>PMU</b>	Delays on the procurement of service providers.	Written correspondence were written to SCM to fast-track the appointment of service providers
	Bids committees not sitting regular	The committees should sit consistently for appointment of contractor to avoid unnecessary delays
	Poor Performance of Contractor's especially the ones with lower CIDB affects service delivery.	Meetings held to ascertain challenges and interventions were necessary

<p><b>ROADS AND STORM WATER</b></p>	<p>Finalization of roads &amp; storm water maintenance plan.</p> <ul style="list-style-type: none"> <li>-Inadequate budget</li> <li>-Insufficient budget allocation to the roads.</li> <li>-Insufficient resources</li> <li>-Inadequate skills</li> <li>-Lack of experienced staff</li> <li>-Review and implement maintenance plan(Asset Management Plan)</li> <li>-Budget allocation of all planned projects. Internal controls to be implemented</li> <li>-Appointment of staff as per organogram. Filling critical posts.</li> <li>-Purchase of new plant and equipment.</li> <li>-Review asset replacement</li> </ul>	<p>Investigate methods for sourcing funds for maintenance.</p> <ul style="list-style-type: none"> <li>-Review and implement maintenance plan</li> <li>-Improve on management policies and practices</li> <li>-Capacity and competency to be reviewed</li> </ul>
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	<p>Insufficient funds to gravel roads in the areas mentioned below:</p> <p>Madadeni (163km) –R125 716 500,00</p> <p>-Osizweni (158km) – R118 295 250,00</p> <p>Funds required for 150mm gravel;</p>	<p>Investigate methods for sourcing funds for re-gravelling</p>

<p><b>Water Services</b></p>	<p>Water Regulatory Challenges</p> <ul style="list-style-type: none"> <li>- High number of incidents reported, where manholes were overflowing directly into storm water channels and into resident's households as well as in the wetland areas. The normal cause of the blockages are the foreign material which are not supposed to be in the system, such as fats, cloths, rags, etc.</li> </ul> <p>Water Hyacinths in the Ncandu River</p> <ul style="list-style-type: none"> <li>- Currently the river is highly polluted due to a number of tributaries the main cause however being the presence of raw sewerage as a result of the overflowing pump stations situated along the river.</li> </ul> <p>Water Services By-Laws</p> <ul style="list-style-type: none"> <li>- Although industrial compliance monitoring is done, actions not to be taken against non-complaint industries due to the lack of updated water services by-laws.</li> </ul> <p>Town Planning Water Services Support</p> <ul style="list-style-type: none"> <li>- Infrastructural sewer network is not coping due to the number of developments taking place around Newcastle</li> </ul>	<ul style="list-style-type: none"> <li>- Update and review of the by-laws is in progress and should be promulgated before end of the 2016/17 financial year.</li> </ul>
<p>284</p>	<p>Newcastle Municipality, Annual Report 2015/16</p> <p>especially Newcastle West. Most of the pipelines are running at design capacity and due to these developments</p>	

**CONCLUDING REMARKS FOR TECHNICAL SERVICES 2015/16**

Unit	CONCLUDING REMARKS
<b>PMU</b>	<p>Newcastle Municipality has managed to spend 100% of the DoRA allocation on the past three previously consecutive years. (2013/14 FY, 2014/15 FY and 2015/16 FY).</p> <p>Delays on procurement processes and in some instances poor performance by service providers has hindered the service delivery.</p>
<b>ROADS &amp; STORMWATER</b>	<p>The 2014/2015 financial year has been a successful year for the Roads, Storm-water and Buildings Department. Expenditure within the Department has been excellent with all the planned maintenance and additional unforeseen maintenance accomplished</p>
<b>WATER SERVICES</b>	<p><b>CAPEX</b></p> <p>Delays experienced during procurement process resulted to some projects taking long to kick-off and some cancelled. Some internal funded projects were postponed to FY16'17.</p> <p><b>OPEX</b></p> <p>Most of work undertaken during FY15'16 under OPEX was mostly reactive due budgeted maintenance funding being lower than required. Tanker and machinery hire expenditure exceeded budget due to drought, increased number of system failure; i.e. burst pipes and blockages.</p>

