

2018/19

NEWCASTLE MUNICIPALITY



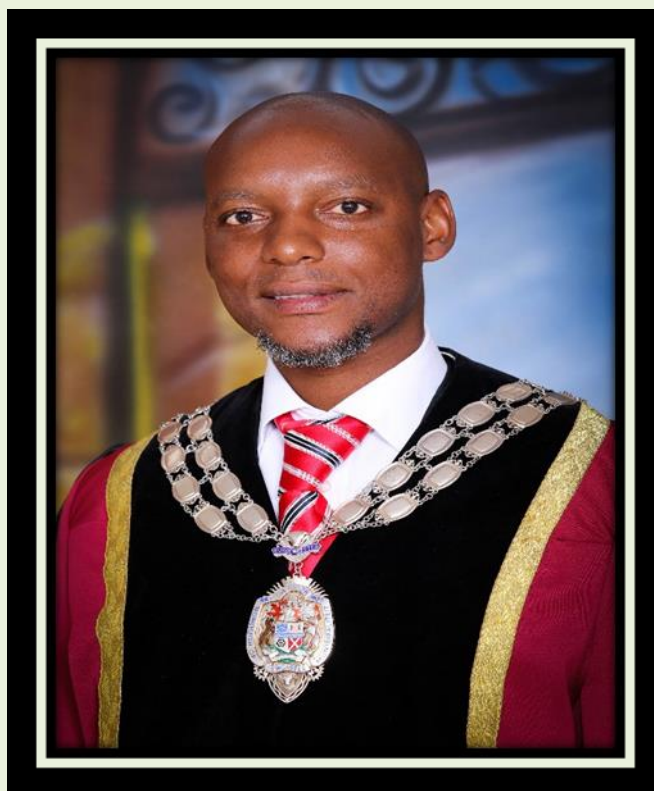
**ANNUAL
REPORT
VOLUME 1**

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CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



This being my first term as the Mayor of Newcastle, I have to thank both my employees and the public, businesses, community based organisations for the support I have received thus far. However, the transition into this position has been accompanied by many challenges amongst those financial challenges have set the course of my tenure into ensuring Newcastle Municipality has a positive cash flow and a healthy balance sheet. On behalf of the Council and officials, I hereby present the Annual Report for the 2018/19 financial year. The Annual Report demonstrates that during the year under-review the municipality continued to strive towards realising its vision. The Annual Report provides a comprehensive yet honest account of financial and non-financial performance for Newcastle Municipality, highlighting key achievements as well as a rationale for the under-achievement in instances where there has been under-performance by the municipality for not achieving its targets as set out for the 2018/19 financial year. Our specific mandate as Newcastle Municipality, is guided by our Integrated Development Plan. Our resolve is based on servicing our communities in all areas of Newcastle. In all the work of the financial year under review we were guided by The Constitution of South Africa, the IDP, policies and by-laws that govern Local Government.

Many service delivery milestones have been achieved and many challenges have been encountered, none of which are beyond resolution. Synergies have been increased, and frictions have occurred however the key focus areas of Local Government, can be summarised as follows; Building a Municipality that is efficient, effective and responsive; Strengthen Accountability and Accelerating Service Delivery and supporting the vulnerable communities; Promoting Economic and Social development; Fostering Development Partnerships, Social Cohesion and community upliftment.

Newcastle Municipality has had many financial challenges during the 2018'19 financial year, however in terms of our cash and cash equivalent we have decreased by 82%. The municipality embarked on a campaign to increase the payment factor and this campaign resulted in a 6,78% increase in the payment factor as at the end of June 2019. The municipality must continue to implement the approved financial policies and strive to improve financial viability so that the municipality can efficiently and effectively address the community's access and quality of basic services. The Municipality adopted the Revenue Enhancement Strategy during 2018'19 and one of the key achievements was the implementation of the water leaks program and installation of water meters. The impact of this program will be the reduction of water loss and reduction of burst pipes.

During the 2018/2019 financial year the municipality had provided 7848 households with access to free basic water, sanitation, refuse removal and a reduction of 25% of property rates in terms of indigent support. The municipality completed the construction of a Library in Charlestown that will improve the access to public facilities for the community of Charlestown. The Local Economic Development Unit within the municipality trained 86 Small Medium and Micro-sized Enterprises (SMME's) from Newcastle. 1509 jobs were created for the community of Newcastle and the Local Economic Development (LED) Strategy was adopted for implementation in the 2019/20 financial year. We therefore plan to further reduce unemployment in Newcastle.

In terms of access to housing the Municipality has continued to maintain its Level 2 Housing Accreditation that is issued by the Department of Human Settlements. A total of 133 new houses were built as at the end of June 2019, 243 title deeds were transferred in terms of the Enhanced Extended Discount Benefit Scheme (EEDBS) and 22 properties were released for sale. Newcastle Municipality had provided 120 new households with access to water, 878 new household connections to sanitation and 835 new household connections to electricity. The municipality acknowledges the requests from the community for improved access to water, sanitation, electricity, refuse removal, housing and roads. We shall therefore ensure that during the 2019'20 financial year the municipality implements 100% of the capital program, and policies, strategies and the Service Delivery Budget Implementation Plan are implemented, executed and monitored.

Looking at the above priority areas, it is important to note that these can never be achieved on their own, it is therefore imperative that Councillors, Officials, and the community at large, work together with synergy in order to develop recovery plans to address the issues raised in the Annual Report. The municipality recognises that there are still a number of challenges that it faces, which characterises the development phase through which most South African cities and towns are currently facing. Attention is therefore paid towards accelerating some of the municipality's interventions in order to improve the social and economic state of the people of Newcastle whilst still pursuing the

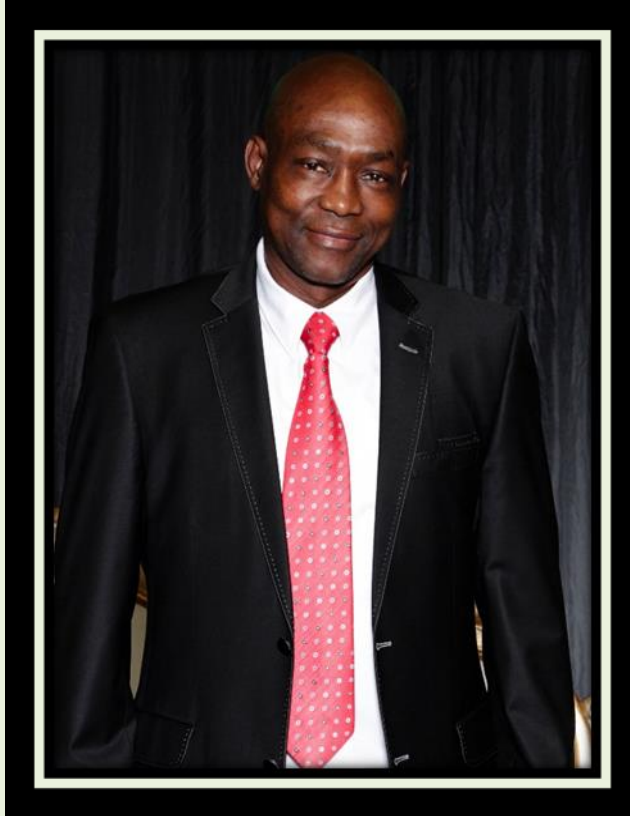
vision of Newcastle Municipality that is, ***By 2035, Newcastle will be a Resilient and Economically Vibrant City, Promoting Service Excellence to its Citizens.***

In conclusion throughout 2019/20 financial year we will endeavour to achieve all performance targets in line with the approved service delivery budget implementation plans, IDP and 2019/20 approved budget.

.....
DR NNG MAHLABA
MAYOR OF NEWCASTLE

DATE: _____

1.1 MUNICIPAL MANAGER'S OVERVIEW



In terms of Section 121 of The Local Government: Municipal Finance Management Act 56 of 2003, the municipality is required to compile an annual report. As the Acting Accounting Officer of Newcastle Municipality I present to you the 2018/19 Annual Report. The importance and relevance of an annual report in an accountable, participatory and developmental orientated local government as a valuable assessment tool, cannot be over-emphasised. This report records the performance and progress made by Newcastle Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan as approved by Council for the 2018/2019 financial year. It also provides a record of the activities of the municipality during the financial year under review. The Annual Report provides a report on the Annual Performance (APR) of the municipality in relation to the approved targets and Key Performance Areas (KPA's), a financial analysis of the Annual Financial Statements (AFS), an assessment by the Accounting Officer of any arrears on municipal taxes and service charges and an assessment by the municipality's Accounting Officer of the municipality's performance for revenue collection, the Annual Report of Uthukela Water and the Annual Financial Statement of Uthukela Water.

The Annual Report is not only a compliance matter but provides a fair presentation of the performance of Newcastle Municipality for the 2018/19 financial year. Our attitude to the Annual Report is that all

our key stakeholders and partners i.e. Council, traditional and community leaders, administration, communities and business must take a keen interest in tracking and reviewing municipal financial and non-financial performance of the municipality and the municipal entity. Thus the 2018/19 Annual Report provides one with such an opportunity. This essential exercise is vital in shaping and influencing our reporting processes and services in our future development.

During the 2018'19 financial year the municipality has completed the construction of 133 Top-structures (houses), 243 houses were transferred through the Enhanced Extended Discount Benefit Scheme (EEDBS), 22 properties were released for sale to the public, 835 households were electrified, 8.8 km of road was re-gravelled, 14.306 km of road was resealed, 878 households were connected to sanitation, 120 households were connected to a basic level of water, the completion of Charlestown Library, Completion of AC Pipe replacement in the Lennoxton area and Murchison street, and the completion of Watt Street.

In an effort to develop the local economy the municipality trained 86 Small Medium Micro-sized Enterprises (SMME's) and created 1509 jobs through the Expanded Public Works Program (EPWP). The municipality therefore has reviewed its Business Retention Expansion Strategy for implementation in the 2019/20 financial year, the municipality will work towards retaining the current businesses in Newcastle and increasing foreign and local investments in Newcastle.

However, the year was not without its fair share of challenges. There were delays in the implementation of the capital program and there was non-achievement of targets as set out in the SDBIP due to delay in the appointment of service providers, poor performance of contractors, a high vacancy rate and financial constraints. The municipality has therefore resolved to resuscitate the Project Management Unit (PMU) during the 2019/20 financial year to ensure that all infrastructure projects are planned, implemented and completed with efficiency.

Newcastle Municipality increased the payment factor by 6,78%. The payment factor indicates that an amount of R 1 523 433 522.74 was billed for the 2018/2019 financial year and an amount of R 1 216 461 701.79 was received in respect of that billed amount which resulted in an overall payment factor for 2018/2019 financial of 79.85%. The municipality also implemented the Revenue Enhancement Strategy that resulted in a reduction of water loss by 2,49%. We draw attention to the fact that at 30 June 2019, the municipality's debt remained higher than the municipality's Cash and Cash Equivalent which was not sufficient to cover the current liabilities of the municipality. The current assets are less than current liabilities, the collection rate has improved but there is still a risk if all the outstanding debtors will be collected. Over the next twelve months, the municipality is still committed to ensure that expenditure is kept within the funded and approved budget. The municipality has reduced the S & T budget, no meals are provided for employees or attendees to any meetings, no new cellphones are being issued to employees and stationary budgets have been reduced. The municipality has also stopped the encashment of leave by all employees.