OFFICE OF THE MUNICIPAL MANAGER

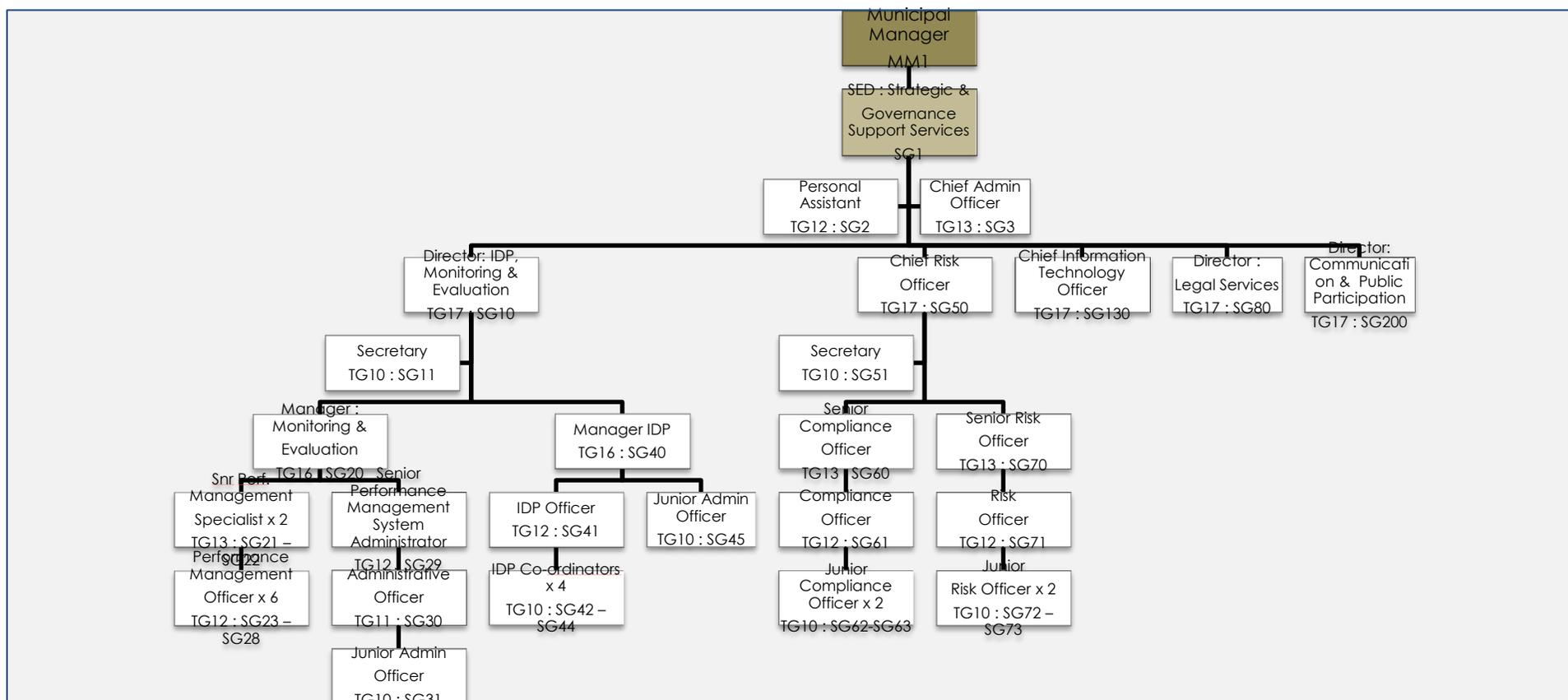




Figure 100: MUNICIPAL MANAGER organogram

### Overview of Functions

UNIT	FUNCTION
<b>Senior managers</b>	<ul style="list-style-type: none"> <li>➤ Provide administrative support to the Office of the Municipal Manager</li> <li>➤ Communicate with community, staff and senior managers in consultation with Municipal Manager</li> </ul>
<b>Executive Support</b>	<ul style="list-style-type: none"> <li>➤ Investigate and give Municipal Manager full report in order for him to make an informed decision</li> <li>➤ Provide information to the Municipal Manager on matters before him</li> <li>➤ Build a good relationship between the departments and the executive support office</li> <li>➤ Need to establish the agenda of the Municipal Manager for the day and make priorities or what the Municipal Manager hopes to accomplish for the day</li> <li>➤ Develop effective &amp; sustainable stakeholder relations (complaints &amp; complaints register)</li> </ul> <p>Develop effective &amp; sustainable stakeholder relations (complaints &amp; complaints register This monitoring and implementation includes MANCO resolutions as well, and follow up on implementation of same through SED'S</p> <ul style="list-style-type: none"> <li>➤ Oversee &amp; manage day to day operations of the MM</li> <li>➤ Cascade directives from MM to all other levels in other departments to ensure synergy in key organizational areas</li> <li>➤ Plan and prioritize activities as directed by the MM</li> <li>➤ Render relevant and timeous executive governance support services to the MM &amp; Management team</li> <li>➤ Offer direct line of communication between employees, community of Senior Managers</li> <li>➤ Communicate with community, staff and Senior Managers in consultation with MM</li> <li>➤ Privy to confidential information</li> </ul>

UNIT	FUNCTION
<b>Chief of Operations</b>	<p>1. Special programs</p> <ul style="list-style-type: none"> <li>➤ Facilitating cooperatives development.</li> <li>➤ Career guidance and skills development.</li> <li>➤ Life skills.</li> <li>➤ Facilitating victim-offender dialogue.</li> <li>➤ Social responsibility initiatives.</li> <li>➤ Work placement. Information funding.</li> <li>➤ Life skills-emotional intelligence. Support groups Facilitating social clubs.</li> <li>➤ Facilitating early childhood development.</li> <li>➤ Encourage and support door-to-door activities.</li> <li>➤ Provide support to families through DSD, DOH and DOE.</li> <li>➤ Facilitating Adult Education and training coordinating the social responsibility initiatives (izinganekwane-telling and writing).</li> <li>➤ Coordinating operation MBO (when a community has a lot of social ills and almost all government departments intervene) Social responsibility initiatives.</li> <li>➤ Work placement. Information funding.</li> <li>➤ Providing concessive environment for target group functions.</li> <li>➤ Counselling (target groups) depending on the needs.</li> <li>➤ Referral (Target groups) depending on the needs.</li> <li>➤ Career guidance and skills development.</li> <li>➤ Life skills.</li> <li>➤ Facilitating cooperatives development.</li> <li>➤ Life skills-emotional intelligence. Support groups Facilitating social clubs.</li> <li>➤ Encourage and support door-to-door activities.</li> <li>➤ Coordinating service delivery social operations (When a community has lot of social ills and almost all government departments intervene)</li> </ul>

	<ul style="list-style-type: none"> <li>➤</li> </ul> <p>2. Performance management</p> <ul style="list-style-type: none"> <li>➤ Monitoring and evaluation of Section 56/57 Employees</li> <li>➤ Quarterly Monitoring and evaluation of the Service Delivery Budget Implementation Plans (SDBIP)</li> <li>➤ Monthly monitoring and evaluation of the Capital Status</li> <li>➤ Quarterly reports and monthly reports on performance to EXCO, MPAC, Audit committee, COGTA and Auditor General</li> <li>➤ Compilation and submission of the Annual Report and Oversight report</li> <li>➤ Coordination of the Municipal Excellence Awards</li> </ul>
<p><b>Integrated Development Planning</b></p>	<ul style="list-style-type: none"> <li>➤ Strategically manage the unit.</li> <li>➤ Development and effective implementation of the IDP.</li> <li>➤ Supervision of staff and guidance thereof.</li> <li>➤ Co-ordination of service delivery functions of the municipality.</li> <li>➤ Facilitation of community and stakeholder participation.</li> <li>➤ Annual review of the IDP in compliance with legislation and Council's Policy.</li> <li>➤ Managing the IDP in line with the proposals of the MEC.</li> <li>➤ Ensuring that the IDP document is prepared accordingly.</li> <li>➤ Responding to comments and enquiries.</li> <li>➤ Ensuring alignment of the IDP with other IDP's within the District.</li> <li>➤ Co-ordinating the inclusion of sector plans into the IDP document.</li> <li>➤ Development, management and co-ordination of the community participation programmes and strategies for the municipality.</li> <li>➤ Provision of support to the Office of the Speaker.</li> <li>➤ Preparation of reports for EXCO and Council on public participation activities.</li> <li>➤ Responsible for ward committee functionality.</li> <li>➤ Facilitating communication between ward communities and municipal departments on administration issues.</li> <li>➤ Implementation of policies and maintenance of standards regarding municipal strategic projects.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Cross-functional project management support and co-ordination.</li> <li>➤ Provision of support regarding planning and co-ordination - project scheduling, budgeting and administration.</li> <li>➤ Provision of assistance regarding the development of presentations.</li> <li>➤ Recording of meetings minutes and action items during meetings and the performance of a basic follow-up</li> </ul> <p>CAPTURING INFORMATION AND DATA SETS REGARDING APPROVED STRATEGIC PROJECT DEVELOPMENT AND PRINTING OF MAPS.</p> <p>GIS DATA UPDATING, COLLECTION AND CAPTURING.</p> <p>CAPTURING OF STRATEGIC PROJECT PROPOSALS INTO THE CADASTRAL DATA SET.</p> <p>SOFTWARE MAINTENANCE.</p> <p>MANAGING THE IDP IN LINE WITH THE PROPOSALS OF THE MEC.</p> <p>ENSURING THAT THE IDP DOCUMENT IS PREPARED ACCORDINGLY.</p> <p>RESPONDING TO COMMENTS AND ENQUIRIES.</p> <p>ENSURING ALIGNMENT OF THE IDP WITH OTHER IDP'S WITHIN THE DISTRICT.</p> <p>CO-ORDINATING THE INCLUSION OF SECTOR PLANS INTO THE IDP DOCUMENT.</p> <p>DEVELOPMENT, MANAGEMENT AND CO-ORDINATION OF THE COMMUNITY PARTICIPATION</p> <p>PROVISION OF SUPPORT TO THE OFFICE OF THE SPEAKER.</p> <p>PREPARATION OF REPORTS FOR EXCO AND COUNCIL ON PUBLIC PARTICIPATION ACTIVITIES</p> <p>RESPONSIBLE FOR WARD COMMITTEE FUNCTIONALITY.</p> <p>FACILITATING COMMUNICATION BETWEEN WARD COMMUNITIES AND MUNICIPAL DEPARTMENTS</p>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>➤</li> <li>➤ Organogram</li> <li>➤ CAE</li> <li>➤ 3 managers</li> <li>➤ 1 senior</li> <li>➤ 2 auditors</li> <li>➤ 3 junior auditors</li> </ul>

	<ul style="list-style-type: none"> <li>➤</li> <li>➤ The mission of the Internal Audit Activity is to provide independent, objective assurance and consulting service designed to add value and improve the organization's operations.</li> <li>➤ The scope of work of the Internal Audit Activity is to determine whether Newcastle Local Municipality's network of risk management, control and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure: <ul style="list-style-type: none"> <li>➤ that risks are appropriately identified and managed;</li> <li>➤ that interaction with the various governance groups occurs as needed;</li> <li>➤ that significant financial, managerial, and operating information is accurate, reliable, and timely;</li> <li>➤ that employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;</li> <li>➤ that resources are acquired economically, used efficiently, and adequately protected;</li> <li>➤ that programs, plans, and objectives are achieved;</li> <li>➤ that quality and continuous improvement are fostered in Newcastle Local Municipality control process; and</li> <li>➤ that significant legislative or regulatory issues impacting Newcastle Local Municipality are recognized and addressed appropriately.</li> </ul> </li> <li>➤ Evaluate and report on Performance Management.</li> <li>➤</li> </ul>
<b>Legal Services</b>	<ul style="list-style-type: none"> <li>➤ Legal services unit provides legal support service to the Council and departments to enable the Municipality to deliver on its regulatory mandate and exercise oversight of compliance with legislations.</li> <li>➤ Manages all litigation by or against the Municipality;</li> <li>➤ Deals with major precedent setting cases and plays an important role in the prevention of litigation by identifying potential risks and dealing with it immediately. These risks are mitigated by ensuring proactive intervention in</li> </ul>