Our single most important objective of local government is to serve our community. Speed, timing and excellence in the quality of daily work must become a key feature in the way in which officials undertake their work. The overall turn-around times of administrative and professional work will require significant improvement. Plans will be developed to ensure that all officials interact directly with our communities and improve the quality of service delivery.

To conclude the 2018'19 Annual Report, I want to assure the community that in the 2019/20 financial year, the municipality will ensure that we work vigoursly towards achieving the targets as set out in the approved 2019/20 SDBIP that is aligned to the budget an IDP. "Tactics without strategy is the noise before defeat" (Sun Tzu, 2000, The Art of War). It is therefore imperative that we all join hands and focus on critical issues that have been raised by members of the community in an attempt to defeat those issues and improve service delivery.

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MJ MAYISELA
ACTING MUNICIPAL MANAGER
DATE: _____

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

According to the recent Community Survey (2016) conducted by Statistics SA, Newcastle Local Municipality (KZN252) remains the highest contributor in terms of population growth within Amajuba District Municipality. As of 2016, the population of Newcastle is recorded at 389 117 people, thus marking a 7,1 % increase (25 881 people) over a 5-year period from the year 2011 (363 236 people). This means that on average, Newcastle has experienced a 1,42% annual growth rate, which translates to 5 176 people per year. Newcastle has also experienced a significant increase in the total youth proportion of the population. In terms of the wider KwaZulu-Natal Province, Newcastle ranks 2nd as the local municipality with the highest number of people when compared to other local municipalities, with the highest being the Msunduzi Local Municipality. The population of Newcastle is spread unevenly over 34 wards as per the outcomes of the recent delimitation process by the Demarcation Board, marking a 3 wards increase.

Furthermore, there has been a 7% increase (6 075) in the number of households within Newcastle from 84 272 in 2011 to 90 347 in 2016, with the average household size remaining constant at 4.3 people per dwelling unit. In relation to other local municipalities within the KwaZulu-Natal Province, in the year 2011, Newcastle Local Municipality was ranked 3rd after the Msunduzi and uMhlathuze Local Municipalities respectively. However, recent statistical figures reveal that Newcastle Local Municipality has dropped to 4th place after the Msunduzi, uMhlathuze, and KwaDukuza Local Municipalities respectively. In terms of the 2nd and 3rd ranked local municipalities, the reason for growth in the number of households without any significant growth in the population thereof may be attributed to a general decrease in the average household size thereof, from 3,9 to 3,6 people, and 3,3 to 3,0 people per household respectively.



Figure 1: The location of Newcastle within the Amajuba District.

The city's local authority has jurisdiction over the surrounding maize, livestock and dairy farms including the industrial areas such as Karbochem, Mittal Steel South Africa (previously ISPAT/ISCOR), and the textile service industry. In addition, the city is also well endowed with coal reserves hence opportunities for coal mining within the area. Arcelor Mittal produces over 105 million tons of steel products annually. Although the Arcelor Mittal steelworks and the Karbochem synthetic rubber plant dominate the Newcastle industrial portfolio, there is a wide range of manufacturing undertakings sharing in the success of the region. Newcastle has welcomed many Chinese and Taiwanese into the region with the addition of over a hundred textile factories.

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

Future development within Newcastle Local Municipality should respond directly to the development trends, patterns, needs and aspirations of those who live and/or work within the area. It must be relevant to the local context while also contributing to the attainment of the provincial and national

development imperatives. This section of the IDP provides a detailed analysis of the current development situation within NLM. It is structured substantially in accordance with the Key Performance Areas (KPA), and also takes into consideration issues that are pertinent to Newcastle Local Municipality. The national KPA's are as follows:-

- Local Economic Development and Social Development;
- Basic Service Delivery;
- Financial Viability and Management;
- Municipal Transformation and Institutional Development;
- Good Governance and Public Participation; and
- Spatial Planning and Environment.

Population Size and Growth Patterns (Stats SA: 2011 Census Data overlaid onto the 2016 ward boundaries).

The official government figures reflected in the 2011 census data, overlaid onto the 2016 boundaries in order to align with the recent ward delimitation by the Demarcation Board, estimates the total population of the Newcastle Local Municipality to be 363 236 people. This marks a population increase of 0.87% per annum between 2001 and 2011. A further look into historical data shows that the growth rate has decreased slightly when compared to that of the period 1996 to 2001 whereby the population increased by 2.93% per annum. The decrease is highly attributed to the global recession experienced in the year 2008 which resulted in a decrease in direct foreign investments hence implications on job security.

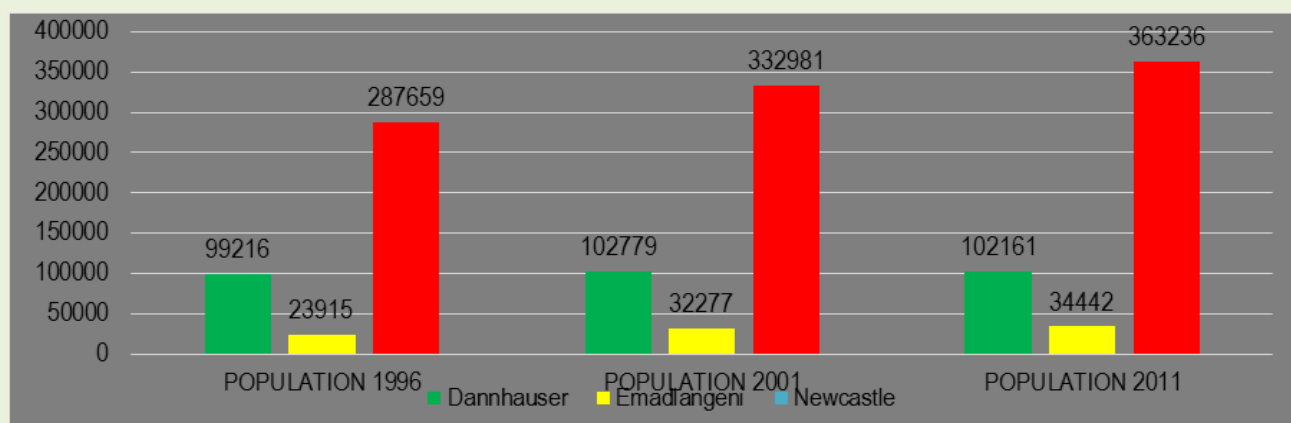
Table 1: Population Growth and Density.

| District | Population Size | % Share of KZN Population | % Share of Amajuba Population | Area in Square km | Population Density (ppl/km ²) |
|------------------|-----------------|---------------------------|-------------------------------|-------------------|---|
| KwaZulu-Natal | 10 267 299 | | | 93 378 | 110.8 |
| Amajuba | 499 839 | 4.9 | | 6 921 | 72.9 |
| Newcastle | 363 236 | 3.5 | 72.7 | 1 689 | 215 |
| Emadlangeni | 34 440 | 0.3 | 6.9 | 3 714 | 18.3 |
| Dannhauser | 102 162 | 1.0 | 20.4 | 1 518 | 67.5 |

Source: Stats SA, 2011 Census Data.

This trend is a characteristic of the whole district with municipalities such as Dannhauser recording a negative growth rate between 2001 and 2011. However, even though there was a decrease in the

growth rate within the period 2001 to 2011, the population growth rate in Newcastle still remains higher than that of the district average which is 0.66%, hence making Newcastle the fastest growing municipality in the district in terms of population size. Newcastle accounts for 73% of the district population, 20% and 7% for Dannhauser and Emadlangeni Municipalities respectively.



Household Size.

Similarly, Newcastle accounts for the majority of the 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 the Newcastle Local Municipal area. The average household size is 4.3 people which suggest a slight decline in average household size from the one recorded in the year 2001.

Table 5: Number of households within Newcastle.

| LOCAL MUNICIPALITIES | NUMBER OF HOUSEHOLDS | | AVERAGE HOUSEHOLD SIZE | | FEMALE HEADED HOUSEHOLDS % | |
|----------------------|----------------------|---------|------------------------|------|----------------------------|------|
| | 2001 | 2011 | 2001 | 2011 | 2001 | 2011 |
| Newcastle | 71 164 | 86 024 | 4.6 | 4.3 | 45.1 | 47.5 |
| Emadlangeni | 6 187 | 6 252 | 4.8 | 5.5 | 32.2 | 38.8 |
| Dannhauser | 19 320 | 20 439 | 5.3 | 5.0 | 48.6 | 50.7 |
| Amajuba | 96 670 | 110 963 | 4.8 | 4.5 | 44.9 | 47.6 |

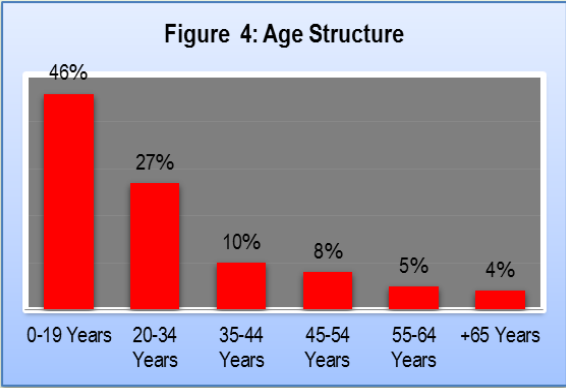
Source: Stats SA, 2011 Census Data.

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

The location of the wards listed as being amongst the top 10 wards with the lowest concentration of the households is mainly within the Newcastle East Area.

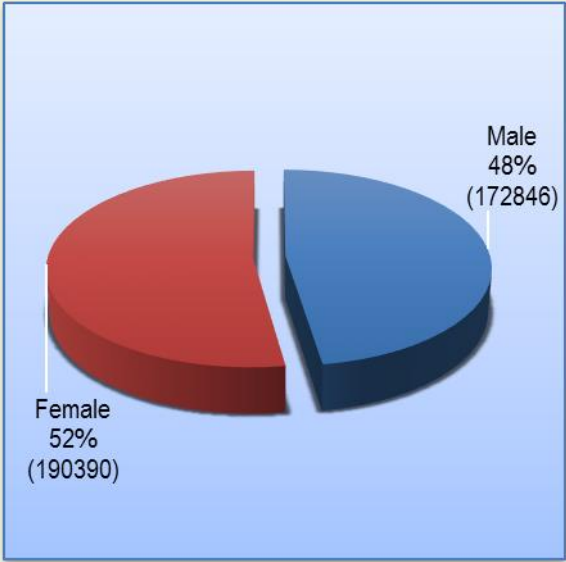
Age Structure.