	<p>the form of perusing all reports and submitted to various decision-making bodies of Council, giving formal advice on procedure and processes;</p> <ul style="list-style-type: none"> <li>➤ Responsible for the review and amendments of all Municipal By-laws to ensure that the municipality's by-laws cover all activities and areas that need regulation.</li> <li>➤ Ensures that all policies adopted by Council are legally compliant with the constitution, enabling Legislative and Bargaining Council Agreements and ensure implementation of PAIA and PAJA.</li> <li>➤ Responsible for the drafting, vetting and advices on negotiations on all contracts and provides legal advice in respect of various legal issues, including but not limited to, enforcement of contract, breach of contract and lease agreements.</li> <li>➤ Maintenance of a legal library to ensure that up to date and the latest legal information is available at any time.</li> <li>➤ Liaising with all internal and external stakeholders regarding legal matters affecting the municipality.</li> </ul>
<b>Mayor's Office</b>	<ul style="list-style-type: none"> <li>➤ The coordination of events for the Mayor</li> <li>➤ Ensuring that correct protocol is followed</li> <li>➤ Mass mobilization of communities</li> <li>➤ To address any matter referred to the Mayor</li> <li>➤ Mayoral bursary scheme</li> <li>➤ Mayoral program</li> <li>➤ Communication between the mayor, community and other stakeholders</li> </ul>
<b>Risk Management</b>	<p>1. Strategic Functions</p> <ul style="list-style-type: none"> <li>▪ <b>VISION</b></li> <li>▪</li> <li>▪ To make a significant contribution towards strengthening good corporate governance within the Municipality, and steer the municipality towards ensuring a clean administration.</li> <li>▪ <b>MISSION</b></li> </ul>

- To provide a value-add service towards ensuring an effective risk management system and compliance with legislations, policies and other prescripts that are applicable to the municipality.

## 2 Strategic Objectives of Risk Management Unit

### OBJECTIVES:

- To co-ordinate and facilitate the implementation of an effective enterprise-wide risk management system in the Municipality.
- To identify potential events (risks and opportunities) that may affect the municipality, and manage risks to be within its risk appetite in order to provide reasonable assurance regarding the achievement of the Municipal objectives as contained in the IDP of the Municipality.
- To improve good governance through organisational compliance monitoring.

### 1.1. Strategic Functions

- Review of risk management policies and other strategic documents;
- Development of business continuity policy for the Municipality and facilitate implementation;
- Planning, designing, and facilitate the implementation of fraud risk management system;
- Review of Anti-fraud and Corruption Policy;
- Development of Anti-corruption strategy and fraud prevention plan based on fraud risk assessment;
- Preparation of Annual operational plan for the unit,
- Budget preparation for the Unit
- Human capital management, training and development for the unit

### **1.2. Risk Management Advisory services**

- Facilitating the implementation of risk management system and processes;
- Facilitating the annual risk assessment, control self-assessment exercise and risk register, including the annual risk management plan;
- Monitoring the implementation of risk management plan;
- Conducting process assessments and update risk registers ;
- Providing support, education and training to staff, management level and ensuring effective risk management within the Municipality.
- Identification of emerging risks in liaison with management, and update of risk register.

### 1.3. Fraud Risk management Advisory Services [Anti-Corruption and Fraud prevention]

- Conducting fraud risk assessments and updating of fraud risk registers ;
- Risk treatment by selecting and implementing measures to control and manage risks, avoid risks and transfer risks;
- Conducting fraud awareness workshops to staff at all levels and Councilors;
- Facilitation of the implementation of the Municipal Anti-Corruption strategy.

### 1.4. Business Continuity Management Advisory Services

- Conducting business impact and threat analysis;
- Guiding the organization towards setting disruption point, crisis point, and recovery point, with high priority on essential services;
- Facilitate the development of business continuity plan for each service of the organization, with high priority on essential services.
- Regular monitoring of the adequacy and effectiveness of business continuity plan, taking into account recent incidents and past failures in order to ensure that the organization is prepared towards avoiding crisis and disasters that will hamper business continuity.

	<p><b>2.Compliance</b></p>	
	<p><b>2.1. Compliance Monitoring</b></p>	
	<ul style="list-style-type: none"> <li>➤ Monitoring organizational compliance with applicable legislation and approved policies</li> <li>➤ Performing policy gap analysis towards ensuring alignment to relevant prescripts (legislation, regulations, circulars, guidelines, framework, etc)</li> <li>➤ Attend to all other compliance related correspondence from National departments and o enforcement agencies.</li> <li>➤ Co-ordinate submission of information requested by Auditor-General (AG) during the aud information is submitted within the stipulated time-frames.</li> <li>➤ Co-ordinate management response to queries raised by Auditor-General (AG) during the responses are submitted to AG within the stipulated time frames;</li> </ul>	
	<p><b>2.Compliance</b></p>	
	<p><b>2.1. Compliance Monitoring (cont.)</b></p>	
	<ul style="list-style-type: none"> <li>➤ Assess the adequacy of management response towards ensuring that the audit queries ar management provides adequate action plans towards strengthening the identified contro avoid similar audit queries in future;</li> <li>➤ Co-ordination of audit steering committee meetings with Auditor-General</li> <li>➤ Manage relations between management and Auditors.</li> <li>➤ Facilitate the development management action plans to address AG queries and Monitor</li> </ul>	
	<p><b>2.2. Compliance Assurance Review</b></p>	

	<ul style="list-style-type: none"> <li>➤ Follow-up on AG action plan in order to verify implementation of management action plan</li> <li>➤ Conduct compliance reviews in order to verify compliance with applicable legislation and</li> <li>➤ Develop final assurance review reports, and submit them to Management and audit committee</li> <li>➤ Ad-hoc assignments - Conduct special compliance related assignments as and when required by the Compliance Officer.</li> </ul>	
<b>Information Technology</b>	<p>By providing</p> <ul style="list-style-type: none"> <li>➤ A secure IT environment;</li> <li>➤ Effective IT leadership;</li> <li>➤ A capable and adequate IT workforce; and</li> <li>➤ An excellent customer service.</li> </ul>	
<b>Communication</b>	<p><b><u>1.Batho Pele</u></b></p> <ul style="list-style-type: none"> <li>➤ To promote the Batho Pele belief set i.e. excellent service.</li> <li>➤ Motivate Municipal officials to go beyond the call of duty</li> <li>➤ Deepen the understanding of Batho Pele as a service delivery tool.</li> <li>➤ Change the attitude patterns of the public servants.</li> <li>➤ Ensure that Batho Pele belief set and Principles are rolled out</li> <li>➤ Assisting with the implementation of communications strategies across all campaigns</li> <li>➤ Contributing to the monthly internal communications meeting, assisting with the preparation of presentations and documents and taking minutes.</li> <li>➤ Assist with communications tasks and duties as needed.</li> </ul> <p><b>2. Journalism</b></p> <ul style="list-style-type: none"> <li>➤ Complete administrative duties. This may include answering phones,</li> </ul>	