Newcastle’s population is relatively young with 46% of the total population being younger than 19 years of age, and the age group between 20 and 34 years accounting for 27% of the of the total population. Collectively the youth in Newcastle (0 – 34 years) makes up 71% of the total population, and this places immense pressure on the provision of educational facilities, social welfare, health services and the stimulation of the economy to provide job opportunities and economic development. Also implied by the young population is that there is still a relatively high dependency ratio. The emigration of the youth and economically active population implies an increasing need for both recreational and educational facilities (i.e. shopping malls and institutes of higher learning) locally, and places more pressure on the need for employment opportunities.



Gender Distribution.

Regarding gender distribution within the Newcastle municipal area, 52% of the total population is female while males account for the remaining 48%. This observed trend in gender distribution conforms to the National norm. Due to such, there is a need for programmes specifically targeted towards gender equity. In response to this, Newcastle Municipality has prioritized gender issues as part of its Special Programmes. It is imperative that specific projects and programmes aligned to the National Program should be developed and rolled out in line with the municipal program of action.



HIV/Aids.

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

1.3 SERVICE DELIVERY OVERVIEW

Newcastle Municipality increased the number of households with access to water by 120 during the 2018/2019 financial year. The total number of formal households with access to water is currently 48568. The number of households with access to sanitation was increased by 878, the total number of formal households with access to sanitation as at the end of June 2019 was 49314. New households connected to electricity was 835 and the total number of formal households with access to electricity was 49270. The Municipality built a total of 133 new houses for the community and transferred 243 title-deeds to the community.

| DEVELOPMENT CHALLENGES | RECOMMENDATION |
|--|---|
| Backlogs in the delivery of basic services (electricity, water, sanitation) within the Newcastle-East area (Johnstown, Blauuwbosch and Cavan), Madadeni and Osizweni townships as well as the surrounding rural settlements located within the vicinity of the Ubuhleбомzinyathi area. | <ul style="list-style-type: none">- Improved roll-out of projects towards basic service delivery particularly within the Madadeni, Osizweni and the JBC area including the surrounding rural settlements.- Develop Comprehensive Infrastructure Master Plan.- Construction of a new raw water source in order to improve access to potable water.- Upgrade wastewater collection and treatment facilities. |
| Challenges with the maintenance and development of basic road and storm-water infrastructure particularly within the Newcastle- | <ul style="list-style-type: none">- Roads and Stormwater Master Plan.- Improved roll-out of capital program towards basic road infrastructure particular within the |

| DEVELOPMENT CHALLENGES | RECOMMENDATION |
|---|--|
| East area. | Newcastle-East area. |
| Poor condition of public facilities and a general lack of the required tools and equipment for effective delivery of the related services. i.e. schools, clinics, community halls, early childhood education centers, the library etc. | <ul style="list-style-type: none"> - Improve access to public facilities through refurbishment of the related infrastructure. - Introduction of new technology in order to improve access .i.e. outdoor gym equipment, ICT systems within libraries etc. |
| Housing backlog due to a large number of people in Newcastle residing in informal settlements, backyard shacks and poorly developed traditional housing structures. The low cost housing need in Newcastle is currently estimated at 74 991 units with the majority concentrated mainly in the Newcastle-East area. | <ul style="list-style-type: none"> - Improved roll-out of the housing program in order to meet the housing demand. - Introduction of Community Residential Units (CRUs). - Provision of affordable housing opportunities for middle income to address the gap in the market. - Servicing of sites for people to build their own homes. |

1.4 FINANCIAL HEALTH OVERVIEW

Newcastle Municipality initiated an awareness campaign aimed to increase the payment factor for Newcastle Municipality, the payment factor was increased by 6, 78%. The increase in revenue collection during the 2018/2019 financial year was insufficient to cover all the expenses. The Municipality remained to be solvent as at the end of June 2019. Property, plant and equipment assets has decreased by 2.3%. The overall expenditure of the municipality has decreased by 4, 5 %. Financial policies were reviewed and implemented by the municipality to ensure compliance with financial reporting.

| DEVELOPMENT CHALLENGES | RECOMMENDATION |
|--|---|
| Inadequate revenue collection systems within the municipality. | <ul style="list-style-type: none"> - Introduction of new technology towards improving revenue collection .i.e. water smart meters, prepaid electricity. - Strategic support and assistance to industry. |

| DEVELOPMENT CHALLENGES | RECOMMENDATION |
|---|---|
| Low recovery of amounts owed for rendering of municipal services from consumer debtors. | <ul style="list-style-type: none"> - Outstanding accounts with no queries to be forwarded to the respective consumers for making the necessary payment arrangements. - Indigent verification. - Capacitating of staff and field workers. |
| Lack of procedures to enforce recovery of debts or follow-up on outstanding amounts. | <ul style="list-style-type: none"> - Appointment of field workers. - Investigate the possible use of a service provider for meter reading as compared to performing the function in-house. |
| Lack of advice to Council on revenue enhancement mechanisms. | <ul style="list-style-type: none"> - Updated financial plan. - Capacity building towards revenue enhancement and the related mechanisms. |

1.6 AUDITOR GENERAL REPORT FOR THE 2018'19 FINANCIAL YEAR

The Auditor General's Office issued an "Unqualified Audit Opinion" for 2018'19 financial year for Newcastle Municipality. Newcastle Municipality developed an action plan to address issues raised by the Auditor General in the 2017'18 financial year and therefore maintained an unqualified audit opinion, however an action plan to address all issues raised by the Auditor General on the 2018'19 financial year will be finalised by the 30th of January 2020 and all relevant departments will be responsible to ensure that all matters are addressed accordingly.

1.5 STATUTORY ANNUAL REPORT PROCESS

| No. | Activity | Timeframe |
|-----|--|-----------|
| 1 | Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period | Julys |
| 2 | Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting). | |
| 3 | Finalise the 4th quarter Report for previous financial year | |

| | | |
|----|---|---------------------|
| 4 | Submit draft year 0 Annual Report to Internal Audit and Auditor-General | |
| 5 | Municipal entities submit draft annual reports to MM | |
| 6 | Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant) | August |
| 8 | Mayor tables the unaudited Annual Report | |
| 9 | Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General | |
| 10 | Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase | |
| 11 | Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data | September – October |
| 12 | Municipalities receive and start to address the Auditor General's comments | November |
| 13 | Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report | |
| 14 | Audited Annual Report is made public and representation is invited | |
| 15 | Oversight Committee assesses Annual Report | |
| 16 | Council adopts Oversight report | December |
| 17 | Oversight report is made public | |
| 18 | Oversight report is submitted to relevant provincial councils | |
| 19 | Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input | January |

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community. 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 Local Government Municipal Finance Management Act 56 of 2000, Section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality. 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 67 councillors, 34 are ward elected councillors with the remaining 33 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.

2.1 POLITICAL GOVERNANCE




THE STATUTORY FUNCTIONS OF THE EXECUTIVE COMMITTEE ARE AS FOLLOWS:-

- a) Reviews the performance of the municipality in order to improve:
 - i) The economy, efficiency and effectiveness of the municipality;
 - ii) The efficiency of credit control and revenue and debt collection services; and
 - iii) The implementation of the municipality's by laws
- b) Monitors the management of the municipality's administration in accordance with the policy directions of the municipal council (output monitoring);
- c) Oversees the provision of services to communities in the municipality in a sustainable manner;
- d) Reports on the involvement of communities and community organizations in the affairs of the municipality;
- e) Considers recommendations on the alignment of the IDP and the budget received from the relevant councillors;
- f) Ensures that regard is given to public views and reports on the effect of consultation on the decisions of the council
- g) Makes recommendations to council regarding:
 - i) The adoption of the estimates of revenue and expenditure, as well as capital budgets and other imposition of rates and other taxes, levies and duties;
 - ii) The passing of by-laws; and policies

- iii) The raising of loans
- iv) Approval or amendment of IDP
- v) Appointment and conditions of services of Municipal Manager and heads of departments
- h) Deals with any other matters referred to it by council and submits recommendations thereon for consideration by council;
- i) Attends to and deals with all matters delegated to it by council in terms of the Systems Act;
- j) Appoints a chairperson/s from the members of the Executive Committee, for any committee established by council in terms of section 80 of the Structures Act to assist the Executive Committee;
- k) Delegates to any powers and duties of the Executive Committee to any Section 80 committee;
- l) Varies or revokes any decisions taken by section 80 committee subject to vested rights;
- m) Develop strategies, programmes and services to address priority needs of the municipality through the IDP and estimates of revenue and expenditure, taking into account any applicable national and provincial plans and submits a report to, and recommendations thereon, to the council;
- n) Subject to applicable legislation, recommends or determines the best methods, including partnerships and other approaches to deliver services, programmes and projects to the maximum benefit of the community;
- o) Identifies and develop criteria in terms of which progress in the implementation of services, programmes and objectives to address the priority needs of the municipality can be evaluated, which includes key performance indicators which are specific to the municipality and common to local government in general;
- p) Manages the development of the performance management system, assigns responsibilities in this regard to the Municipal Manger and submit the proposed performance management system to council for consideration;
- q) Monitors progress against the said key performance indicators
- r) Receives and considers reports from committees in accordance with the directives as stipulated by the executive Committee;
- s) Elects a chairperson to preside at meetings if both the Mayor and Deputy Mayor are absent from a meeting in the event of there being a quorum present at such a meeting, if the Mayor failed to designate a member of executive Committee(EXCO) in writing to act as Mayor;
- t) Considers appeals from a person whose rights are effected by decision of the municipal manager in terms of delegated powers, provided that the decision reached by this committee may not retract any rights that may have accrued as a result of the original decision.
- u) Reports, in writing, to the municipal council on all decisions taken by EXCO at the next ordinary council meeting;





Portfolio committees are established in terms of S80 of Structure Act. The portfolio committees are aligned to the macro structure of the municipality as follows:





- Portfolio Standing Committee: Budget and Treasury Office
- Portfolio Standing Committee: Community Services
- Portfolio Standing Committee: Corporate Services
- Portfolio Standing Committee: Development Planning and Human Settlements
- Portfolio Standing Committee: Technical Services





| Political Party | W A R D | Portfolio Standing Committee | E X C O | SURNAME | NAME |
|---------------------|------------------|--|------------------|--|------------------|
| IFP 8/2016 | PR | Corporate Services Deputy Chairperson | E X C O | BAM (MS)  | Vuselwa Veronica |
| VFP 8/2016 | PR | Finance | | BOSMAN  | Lourens Lemmer |
| AZAPO 8/2016 | PR | Finance | | BUHALI  | Mduduzi Victor |