	<p>typing emails, filing and organizing.</p> <ul style="list-style-type: none"> <li>➤ Assigned to cover Municipal and Community Events.( ie. Write and edit Municipal articles, take and edit Pictures / &amp; Videos</li> <li>➤ Assisting with the implementation of communications strategies across all campaigns</li> <li>➤ Collecting stories for the monthly-newsletters, Website and archiving of Communications Material.</li> <li>➤ Contributing to the monthly internal communications meeting, assisting with the preparation of presentations and documents and taking minutes.</li> <li>➤ Co-ordinate and attend press conferences, council meetings and other scheduled public events</li> </ul> <p><b>3. Communications.</b></p> <ul style="list-style-type: none"> <li>➤ Assisting with communications tasks and duties as needed-</li> <li>➤ Responsible for monitoring the Organization’s online accounts i.e. Facebook and Twitter</li> <li>➤ Provide administrative support to the communications department that includes maintaining staff calendars, scheduling events and processing invoices</li> <li>➤ Writing, editing and overseeing the design of print and online materials such as newsletters and brochures</li> <li>➤ Assisting with the implementation of communications strategies across all campaigns</li> <li>➤ Assisting with event planning and management, from collating invitation lists to arranging logistics as and when required.</li> <li>➤ Collecting stories for the monthly-newsletters uploading the content to the Website and archiving of Communications Material.</li> </ul>
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- Finalising all quarterly reports 2014/15 and timeous submission to Internal Audit
- Submission of Annual Performance Report 2014/15 to Auditor-General – no finding from Auditor-General for the 2014/15 financial year
- Tabling of Annual Report 2014/15
- Adoption of Oversight Report 2014/15
- Compliance with all Back to Basics reporting to National DCOG and Provincial Cogta
- Participation in the Local Government Management Improvement Model by the Office of the Presidency
- Development and Implementation of PMS Checklist to improve performance reporting and assessment of performance

### **INTEGRATED DEVELOPMENT PLANNING**

- Successful conduction of the 2015/16 IDP and Budget Roadshows together with the office of the Mayor.
- Successful conduction of the 2015/16 IDP Representative Forum.
- Successful conduction of the Ward Committee Functionality conference for the 2015/16

### **INTERNAL AUDIT PERFORMANCE HIGHLIGHTS**

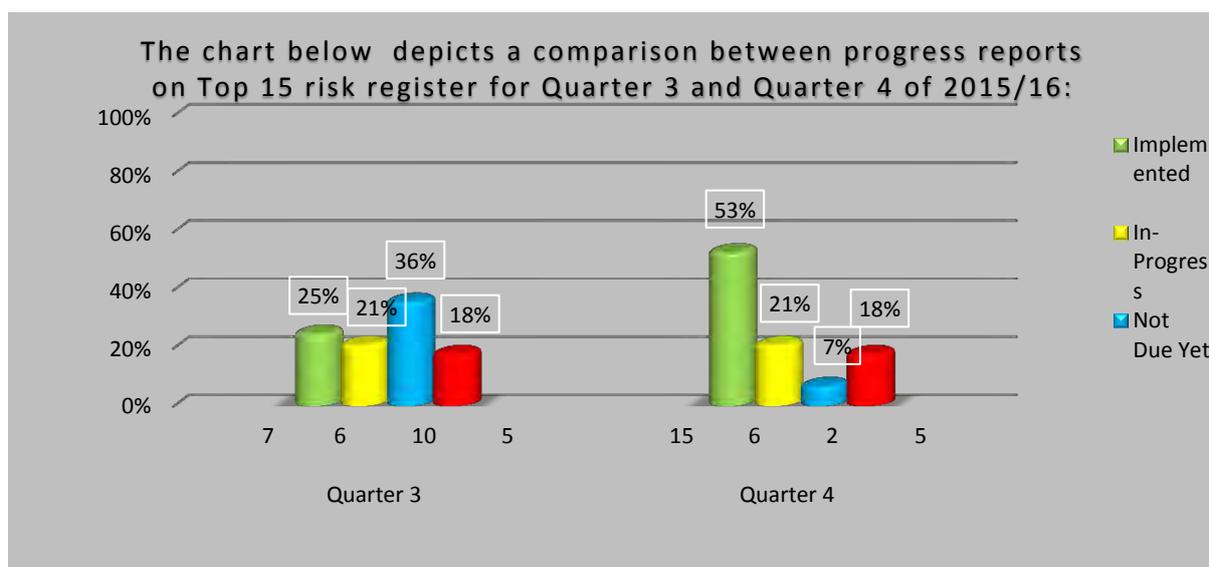
- Completion of audits as per the internal audit plan approved by the audit committee
- Audit committee meeting held every quarter.
- Follow up audits conducted.
- All staff attended training courses by the IIA and are therefore kept updated.
- Cia and MPA studies by internal audit staff.
- SCOA training.
- Minutes of audit committee meetings submitted to Council.
- Internal audit follow up on AG audit findings.
- Audit committee resolutions implemented.
- Internal audit report format enhanced to be more useful to management.
- Internal audit findings discussed at audit steering committee meetings . Women's Intergenerational dialogue