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|--------|----|--|------------------|--|----------------------------------|
| EFF | PR | Community Services | | BUTHELEZI (MS)  | Sombu Bellinah |
| 3/2017 | | | | | |
| DA | 2 | Community Services Deputy Chairperson | E X C O | CRONJE (Ms)  | Elizabeth Johanna Cecelia |
| 8/2016 | | | | | |
| ANC | 31 | Corporate Services | | DANISA  | Thembinkosi Johan Christopher |
| 8/2016 | | | | | |
| ANC | 1 | Corporate Services | | DLADLA  | Xolani Nkosinathi Mike |
| 8/2016 | | | | | |
| ANC | 26 | MPAC Chairperson | | DLAMINI  | Bongumusa Schriener |
| 8/2016 | | | | | |





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|--------|----|--------------------------|--|---|------------------------|
| EFF | PR | MPAC | | DLAMINI | Thembinkosi Nkosinathi |
| 6/2019 | | | |  | |
| IFP | PR | Technical Services | | DUBE | David Xolani |
| 8/2016 | | | |  | |
| ANC | PR | Corporate Services | | DUKASHE (Ms) | Nokuthula Possia |
| 9/2019 | | | |  | |
| ANC | 32 | Development and Planning | | GAMA (Ms) | Fikile Phamela |
| 8/2016 | | | |  | |
| EFF | PR | Corporate Services | | HADEBE (Ms) | Victoria Fikile |
| 8/2016 | | | |  | |




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|-------------------|----|--------------------|--|---|-----------------|
| ANC 8/2016 | 28 | Community Services | | KHOZA  | Ally |
| ANC 8/2016 | 7 | Technical Services | | KHUMALO (MS)  | Bawinile Vierah |
| ANC 4/2019 | PR | Finance | | KHUMALO (MS)  | Phindile Joyce |
| ANC 8/2016 | 8 | Technical Services | | KUBEKA  | Vukile Derick |





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|---------|----|--------------------------|------------------|---|----------------------------|
| IFP | PR | Development and Planning | | LIU  | Chuan-Yi |
| 8/2016 | | | | | |
| ANC | PR | Finance Chairperson | E X C O | MAHLABA  | Nkululeko Godfrey Ntuthuko |
| 10/2018 | | | | MAYOR | |
| ANC | 11 | Technical Services | | MAJOZI (MS)  | Nokuthula Kheslina |
| 8/2016 | | | | | |
| IFP | PR | Corporate Services | | MALINGA (MS)  | Fikile Angel |
| 8/2016 | | | | | |



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|--------|----|--------------------------------|------------------|-------------|--|-------------------|
| DA | PR | Technical Services | | MBULI |  | Albert Mfana |
| 8/2016 | | | | | | |
| ANC | 13 | Corporate Services Chairperson | E X C O | MDLULI (MS) |  | Racheal Ncini |
| 8/2016 | | | | | | |
| DA | 4 | MPAC | | MEIRING |  | Albertus Pieter |
| 8/2016 | | | | | | |
| ANC | 19 | MPAC | | MIYA (MS) |  | Simphiwe Goodness |
| 8/2016 | | | | | | |


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|--------|----|--------------------------|--|---|---------------------|
| | | | | | |
| ANC | 30 | Finance | | MKHWANAZI (MS)  | Happiness Nosiphiwo |
| 8/2016 | | | | | |
| ANC | 34 | Finance | | MKHWANAZI (MS)  | Thabisile Princess |
| 8/2016 | | | | | |
| IFP | PR | MPAC | | MLANGENI  | Mkhulu Samuel |
| 8/2016 | | | | | |
| ANC | 22 | Development and Planning | | MNGOMEZULU  | Sizwe William |
| 3/2019 | | | | | |





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| ANC | 18 | Technical Services | | MNGUNI (MS)  CHIEF WHIP | Nomusa Grace |
| DA | PR | Development and Planning | | MOKOENA  | Andrew Sizwe |
| ANC | 21 | Development and Planning | | MOLEFE (MS)  | Mildred Vangile |
| ANC | 12 | Technical Services Chairperson | E X C O | MOLELEKOA Deputy MAYOR  | Reuben Moses |

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|--------|----|--------------------------|--|--|------------------|
| PRM | PR | Technical Services | | MSEZANE (Ms) | Xoli Membry |
| 9/2019 | | | | | |
| ANC | 29 | Development and Planning | | MTHEMBU (MS) | Miriam Vangile |
| 8/2016 | | | |  | |
| Indep | 23 | Corporate Services | | MWALI | Prince Blessing |
| 5/2017 | | | |  | |
| ANC | PR | Development and Planning | | MZIMA (MS) | Vuyiswa Persinia |
| 8/2016 | | | |  | |


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|-------------------|----|--------------------------|--|--|----------------------|
| ANC 8/2016 | 15 | Community Services | | NDABA  | Thobani Mphumuzi |
| IFP 8/2016 | PR | Community Services | | NDIMA  | Reginald Bhekumndeni |
| ANC 8/2016 | 27 | Development and Planning | | NDLANGAMANDLA  | Stanley Sibusiso |
| DA 8/2016 | PR | Finance | | NDLOVU  | Muziweisizwa Stanley |





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|--------|----|--------------------------|--|---|---------------------|
| EFF | PR | Development and Planning | | NDLOVU (MS)  | Pertunia Fundiswa |
| 8/2016 | | | | | |
| ANC | 25 | Finance | | NGCOBO  | Mqapheleni Epharaim |
| 8/2016 | | | | | |
| ANC | 9 | MPAC | | NGEMA  | Bhekuyise Cyril |
| 8/2016 | | | | | |
| ANC | PR | Community Services | | NGEMA (MS)  | Dudu Renete |
| 8/2016 | | | | | |




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|--------|----|--------------------------|--|--|-------------------|
| ANC | 16 | MPAC | | NGWENYA  | David |
| 8/2016 | | | | | |
| IFP | PR | Development and Planning | | NHLAPHO (Ms)  | Christine Lahliwe |
| 8/2016 | | | | | |
| ANC | 10 | Technical Services | | NHLAPHO  | S'khumbuzo Julius |
| 8/2016 | | | | | |
| DA | PR | Corporate Services | | MKWANAZI  | Jacob Bongani |
| 8/2016 | | | | | |

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|--------|----|--|------------------|--|--------------------|
| IFP | PR | Finance | E X C O | NZUZA  | Thamsanqa Maxwell |
| 8/2016 | | | | | |
| ANC | 24 | Community Services Chairperson | E X C O | SHABANGU  | Skhumbuzo Emmanuel |
| 8/2016 | | | | | |
| ANC | 3 | Development and Planning Chairperson | E X C O | SHUNMUGAM  | Matthew |
| 8/2016 | | | | | |
| ANC | 17 | MPAC | | SIBILWANE (MS)  | Deanah Maria |
| 8/2016 | | | | | |

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|--------|----|--------------------|--|---|-----------------------------------|
| ANC | 20 | MPAC | | SIKHOSANE (MS)  | Lamlile Truelove |
| 8/2016 | | | | | |
| ANC | PR | Corporate Services | | SITHOLE (MS)  | Jabulile Sarah |
| 9/2019 | | | | | |
| ANC | 33 | Community Services | | THWALA  | Greaterman Mbongiseni Bhekithemba |
| 8/2016 | | | | | |
| ANC | 5 | MPAC | | THWALA (MS)  | Lindiwe Goodness |
| 8/2016 | | | | | |

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|-------------------|----|--|------------------|---|-------------------------|
| EEF 8/2016 | PR | Technical Services Deputy Chairperson | E X C O | THWALA  | Shedrack Musawenkosi |
| IFP 8/2016 | PR | Finance | | VORSTER  | (Dr) Jacobus Adriaan |
| ANC 8/2016 | PR | | | YENDE (Ms) SPEAKER  | Samukelisiwe Anette |
| ANC 8/2016 | 14 | Corporate Services | | ZIKHALI  | Mandla Flep |

| | | | | | | |
|---------|----|--------------------|--|-----------|--|----------------------|
| ANC | PR | MPAC | | ZONDO |  | Vuyani Gift |
| 10/2018 | | | | | | |
| IFP | PR | Community Services | | ZULU (Ms) |  | Nanazi Saraphina |
| 8/2016 | | | | | | |
| RLP | PR | Community Services | | ZULU |  | Simbini Joseph |
| 8/2016 | | | | | | |
| ANC | 6 | Finance | | ZULU |  | Siphosakhe Zithulele |
| 12/2016 | | | | | | |

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|--------|----|--------------------|--|---------|--|---------------------|
| IFP | PR | MPAC | | ZULU |  | Thengi Moses |
| 8/2016 | | | | | | |
| ANC | PR | Community Services | | ZWANE |  | Nkosinathi Aubrey |
| 8/2016 | | | | | | |
| | | Traditional Leader | | KUBHEKA | | Cosmos Sowela |
| | | Traditional Leader | | RADEBE | | Balungile Salgracia |
| | | Traditional Leader | | KHUMALO |  | Bantu David |
| | | CoGta Office | | XABA | | Nokulunga |
| | | | | NYBME | | Sandile |

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

2.2 ADMINISTRATIVE GOVERNANCE

The Local Government Municipal Finance Management Act 56 of 2000, Section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality. Newcastle Municipality consists of six departments, each department is headed by a Strategic Executive Directors (SED) and each SED reports directly to the Acting Municipal Manager. The Accounting Officer of Newcastle Municipality reports to the Mayor of Newcastle. The Administrative Structure and Political Structure of Newcastle Municipality work together however the administrative structure is under the responsibility and control of the Municipal Manager, the two structures do not interfere with their respective functions.



**ACTING MUNICIPAL MANAGER:
MR MJ MAYISELA**



**SED: Community
Services
Mr B. Nkosi**



**SED: DP&HS
Mr V. Govender**



**SED: BUDGET AND
TREASURY: MR S NKOSI**



**SED: CORPORATE
SERVICES: DR N
MAHLUBI**



**SED: TECHNICAL SERVICES
MR. S. CHAUKE**



**CHIEF AUDIT EXECUTIVE
MS S. CHENIA**

ANALYSIS OF MEETINGS

| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/2019 |
|---|---------|---------|---------|---------|-----------|
| Council meetings | 11 | 11 | 6 | 10 | 10 |
| Special Council meetings | 5 | 5 | 7 | 5 | 11 |
| Executive Committee meetings | 11 | 11 | 9 | 11 | 10 |
| Special Exco | 21 | 21 | 21 | 23 | 22 |
| Number of reports considered by Exco | 344 | 344 | 301 | 339 | 290 |
| Number of resolutions formulated | 290 | 309 | 243 | 252 | 200 |
| Number of recommendations to Council | 54 | 60 | 69 | 87 | 90 |

COMPONENT B: INTERGOVERNMENTAL RELATIONS

Newcastle Municipality participates in various forums and meetings with national, provincial and district government departments. The municipality reports to National Treasury, Provincial Treasury and COGTA for all reports related to finance, performance management and the IDP. The Municipality's operational and capital budget is submitted to National Treasury and Provincial for input and the input is useful in ensuring that the municipality meets all the budgetary policies and requirements. All performance management reports are submitted to COGTA at the end of every quarter and in addition to the performance the municipality reports quarterly and monthly to both provincial and national Cogta for all Back-to-Basics reports.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

The Local Government Municipal Systems Act 32 of 2003, Section 17 (2): requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

Newcastle municipality has established a Municipal Public Accounts Committee (MPAC) to oversee the expenditure and accountability for public funds entrusted to the municipality.

2.3 PUBLIC MEETING

Newcastle Municipality has established ward committees for each ward within the jurisdiction of Newcastle Municipality. The ward committee members and ward councillors represent the interests of the community and monthly ward committee meetings are convened to ensure that the needs and concerns of the community are communicated to the municipality and addressed timeously and efficiently. The ward committee structure is guided by 2 (two) policy documents, namely: Ward Committee Establishment and Operational Policy and the Ward Committee Operational Plan.

There are ten (10) ward members per ward with a ward Councillor as the 11th member and leader of the structure. Each ward committee selects a secretary to assist the committee with admin who also gets to sit on the Secretaries Forum monthly, for the purpose of receiving administrative support with public participation. Furthermore, the rest of the ward members are part of numerous Portfolio Committees namely; Infrastructure and Services, Local Economic Development and Social Development. This serves to assist the ward members with interacting with relevant departments on service delivery issues.

Chapter 5, Section 25(1) of The Local Government Municipal Systems Act No. 32 of 2000 indicates that:

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

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

The IDP informs the budget and Service Delivery Budget Implementation Plans (SDBIP's). The IDP is informed by the community's needs and infrastructure demands and refurbishment. The Mayor Newcastle Municipality consults each ward for input and comments on the IDP, budget and Performance Management Reporting.

In addition to the above the other 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
- Traditional Leaders
- Landowners – JBC Steering Committee
- Ward Committee Structures - 34 wards
- Transport Forum
- Civic Structures
- District Public Participation Forum

2.4 IDP PARTICIPATION AND ALIGNMENT

| IDP Participation and Alignment Criteria | Yes/No |
|---|--------|
| Does the municipality have impact, outcome, input, output indicators? | Yes |
| Does the IDP have priorities, objectives, KPIs, development strategies? | Yes |
| Does the IDP have multi-year targets? | Yes |
| Are the above aligned and can they calculate into a score? | Yes |
| Does the budget align directly to the KPIs in the strategic plan? | Yes |
| Do the IDP KPIs align to the Section 57 Managers | Yes |
| Do the IDP KPIs lead to functional area KPIs as per the SDBIP? | Yes |

| | |
|--|-----|
| Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes | Yes |
| Were the indicators communicated to the public? | Yes |
| Were the four quarter aligned reports submitted within stipulated time frames? | Yes |

COMPONENT D: CORPORATE GOVERNANCE

2.5 RISK MANAGEMENT

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

In accordance with the requirements of the MFMA, the annual risk assessment was conducted during the July 2019 through intensive door-to-door departmental sessions and risk assessment workshops. The annual risk assessment covered both strategic and operational risks of the Municipality, fraud and corruption risks were also identified in both strategic and operational levels.

A detailed risk register was developed comprised of both strategic and operational risks with the top 15 risks being prioritized by management. All identified risks were grouped into specific risk categories to get a more manageable risk register with greater possibility to overview risks, followed by the rating of the risks and controls. Intervention measures were incorporated into the Risk Register through actions plans with clear time frames and assigning of responsibilities to relevant process owners and risk owners.

The top five risks identified for 2018/19 were:

| No | Risk |
|----|---|
| 1 | Financial crisis /Liquidity risk [Inability to meet short-term obligations and failure to settle municipal debts when they become due] |
| 2 | Vacancies in key positions |
| 3 | Ineffective Performance Management System |
| 4 | Failure to collect on current accounts and long outstanding debts. |
| 5 | Failure to identify new Revenue sources, leakages and inefficiencies |

2.6 ANTI-CORRUPTION AND FRAUD

Statement of attitude to fraud

Fraud represents a significant potential risk to the Municipality's assets and reputation. The Municipality is committed to protecting its funds and other assets. The Municipality will not tolerate corrupt or fraudulent activities whether internal or external to the organizations, and will vigorously pursue and prosecute any parties, by all legal means available that engage in such practices or attempt to do so.

Newcastle Municipality's Anti-Fraud and Corruption Strategy

The Anti-Corruption Strategy has been developed as a result of the expressed commitment of Government to fight corruption. The following are some of the Mechanisms in place to prevent, combat, detect and react to fraud and corruption:-

- Anti-Fraud and Corruption policy
- Anti-corruption strategy and fraud prevention plan
- Fraud risk assessment,
- Fraud risk management plan,
- Supply chain Management policy
- Ethics policy

Newcastle Municipality has an established and functional Audit Committee that is independent and has added value to the organisation since the appointment of the audit committee members. The Audit Committee for Newcastle Municipality has been fully functional in terms of The Local Government Municipal Systems Act 56 of 2000, Section 166 (2) an audit committee is an independent advisory body which must—

(a) Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to—

- (i) Internal financial control and internal audits;
- (ii) Risk management;
- (iii) Accounting policies;
- (iv) The adequacy, reliability and accuracy of financial reporting and information;
- (v) Performance management;
- (vi) Effective governance;
- (vii) Compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
- (viii) Performance evaluation; and
- (ix) Any other issues referred to it by the municipality or municipal entity.

2.7 SUPPLY CHAIN MANAGEMENT

All officials and other role players in the supply chain management system of the Newcastle Municipality must implement the SCM Policy in a way that gives effect to – Section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act; is fair, equitable, transparent, competitive and cost effective; complies with – the Regulations; and any minimum norms and standards that may be prescribed in terms of section 168 of the Act; is consistent with other applicable legislation; does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

The SCM Policy applies when the Newcastle Municipality procures goods or services; disposes goods no longer needed; selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

The SCM Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including – water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and electricity from Eskom or another public entity, another municipality or a municipal entity.

Amendment of the supply chain management policy

The accounting officer must – at least annually review the implementation of the SCM Policy; and when the accounting officer considers it necessary, submit proposals for the amendment of the SCM Policy to the Newcastle Municipal Council.

If the accounting officer submits proposed amendments to the Newcastle Municipal Council that differs from the model policy issued by the National Treasury, the accounting officer must ensure that such proposed amendments comply with the Regulations; and report any deviation from the model policy to the National Treasury and the KwaZulu-Natal Provincial Treasury.

Delegation of supply chain management powers and duties

The Newcastle Municipal Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer – to discharge the supply chain management responsibilities conferred on accounting officers in terms of – Chapter 8 or 10 of the Act; and this Policy; to maximize administrative and operational efficiency in the implementation of this Policy; to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favoritism and unfair and irregular practices in the implementation of this Policy; and to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of subparagraph. The accounting officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of

the Newcastle Municipality or to a committee which is not exclusively composed of officials of the Newcastle Municipality;

Sub-delegations

The accounting officer may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this SCM Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 9 of this SCM Policy. The power to make a final award: above R2 million (VAT included) may not be sub-delegated by the accounting officer; above R200 000 (VAT included), but not exceeding R2 million (VAT included), may be sub-delegated but only to a bid adjudication committee of which the chief financial officer and senior management are members.

The bid adjudication committee must within five (5) days of the end of each month submit to the Accounting Officer a written report containing particulars of each final award made by The bid adjudication committee during that month, including: the amount of the award; the name of the person to whom the award was made; and the reason why the award was made to that person.

Responsibilities

Role of the Municipal Manager. Ensures strict adherence to the guidelines provided in the SCM Policy. Implementation of the SCM Policy and submission of quarterly reports. Annual review of targets and the SCM Policy. Approves the inclusion of a service provider in the Municipality supply chain management system after rehabilitation of the service provider according to statutory requirements. Appoints the members of the bid committees

Role of Directors

Each director shall be responsible and accountable for: exercising the powers, performing the functions and discharging the duties conferred or assigned to him in terms of this SCM Policy; implementing the SCM Policy and any procedural and other prescripts issued in terms of the SCM policy within his area of responsibility; ensuring compliance with the SCM Policy and any procedural and other prescripts issued in terms of the SCM policy within his area of responsibility; developing, or causing to be developed, draft specifications for the procurements by his directorate exceeding an amount of R 500 (VAT inclusive); properly planning for and, as far as possible, accurately estimating the costs of the provision of services, works or goods for which offers are to be solicited; selecting the appropriate preference point goals to be utilised in the evaluation of offers; achieving any objectives and targets set with regard to procurements and disposals

The role of the Chief Financial Officer

Is the custodian of the SCM Policy and report on progress regarding its implementation. Has overall management of the quotation and competitive bidding process from solicitation to processing of invoice payment. Promotes corporate approach by encouraging standardization of items purchased within the Municipality to realize economies of scale. Ensures that procurements and disposals are effected through practices that demonstrate compliance to all relevant legislation. Is responsible for managing procurements and disposals to ensure that the supply chain management system of the Municipality is adhered to. Ensures that the procurements and disposal process followed adheres to preference

targets without compromising price, quality, service delivery and developmental objectives. Is responsible for ensuring that all employees involved in the supply chain management process receive the necessary training to support implementation of the SCM Policy. Is responsible for establishing the amount to be paid by prospective service providers as a non-refundable deposit for enquiry documents issued by the Municipality. Is responsible for the verification of the applications of service providers for possible inclusion in the Suppliers' Database.

Shall submit regular reports to the Accounting Officer, who will in turn submit to the Finance Portfolio Committee; regarding progress and any matters of importance relating to the SCM Policy.

The role of Advisors

The Municipal Manager may procure the services of advisors to assist in the execution of the supply chain management function. These advisors must be obtained through a competitive bidding process. No advisor may however form part of the final decision-making process regarding the awarding of bids, as this will counter the principle of vesting accountability with the Municipal Manager. The Municipal Manager may not delegate decision-making authority to a person other than an official.

Oversight role of council

The Newcastle Municipal Council reserves its right to maintain oversight over the implementation of this SCM Policy. For the purposes of such oversight the accounting officer must: within 30 days of the end of each financial year, submit a report on the implementation of this SCM Policy and the supply chain management policy of any municipal entity under sole or shared control of the municipality, to the council of the municipality; and whenever there are serious and material problems in the implementation of this SCM Policy, immediately submit a report to the Newcastle Municipal Council. The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Mayor of the Newcastle Municipality. The reports must be made public in accordance with section 21A of the Municipal Systems Act.