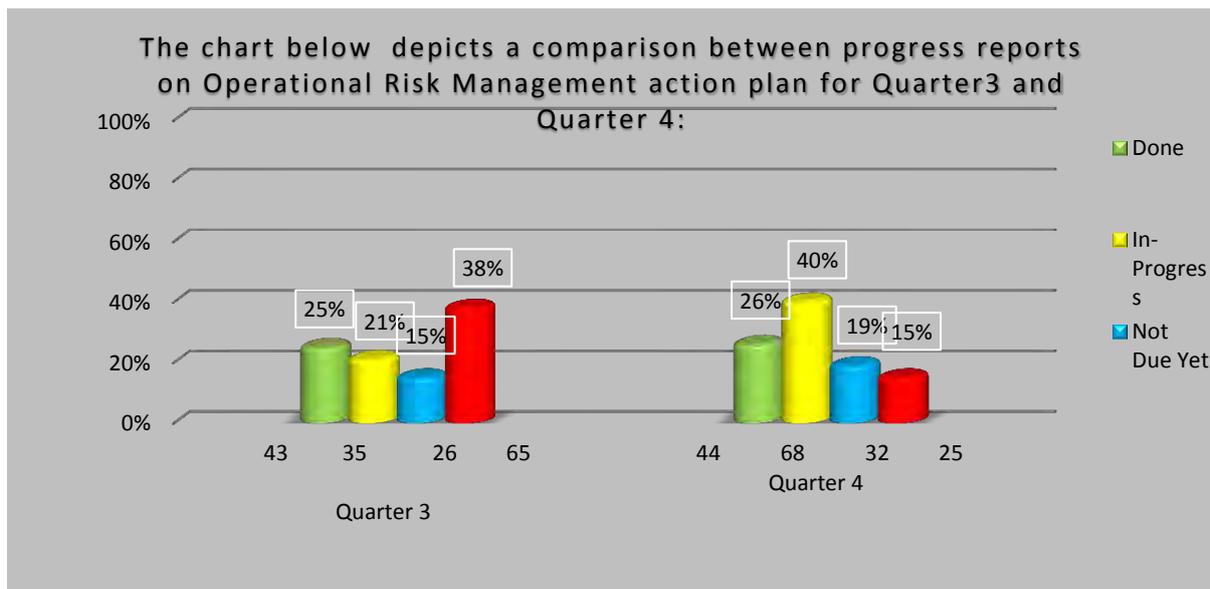
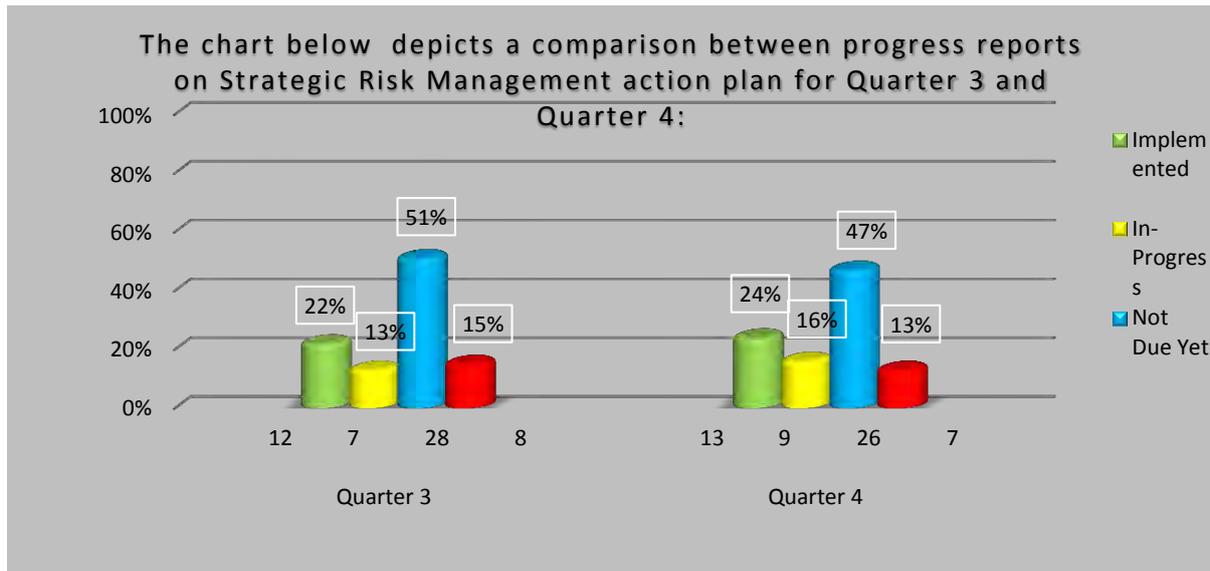
### **LEGAL SERVICES PERFORMANCE HIGHLIGHTS**