IMPLEMENTATION CHECKLIST

Supply Chain Management

| Municipality or Entity Details | | Answers |
|---|--|--|
| Name of Municipality (select from drop down list) | | KZ252 Newcastle |
| In the case of a <i>Municipal Entity</i> please type the name here: | | |
| Contact Person (name): | | S. S. Dlamini |
| Email address: | | sthembiso.dlamini@newcastle.gov.za |
| Phone: | | 034 328 7701 |
| Name of the Head of the SCM Unit (if different to above): | | |
| | | |
| Question | | Answer |
| 1 | Has the Council/Board of Directors adopted a SCM policy in terms of SCM regulation 3? | Yes |
| 2 | How many staff are employed by the SCM Unit? (show full time staff equivalent, a person shared with another function or working part-time on SCM is shown as a fraction) | 35 |
| 2,1 | How many positions are unfilled, ie waiting for an appointment? (full time equivalent) | 20 |
| 2,2 | Has a job description been developed for each position within the SCM Unit? | Yes |
| 3 | Has a detailed implementation plan for SCM been developed? | Yes |
| 3,1 | If "YES", is progress regularly measured against the implementation plan? | Yes |
| 4 | Is a report on the implementation of the SCM Policy provided to the mayor (or the board of directors for an entity) within 10 days of the end of each quarter (reg 6(3)) | Yes |
| 5 | SCM Processes: | |
| 5,1 | Is the necessary needs assessment undertaken before each acquisition? | Yes |
| 5,2 | Are preferential policy objectives identified to be met through each contract? | Yes |
| 5,3 | Is the performance of vendors regularly monitored? | Yes |
| 5,4 | Are SCM processes independently monitored to ensure the SCM policy is followed and desired objectives achieved? | Yes |
| 6 | Are the threshold values contained in the SCM Policy aligned with the values stipulated in regulation 12? | Yes |
| 6,1 | If "NO" are the values contained in the SCM Policy higher than that stipulated in regulation 12? | No |
| 7 | Do municipal bid documents comply with MFMA Circular No 25? | Yes |
| 8 | Do municipal bid documents include evaluation criteria for use by the bid evaluation and adjudication committees? | Yes |
| 9 | Regulation 46 requires the SCM Policy to establish a code of conduct. | |
| 9,1 | Is the Code of Conduct issued by NT in MFMA Circular No 22 utilised? | Yes |

| | | | |
|----|------|---|-----|
| | 9,2 | Are measures in place to ensure all SCM practitioners are aware of the SCM code of conduct? | Yes |
| 10 | | Are all delegations in terms of SCM roles and responsibilities in writing (other than delegations contained in the SCM Policy)? | Yes |
| 11 | | Prior to making an award above R30 000 the municipality or municipal entity must check with SARS whether that persons tax matters are in order (reg 43 and MFMA Circular No 29). Is this being complied with? | Yes |
| 12 | | <i>Please confirm if records are kept of the following:</i> | |
| | 12,1 | Petty cash purchases? | Yes |
| | 12,2 | Written or verbal quotations received and awards made? | Yes |
| | 12,3 | Tenders and all other bids received and awards made? | Yes |
| 13 | | Are all invitations for bids above R30 000 advertised for at least 7 days on the website and official notice board? (reg 18(a)) | Yes |
| | 13,1 | In addition, are all invitations for competitive bids publically advertised in newspapers commonly circulating locally? (reg 22(1)) | Yes |
| 14 | | Is the "list of accredited prospective providers" required by regulation 14 updated at least quarterly? | No |
| 15 | | Is there a database established to record redundant and obsolete store items? | Yes |
| 16 | | Are debriefing sessions held with unsuccessful bidders? | No |
| 17 | | <i>Training SCM practitioners</i> | |
| | 17,1 | Has a training strategy for SCM practitioners been developed? | Yes |
| | 17,2 | What is the 2006/07 budget for the training of SCM practitioners? | |
| | 17,3 | Has the municipality or entity used an outsourced training provider for SCM, other than SAMDI? | No |
| | 17,4 | If "yes" to 17.3 please list below the names of training provider(s) used to date (<i>expand this box if necessary</i>) | |
| | | . | |
| | | . | |
| | | . | |
| | 17,5 | Indicate the number of officials who have attended the SCM training conducted by SAMDI? | |
| | 17,6 | Indicate the number of officials who have attended SCM training conducted by training providers other than SAMDI? | |
| 18 | | Has as SCM procedure manual been developed to assist officials implement the SCM policy, consistent with the MFMA, regulations, circulars and the Accounting Officers Guidelines? | Yes |
| 19 | | <i>Bid Committee membership:</i> | |
| | 19,1 | Does the Bid Specification Committee membership comply with regulation 27? | Yes |
| | 19,2 | Does the Bid Evaluation Committee membership comply with regulation 28? | Yes |

| | | | |
|-----------|--|--|-----|
| | 19,3 | Does the Bid Adjudication Committee membership comply with regulation 29? | Yes |
| | 19,4 | Has regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee, been breached? | No |
| 20 | <i>Procurement of IT related goods and services:</i> | | |
| | 20,1 | Are you aware that SITA can assist with the procurement of IT related goods and services (regulation 31) | Yes |
| | 20,2 | Have you utilised this facility before? | No |
| 21 | Does the SCM Policy provide for an effective system of risk management for the identification, consideration and avoidance of potential risks in the SCM system? (reg 41(1)) | | Yes |

2.8 BY-LAWS INTRODUCED IN THE 2018/19 FINANCIAL YEAR

| REVISED | PUBLIC PARTICIPATION CONDUCTED PRIOR TO ADOPTION OF BY-LAW (YES/NO) | DATE OF PUBLICATION | BY-LAW GAZETTED (YES/NO) |
|---|---|---------------------|--------------------------|
| Tariff Policy | Yes | June 2019 | Yes |
| Valuation and Rates Policy | Yes | June 2019 | Yes |
| Debt collection and Credit Control Policy | Yes | June 2019 | Yes |
| Tariff Policy | Yes | June 2019 | Yes |
| Valuation and Rates Policy | Yes | June 2019 | Yes |
| Debt collection and Credit Control Policy | Yes | June 2019 | Yes |

2.8 WEBSITES

In terms of the Local Government Municipal Finance Management Act 56 of 2000, Section 75 (1), The accounting officer of a municipality must place on the website referred to in section 21A of The Local Government Municipal Systems Act 32 of 2003 the following documents of the municipality:

- (a) The annual and adjustments budgets and all budget-related documents;
 - (b) All budget-related policies;
 - (c) The annual report;
 - (d) All performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act;
 - (e) All service delivery agreements;
 - (f) All long-term borrowing contracts;
 - (g) All supply chain management contracts above a prescribed value;
 - (h) An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4) during the previous quarter;
 - (i) Contracts to which subsection (1) of section 33 apply, subject to subsection (3) of that section;
 - (j) public-private partnership agreements referred to in section 120;
 - (k) All quarterly reports tabled in the council in terms of section 52(d); and
 - (l) Any other documents that must be placed on the website in terms of this Act or any other applicable legislation, or as may be prescribed.
- (2) A document referred to in subsection (1) must be placed on the website not later than five days after its tabling in the council or on the date on which it must be made public, whichever occurs first.

| Documents published on Newcastle Municipality and Uthukela Water's Website | Yes/No |
|--|---------------|
| Current annual adjustments budgets and all budget-related documents | Yes |
| All current budget related policies | Yes |
| The Previous annual report 2017/18 | Yes |
| The annual report 2018/19 to be published | Yes |
| All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (2018/19) and resulting scorecards | Yes |
| All service delivery agreements(2018/19) | Yes |
| All quarterly reports tabled in the council in terms of section 52 (d) during (2018/19) | Yes |

2.9 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Newcastle Municipality did not conduct a community survey for the 2018'19 financial year. However through the customer care call centre the municipality endeavoured to ensure that all queries and complaints were addressed for water, sanitation, electricity, waste management, grass cutting and billing. The municipality plans to fill the position of the Communications Manager in the 2019'20 financial year and the official will be responsible to develop a Communications Strategy and regular customer care surveys.

2.10 SECTOR PLANS

| Ref | Activity/ Item Description | Comments | | |
|-----|---|----------|-----------|--|
| | | *LM | 2018/19 | |
| 1. | Disaster Management Plan/ Contingency Plan | ✓ | Completed | District Municipality is implementing through shared Services but Newcastle has recently developed its own Disaster Management Plan. |
| 2. | HIV/AIDS Action Plan | ✓ | Completed | Special Programs implemented though the Operation Sukuma Sakhe Provincial Program. |
| 3. | Institutional Plan | ✓ | Completed | Completed and approved by Council |
| 4. | Performance Management System (PMS) | ✓ | Completed | PMS review completed and approved by Council in line with the IDP, Budget and the SDF. It's being implemented with Section 57, and rollout is well underway |
| 5. | Skills Development Plan | ✓ | Completed | Approved and adopted by EXCO/Council with implementation is well underway. |
| 6. | Financial Management Plan | ✓ | Completed | Fully-fledged Financial Plan in-place and approved by Council together with the Budget. |
| 7. | Capital Investment Programme/ Framework (CIP) | ✓ | Completed | Three Year Capital Program incorporated into the IDP but the Municipality on the process of developing a five year capital investment program once all sector plans are in |

| | | | | |
|-----|--|---|-----------|--|
| | | | | place. |
| 8. | Environmental Management Framework | ✓ | Completed | Final document completed, approved and adopted by EXCO/Council. |
| 9. | Local Economic Development (LED) | ✓ | Completed | Completed in November 2012 and is currently being implemented. |
| 10. | Poverty Relief/Alleviation Programme | ✓ | Completed | Approved and adopted by Council. Implementation underway. |
| 11. | Revenue Enhancement Strategy | ✓ | Completed | Review underway, very critical for NLM. |
| 12. | Housing Sector Plan | ✓ | Completed | Final Housing Sector Plan complete. Currently being implemented. |
| 13. | Water Services Development Plan (WSDP) | ✓ | Completed | WSDP completed but still due for a review in order to reflect the latest trends regarding the current predicament of low rainfall and water shortages. |
| 15. | Waste Management Plan | ✓ | Completed | Completed, approved and adopted by Council. Implementation thereof is well underway. |
| 16. | Roads and Storm water Master Plan | ✓ | Completed | The Road and Storm-water plan is done in line with GRAP. |
| 17. | Integrated Traffic and Transportation Plan | ✓ | Completed | Developed and finalized. Awaiting endorsement by the PSC so as to seek approval and adoption by EXCO/Council. |
| 18. | Electrification Plan | ✓ | Underway | Available with the DC. But Newcastle to develop its own in 2014/2015 financial year |
| 19. | Tourism Strategy | ✓ | Completed | Approved and adopted by Council. Implementation underway. |

| | | | | |
|-----|---|---|-----------|--|
| 20. | Town Planning Scheme | ✓ | Underway | Wall-to-wall finalized. Awaiting endorsement by the PSC so as to seek approval and adoption by EXCO/Council. |
| 21. | Spatial Development Framework | ✓ | Completed | Reviewed SDF approved and adopted by Council together with the Final IDP (2016/17). |
| 22. | Gender Employment Equity Plan | ✓ | Completed | Approved and adopted by EXCO/Council with implementation underway. |
| 23. | Communication Strategy | ✓ | Underway | Currently being developed. |
| 24. | IT Communications Policy | ✓ | Completed | Approved and adopted by EXCO/Council and implementation underway. |
| 25. | IT Policy | ✓ | Completed | Approved and adopted by EXCO/Council and implementation underway. |
| 26. | Asset Management Policy | ✓ | Completed | Approved and adopted by EXCO/Council. Currently undergoing review in line with the changing circumstances. |
| 26. | Fraud and Corruption Prevention Strategy | ✓ | Completed | Approved and adopted by EXCO/Council. Implementation underway, very critical for the NLM. |
| 27. | Cemetery Plan | ✓ | Underway | Investigation on identification of suitable sites underway. |
| 28. | Ward Committee Policy | ✓ | Completed | Implementation well underway. |
| 29. | Business Retention and Expansion Strategy | ✓ | Completed | Currently being developed. |
| 30. | Tariff Policy | ✓ | Completed | Implemented |

| | | | | |
|----|--------------------------------|---|-----------|-------------|
| 31 | Borrowing Policy | ✓ | Completed | Implemented |
| 32 | Animals and birds Policy | ✓ | Completed | Implemented |
| 33 | Cash Management and Investment | ✓ | Completed | Implemented |