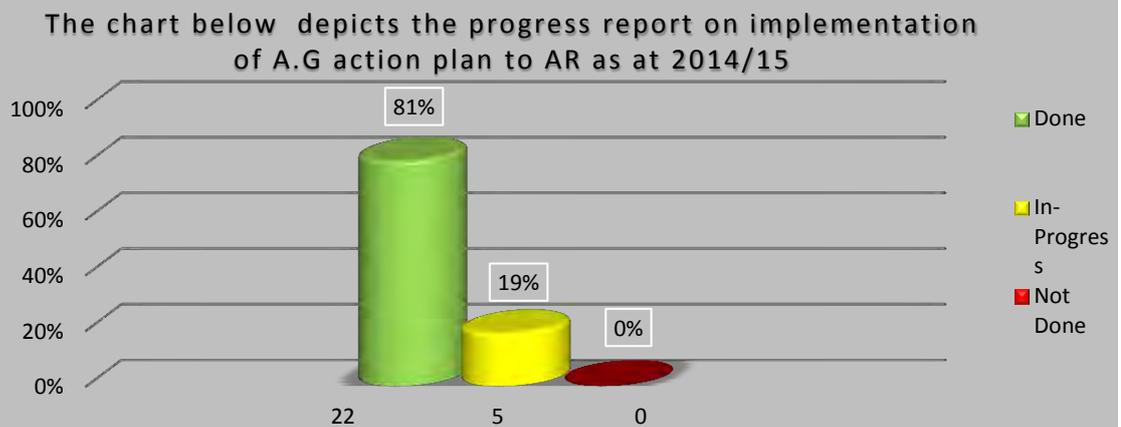
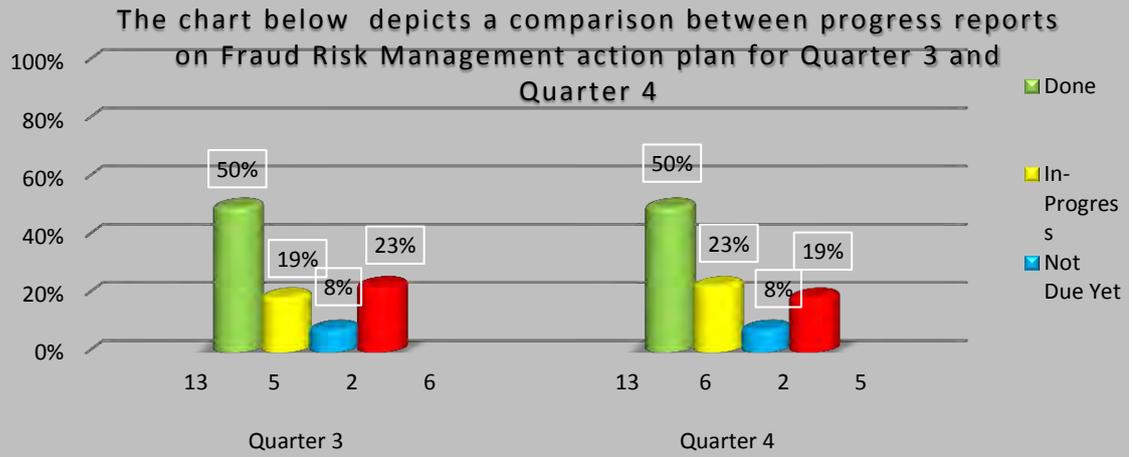
## SPECIAL PROGRAMS PERFORMANCE HIGHLIGHTS

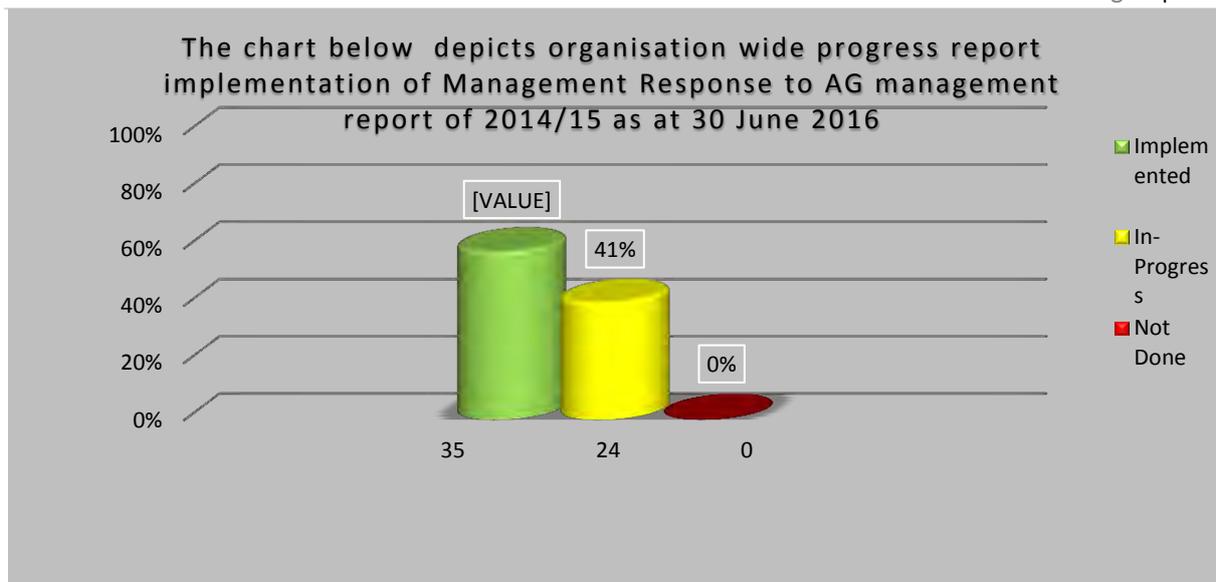
- Women's Intergenerational dialogue
- Madadeni Zone Traditional Healers
- Women's Month Summit: Women in Small Businesses
- Young Women in and out schools
- Women in Dangerous Zones
- Ward 26 Women's month celebration
- Mental Health Care Users Sports Gala
- Crime and Drugs Awareness Campaign Ward 31
- Ward 9 Waarom Outreach programme
- Service to people
- World Aids Day
- KOPC Centre Handover Ceremony
- Disability sports day
- 16 Days of Activism
- Senior citizens closing function
- Senior citizens heritage celebration event
- Cultural Diversity of Umzansi Exhibition
- Student parliament
- 16 years of local government celebration
- Disability awareness

## RISK MANAGEMENT PERFORMANCE HIGHLIGHTS 2014/15









## INFORMATION TECHNOLOGY HIGHLIGHTS

- Successful migration of data center and telecoms lines
  - From the old data center to the new one in the Tower Block;
  - Decommissioning of old data center;
  - Successful Quality Assurance.
- Local Area Network optimization
  - Krone CAT6 cabling on 7 floors;
  - Provision of 656 network points throughout the building;
  - Installation and configuration of top range networking devices for the optimal distribution, routing and management of traffic;
  - Network blueprint documentation;
  - Implementation of network monitoring and management tools;
  - Optimized network configuration for distribution and routing of data and voice.
  - Successful implementation of IP Telephony
  - Upgrading the telephony technology from analog to the digital IP based telephony;
  - Successful system rollout in the Tower Block and the Community Services.

PROJECT OR AREA	CHALLENGE	INTERVENTION
<b>Executive Support</b>	<ul style="list-style-type: none"> <li>➤ Incoming correspondence &amp; important documents and reports received as hard copies to be sent to departments</li> <li>➤ Resolutions not implemented</li> </ul>	<ul style="list-style-type: none"> <li>➤ In the absence of electronic records management system, the unit has been using the available resources (scans) for safekeeping of documents</li> <li>➤ Progress on the implementation of resolutions sent to SEDs &amp; Portfolio Committee Chairpersons for monitoring</li> </ul>
<b>Mayor's Office</b>	<ul style="list-style-type: none"> <li>➤ No submission</li> </ul>	<ul style="list-style-type: none"> <li>➤ No submission</li> </ul>
<b>Performance Management</b>	<ul style="list-style-type: none"> <li>➤ Inadequate Monitoring and Reporting – departmental level</li> <li>➤ Late submissions from departments</li> <li>➤ Performance is not automated               <ul style="list-style-type: none"> <li>➤ Staff capacity</li> <li>➤ Staff Morale due to outcomes of re-engineering</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Effect standing item on Portfolio Committee Agenda</li> <li>➤ Extended Manco</li> <li>➤ Departments to comply with the set dates of submission as per the Framework</li> </ul>
<b>Special Programme</b>	<ul style="list-style-type: none"> <li>➤ HR – staff is not permanent so there issues of transport.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To employ at least 3 more employees on a permanent basis.</li> </ul>

PROJECT OR AREA	CHALLENGE	INTERVENTION
<b>Integrated Development Planning</b>	<ul style="list-style-type: none"> <li>➤ No proper writing of minutes and reports yet secretaries were given training</li> <li>➤ Minutes and reports not submitted before deadline by some secretaries.</li> <li>➤ No cooperation secretary and the chairperson of the ward committee in some wards Some secretaries lack commitment to their roles and responsibilities</li> <li>➤ Most of Municipal Departments does not attend to the issues that are submitted to them by ward committees through ward Councilors. The ward committee structure is not recognized as a legislated structure for community participation.</li> <li>➤ Lack of commitment in some ward committee members.</li> </ul>	<ul style="list-style-type: none"> <li>➤ To submit Ward monthly report and minutes to measure Ward performance</li> <li>➤ To get feedback from municipal departments</li> <li>➤ To improve Ward Committee functionality by ensuring that committee members are active and are able to support councillors</li> <li>➤ To discuss on annual reports from all 31 wards, and to share challenges and successes</li> <li>➤ To address challenges encountered</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Vacancies in internal audit</li> </ul>	

PROJECT OR AREA	CHALLENGE	INTERVENTION
<b>Internal Audit</b>	<p>positions.</p> <ul style="list-style-type: none"> <li>➤ No dedicated team responsible for performance information audits and Information Technology</li> <li>➤ Audits conducted manually. Computerized audit system is to be procured.</li> </ul>	
<b>Legal Services</b>	No submission	No submission
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>➤ Capacity constraints (Short-staffed), also lost two interns plus one Senior staff member</li> <li>➤ Financial constraints</li> <li>➤ Lack of an automated risk management system</li> </ul>	<ul style="list-style-type: none"> <li>➤ Appointment of 2 students</li> <li>➤ We utilised National treasury template towards ensuring that the risk assessments are conducted and produced the risk registers timeously.</li> <li>➤ We tried to maximise the output with limited resources</li> </ul>
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>➤ Limited human resources and IT skills</li> <li>➤ Limited budget availability for the upgrading of the LANs for all sites and the municipal WAN.</li> <li>➤ Telkom technical issues affecting municipal sites – cable theft has been a major issue that has affected several sites including</li> </ul>	<ul style="list-style-type: none"> <li>➤ Several requests have been submitted for the need to be addressed</li> <li>➤ Month to month agreement continues for the existing WAN with limited capability and bandwidth. The LAN design that has been approved for the Tower</li> </ul>

PROJECT OR AREA	CHALLENGE	INTERVENTION
	<p>libraries</p> <ul style="list-style-type: none"> <li>➤ Customer Services Portal has not gone live due to several internal and external issues; still awaiting the online merchant account for the online transactions.</li> <li>➤ Timelines for implementation of the VIP People system extended due to leave issues as well as the finalization of the job evaluation – limited data has been loaded on the system and the Employee Self-Service portal cannot proceed without all the necessary data.</li> </ul>	<p>Block will be applied to all sites.</p> <ul style="list-style-type: none"> <li>➤ All municipal lines are being ported to ECN to address this issue and to introduce IP telephony.</li> <li>➤ The completed e-Tenders component has been put on hold as per SCM request due to a possibly similar portal that is developed by National Treasury. The finalization of the e-Accounts component will force BTO to provide the required online merchant account.</li> <li>➤ A service provider has been appointed to assist HR with the job evaluation.</li> </ul>
<b>Communication</b>	No submission	No submission

### Concluding remarks

There is still more room for improvement in the implementation of risk mitigation measures, as the residual risk still remains high in the majority of high risk areas, furthermore the effectiveness of internal controls in place remains to be seen as a major concern as evident in the audit reports (both internal audit and AG reports).

- It is recommended that Management should put more efforts and resources towards improving the implementation of risk management actions which seeks to strengthen internal controls in order to reduce risk to be within the risk appetite of the Municipality.
  
- It is further recommended that Management should improve its monitoring mechanisms towards ensuring the effectiveness of internal controls in place, and that management take ownership and responsibility for managing risks within their functional areas.