CHAPTER 3 SERVICE DELIVERY PERFORMANCE

INTRODUCTION

Newcastle Municipality has set targets towards improving access to basic service delivery, financial viability, public participation, and development planning and human settlements, community services (fire, health, and disaster management). The performance of the municipality towards achieving its goals was monitored through the Service Delivery Budget Implementation Plan (SDBIP) for the 2018'19 financial year. The SDBIP was aligned to the approved 2018'19 budget and IDP. The SDBIP had Key Performance Indicators (KPI's) that were aligned to the objectives and strategies as set out in the approved IDP. The targets for each KPI was aligned to the approved budget. Therefore all targets set out by the municipality were specific, measurable, attainable, realistic and time-bond. Despite the financial strain that the municipality faced officials worked towards achieving all targets and provided reasons for variance and corrective action plans for targets that were not achieved for the 2018'19 financial year.

COMPONENT A: BASIC SERVICES

3.1 WATER PROVISION

Newcastle Municipality is a Water Service Authority (WSA) with a population of 389 117 people residing in 90 347 households (*census community survey 2016*). The area of service is made up of town, suburbs (mainly in the Western side) and townships, rural areas (Eastern side) and the farm areas. There are 34 ward of which ward 2, 3, 4, 5 & 34 covers the city & suburban areas.

The main sources of surface water making the Ngagane Water Supply Scheme_are:

- Ntshingwayo Dam (80 MI/day)
- Buffalo River (20 MI/day)
- Ngagane River (30 MI/day)

Underground water is abstracted through boreholes

Distribution of water from the water scheme is through pipe network & water tankers

Distribution from underground sources are through:

- Pumps to static tank to stand pipe
- Hand-pumps

MAJOR WATER SOURCES

Pumps to package plant to tanks to network (combined yard connection, stand pipes level of service)-Charlestown

Raw Water for Ngagane Scheme is abstracted from:

- Ntshingwayo Dam (80 MI/day)
- Buffalo River (20 MI/day)
- Ngagane River (20 MI/day)

Underground supply comprises 121 boreholes of which only 3 is functional.

SERVICE LEVELS

The service level standards for Newcastle are outlined in the Customer service charter and cover all the areas within the WSA. The access to free basic water policy is in place and the poor/indigent are entitled to 6kl/month free basic water. A VIP toilet is provided as basic sanitation to rural communities.

A metered yard connection is provided for all consumers and it is a requirement that all consumers are linked to the billing system. However due to uncontrolled development and other uncoordinated housing developments some consumers are not linked to the system and this results in high unaccounted for water.

BALANCE BETWEEN SUPPLY AND DEMAND

The plant output is about 120M/day and is supplied to Newcastle by uThukela water. The demand for the Newcastle is 98 to 110 MI/day.

In the table below, a 2018/2019 water balance is presented with explanations to the aspects forming the water balance in order to deal with critical aspects for the reduction of non-revenue water losses.

| Source | | Income/loss | value | Description | | Consumer | Consumed (kl) | source of info. |
|--------------------|----------|------------------------------|--------|---|--------|---|---------------|------------------|
| | | | | | | | | |
| Bulk Purchase (kl) | 31422887 | Revenue Consumption (kl) | 48,98% | Billed metered consumption (KI) | 48,98% | Domestic | 13556780 | BTO |
| | | | | | | Indigent consumption @ 6kl | 346477 | BTO |
| | | | | | | Industrial | 1477586 | BTO |
| | | | | Billed unmetered | | Flat Rate | 9756 | BTO |
| | | Non-Revenue consumption (KI) | 51,02% | Metered unbilled consumption (Authorised) | 7,36% | Indigent house holds above 6kl | 804438 | BTO |
| | | | | un billed un-metered consumption (kl)(Authorised) | | water tanker goose necks (rural supply) | 43665 | water (estimate) |
| | | | | | | Rural stand pipes areas | 1463403 | water |
| | | | | losses (KI) (44%) | 8,00% | Acceptable network loses (8%) | 2513831 | water |
| | | | | | 35,66% | Ageing infrastructure failures | 11206951 | water |
| | | | | | | infrastructure contious leaks | | |
| | | | | | | illegal connections | | |
| | | | | | | un-accountered consumption | | |

WATER QUALITY

Newcastle Municipality as a Water Service Authority are compelled by law to comply with the prescribed national standards relating to ensuring that the quality of drinking water is of good standard. The South African National Standards (SANS) 241 is a drinking water specification that states the minimum requirements for potable water to be considered safe for human consumption. UThukela Water (Pty) Ltd presently have a Service Level Agreement (SLA) in place with Newcastle Municipality and as part of the agreement, they are responsible for our drinking water quality compliance. The samples are collected and submitted weekly to uThukela Water (Pty) Ltd laboratory for analysis and are uploaded monthly to the Department of Water and Sanitations' Integrated Regulatory Information System (IRIS) The required drinking water compliance calculations are derived from SANS 241: 2015 and the following Indicators are considered

- ✓ Acute Health Microbiological
- ✓ Acute Health Chemical
- ✓ Chronic Health Chemical
- ✓ Operational
- ✓ Aesthetic Chemical

Compliance is then calculated using the following formula;

$$D^A \times 100$$

$$A =$$

$$D_{A \text{ total}}$$

Where

D_A is the total number of results complying with the numerical limits per determinants.

$D_{A \text{ total}}$ is the total number of analyses conducted per determinants.

Table A and Table B given below are abstracts from the Department of Water and Sanitations' Integrated Regulatory Information System (IRIS) and they indicate the overall compliance of Newcastle Municipality for all 5 indicators for the 2018/2019 financial Year. The Water Quality Results for each month which are used to derive the annual compliance have been attached as Annexure A (2018) and Annexure B (2019).

Table A: SANS 241:2015 Compliance Year 2018

| Kwazulu-Natal > WSP / Bulk > uThukela Water > SANS 241:2015 > 2018 | | | | | | | | | | |
|--|---|-------|--|------|--|-------|--|--------|---|-------|
| LEGEND ■ Bad <95% ■ Poor 95-97.0% ■ Good 97.0-99% ■ Excellent >99% | | | | | | | | | | |
| uThukela Water | | | | | | | | | | |
| | Acute Health Microbiological | | Acute Health Chemical | | Chronic Health Chemical | | Aesthetic Chemical - Non Health | | Operational | |
| | Comply | *MRP | Comply | *MRP | Comply | *MRP | Comply | *MRP | Comply | *MRP |
| Newcastle (Ngagane TW) - uTW (WSP) | 99.9% ● | 96.5% | >99.9% ● | N/A | >99.9% ● | 96.4% | >99.9% ● | >99.9% | 98.5% ● | 96.8% |

Table B: SANS 241:2015 Compliance Year 2019

uThukela Water

| | Acute Health Microbiological | | Acute Health Chemical | | Chronic Health Chemical | | Aesthetic Chemical - Non Health | | Operational | |
|------------------------------------|------------------------------|-------|-----------------------|------|-------------------------|-------|---------------------------------|-------|-------------|-------|
| | Comply | *MRP | Comply | *MRP | Comply | *MRP | Comply | *MRP | Comply | *MRP |
| Newcastle (Ngagane TW) - uTW (WSP) | 99.9% | 93.2% | >99.9% | N/A | >99.9% | 41.6% | >99.9% | 92.3% | 93.3% | 94.7% |

Annexure A: SANS 241:2015 Monthly Compliance Year 2018

| Period | Category | Samples | Compliance |
|--------|---|---------|------------|
| Jan | Acute Health Chemical Compliance | 20 | 100.00% |
| | Acute Health Microbiological Compliance | 30 | 100.00% |
| | Aesthetic Compliance | 110 | 100.00% |
| | Chronic Health Chemical Compliance | 60 | 100.00% |
| | Operational Compliance | 145 | 98.62% |
| Feb | Acute Health Chemical Compliance | 16 | 100.00% |
| | Acute Health Microbiological Compliance | 24 | 100.00% |
| | Aesthetic Compliance | 87 | 100.00% |
| | Chronic Health Chemical Compliance | 47 | 100.00% |
| | Operational Compliance | 114 | 100.00% |

| | | | |
|------------|--|------------|----------------|
| Mar | Acute Health Chemical Compliance | 16 | 100.00% |
| | Acute Health Microbiological Compliance | 24 | 100.00% |
| | Aesthetic Compliance | 86 | 100.00% |
| | Chronic Health Chemical Compliance | 46 | 100.00% |
| | Operational Compliance | 116 | 100.00% |
| Apr | Acute Health Chemical Compliance | 20 | 100.00% |
| | Acute Health Microbiological Compliance | 30 | 100.00% |
| | Aesthetic Compliance | 110 | 100.00% |
| | Chronic Health Chemical Compliance | 60 | 100.00% |
| | Operational Compliance | 145 | 100.00% |
| May | Acute Health Chemical Compliance | 16 | 100.00% |
| | Acute Health Microbiological Compliance | 22 | 100.00% |
| | Aesthetic Compliance | 81 | 100.00% |
| | Chronic Health Chemical Compliance | 45 | 100.00% |
| | Operational Compliance | 106 | 99.06% |
| Jun | Acute Health Chemical Compliance | 16 | 100.00% |

| | | | |
|-----|---|-----|---------|
| | Acute Health Microbiological Compliance | 24 | 100.00% |
| | Aesthetic Compliance | 88 | 100.00% |
| | Chronic Health Chemical Compliance | 48 | 100.00% |
| | Operational Compliance | 116 | 100.00% |
| Jul | Acute Health Chemical Compliance | 20 | 100.00% |
| | Acute Health Microbiological Compliance | 30 | 100.00% |
| | Aesthetic Compliance | 109 | 100.00% |
| | Chronic Health Chemical Compliance | 59 | 100.00% |
| | Operational Compliance | 145 | 100.00% |
| Aug | Acute Health Chemical Compliance | 16 | 100.00% |
| | Acute Health Microbiological Compliance | 24 | 100.00% |
| | Aesthetic Compliance | 87 | 100.00% |
| | Chronic Health Chemical Compliance | 47 | 100.00% |
| | Operational Compliance | 114 | 100.00% |
| Sep | Acute Health Chemical Compliance | 16 | 100.00% |
| | Acute Health Microbiological Compliance | 21 | 100.00% |

| | | | |
|-----|---|-----|---------|
| | Compliance | | |
| | Aesthetic Compliance | 78 | 100.00% |
| | Chronic Health Chemical Compliance | 42 | 100.00% |
| | Operational Compliance | 100 | 99.00% |
| Oct | Acute Health Chemical Compliance | 20 | 100.00% |
| | Acute Health Microbiological Compliance | 28 | 100.00% |
| | Aesthetic Compliance | 101 | 100.00% |
| | Chronic Health Chemical Compliance | 55 | 100.00% |
| | Operational Compliance | 131 | 100.00% |
| Nov | Acute Health Chemical Compliance | 26 | 100.00% |
| | Acute Health Microbiological Compliance | 27 | 100.00% |
| | Aesthetic Compliance | 101 | 100.00% |
| | Chronic Health Chemical Compliance | 90 | 100.00% |
| | Operational Compliance | 114 | 100.00% |
| Dec | Acute Health Chemical Compliance | 12 | 100.00% |
| | Acute Health Microbiological Compliance | 16 | 100.00% |

| | | | | | |
|--|--|---|-----------|----------------|--|
| | | Aesthetic Compliance | 60 | 100.00% | |
| | | Chronic Health Chemical Compliance | 33 | 100.00% | |
| | | Operational Compliance | 79 | 91.14% | |
| | | | | | |

SANS 241:2015 Monthly Compliance Year 2019

| Period | Category | | | Samples | Compliance |
|---------------|-------------------------------|---------------|------------------------|----------------|-------------------|
| Jan | Acute | Health | Chemical | 20 | 100.00% |
| | Compliance | | | | |
| | Acute | Health | Microbiological | 28 | 100.00% |
| | Compliance | | | | |
| | Aesthetic Compliance | | | 104 | 100.00% |
| Feb | Chronic | Health | Chemical | 56 | 100.00% |
| | Compliance | | | | |
| | Operational Compliance | | | 131 | 97.71% |
| | Acute | Health | Chemical | 16 | 100.00% |
| | Compliance | | | | |
| Feb | Acute | Health | Microbiological | 21 | 100.00% |
| | Compliance | | | | |
| | Aesthetic Compliance | | | 83 | 100.00% |

| | | | |
|-----|---|-----|---------|
| | Chronic Health Chemical Compliance | 44 | 100.00% |
| | Operational Compliance | 103 | 97.09% |
| Mar | Acute Health Chemical Compliance | 36 | 100.00% |
| | Acute Health Microbiological Compliance | 22 | 100.00% |
| | Aesthetic Compliance | 99 | 100.00% |
| | Chronic Health Chemical Compliance | 63 | 100.00% |
| | Operational Compliance | 110 | 100.00% |
| Apr | Acute Health Chemical Compliance | 57 | 100.00% |
| | Acute Health Microbiological Compliance | 29 | 100.00% |
| | Aesthetic Compliance | 137 | 100.00% |
| | Chronic Health Chemical Compliance | 96 | 100.00% |
| | Operational Compliance | 149 | 95.97% |
| May | Acute Health Chemical Compliance | 16 | 100.00% |
| | Acute Health Microbiological Compliance | 24 | 100.00% |

| | | | | | |
|-----|------------------------|--------|-----------------|-----|---------|
| | Aesthetic Compliance | | | 92 | 100.00% |
| | Chronic | Health | Chemical | 48 | 100.00% |
| | Compliance | | | | |
| Jun | Operational Compliance | | | 117 | 96.58% |
| | Acute | Health | Chemical | 36 | 100.00% |
| | Compliance | | | | |
| | Acute | Health | Microbiological | 24 | 100.00% |
| | Compliance | | | | |
| | Aesthetic Compliance | | | 107 | 100.00% |
| Jul | Chronic | Health | Chemical | 68 | 100.00% |
| | Compliance | | | | |
| | Operational Compliance | | | 121 | 94.21% |
| | Acute | Health | Chemical | 40 | 100.00% |
| | Compliance | | | | |
| Jul | Acute | Health | Microbiological | 30 | 100.00% |
| | Compliance | | | | |
| | Aesthetic Compliance | | | 130 | 100.00% |
| | Chronic | Health | Chemical | 80 | 100.00% |
| | Compliance | | | | |
| Jul | Operational Compliance | | | 150 | 99.33% |

(AHM% + AHC%+CHC%+AC%+O %)

$Annual\ Compliance = \frac{\text{Number of Indicators}}{5} \times 100$

Where

AHM% is the compliance percentage for Acute Health Microbiological.

AHC% is the compliance percentage for Acute Health Chemical.

CHC% is the compliance percentage for Chronic Health Chemical.

AC% is the compliance percentage for Aesthetic Chemical.

O% is the compliance percentage for Operational.

Therefore, the annual compliance is as follows;

$$\begin{aligned} \text{Compliance 2018} &= \frac{(99.9\% + 99.9\% + 99.9\% + 99.9\% + 98.5\%)}{5} \times 100 \end{aligned}$$

$$= \frac{498.1}{5} \times 100$$

$$= 99.62\%$$

$$\begin{aligned} \text{Compliance 2019} &= \frac{(99.9\% + 99.9\% + 99.9\% + 99.9\% + 93.3\%)}{5} \times 100 \end{aligned}$$

$$= \frac{492.9}{5} \times 100$$

$$= 98.58\%$$

$$\text{Average 18/19 financial year} = \frac{(99.62 + 98.58)}{2} \times 100$$

$$= \frac{198.2}{2} \times 100$$

$$= \underline{99.10\%}$$

So far, the water being supplied by Newcastle Municipality through uThukela Water (Pty) Ltd is on average of 99.10% compliant with SANS 241:2015 and is acceptable for human consumption.

MADADENI WASTEWATER TREATMENT WORKS EXTENSIONS

The general performance of the Madadeni Wastewater Treatment Works Upgrade and Extensions Project as at 30 June 2018. The report will look at the progress so far, challenges experienced and outline the interventions required in resolving some of the challenges.

PURPOSE

The primary objective of this project is to upgrade the Madadeni Wastewater Treatment from a 12 Mega litre/Day to a 25 Mega litre/Day capacity with certain elements being upgraded to provide a future capacity of 60 Mega litres/Day. This is a very critical necessity for the Newcastle Municipality in order to approve any future development in the Madadeni area as the existing load of Madadeni Wastewater Treatment Works is in excess of its capacity thereby requiring this upgrade of the works in order to facilitate future developments.

The project's scope of work include:

Construction of the new inlet works and related infrastructure.

Construction of the new fine bubble aeration reactor and building for air blowers and power supply back-up generator.

Construction of the interconnecting channels.

Construction of additional buildings and renovations to existing buildings.

Construction of the new sedimentation tank and chlorine contact tank.

PROGRESS

This is a multi-year project that resumed in February 2017 and is expected to be concluded in 2021. The overall project progress is at 71%.

The following work is complete:

- New Power Supply and Blower Building,
- New Aerobic Reactor Structure,
- New Inlet Works and Building,
- New Vortex De-Gritter and Pump Station,
- New Channel from Inlet Works to New Aerobic Reactor,
- Roads and Storm Water Infrastructure,
- Two New Sludge Thickeners,
- Refurbishment of Existing Operator Building,

The following work is planned to be completed in January 2021:

Converting the existing aerobic reactor into an anaerobic and anoxic reactor

Connecting new infrastructure into existing infrastructure

Electrical and Mechanical Installations

Energy Efficient Turbo Blowers and Fine Bubble Aeration System

PROJECT CHALLENGES/DELAYS

The main challenge relating to this contract is the delay in the approval of the additional funding application (AFA) required for the remaining scope of work which is mechanical and electrical in nature.

Some of the components of the civil contract cannot be concluded before the mechanical contract commences.

The business plan for the mechanical and electrical contract has already been submitted to the Department of Water and Sanitation for consideration and approval.

INTERVENTIONS

- Finalization and approval of the Additional Funding Application (AFA) is very critical for the uninterrupted progress of this project.
- Engagements with Department of Water and Sanitation are now at an advanced level to address this matter.

This project is currently progressing well and achieving the set targets.

PHOTOS



MADADENI WASTE WATER TREATMENT PLANT

LENNOXTON AC PIPE REPLACEMENT PHASE 1

The objectives of the project is to replace all the Ac pipes within Lennoxton due to high burst frequency areas. However the project started with areas with high burst frequency of which we are currently replacing 900 properties.

The project involves the following:

1. Trench excavation.
2. Laying of pipelines.
3. Valve chambers.
4. Fire Hydrants.
5. Reinstatement of Driveways.
6. Reinstatement of Road Crossings.
7. House Connections.

BACKGROUND

Pawacons Pty Ltd were appointed by the Newcastle Local Municipality to conduct the detailed design for the ac pipe Replacement project in selected areas. The water scheme is to be implemented by the Newcastle Local Municipality and funded through MIG. The scope of appointment included for the detailed design, documentation, tender preparation and construction supervision.

REPORT

Currently the contractor is doing reinstatement of driveways and installation of fire hydrants.

CHALLENGES

Delay in the payments of the interim payments certificates of the contractor which leads to the delays in the procurement of materials in the contractor side.

CURRENT STATUS

The project is complete

Based on the challenges stated above the contractor was delayed to complete their scope of work on time.

PHOTOS



SOUL CITY WATER MAINS EXTENSIONS

Works include all the necessary works for the extension of mains and upgrade of water reticulation., clearing of sidewalks and access ways, pipe trenching, pipe laying, installation of valves and hydrants and other fittings reinstating of roadways and access ways, horizontal drilling at road crossing and the protection of services.

The project involves the following:

Excavation of trenches and laying of Water reticulation pipelines (30km).

1200 Household connections with meter installations.

Installation of 133 Fire hydrants.

Installation of pressure reducing valves (PRV) and PRV Chambers.

CURRENT STATUS

The project is completed

CHALLENGES

Project is delayed due non-payments from the municipality.

Based on the challenges stated above the contractor was delayed to complete their scope of work on time.

Photos



SOUL CITY WATER MAINS EXTENSIONS 2

The project works is for the extension of mains and upgrade of water reticulation., clearing of sidewalks and access ways, pipe trenching, pipe laying, installation of valves and hydrants and other fittings reinstating of roadways and access ways, horizontal drilling at road crossing and the protection of services, this is the second phase of the project.

The project involves the following:

Excavation of trenches and laying of Water reticulation pipelines (10.9km).

650 Household connections with meter installations.

Installation of 22 Fire hydrants.

BACKGROUND

The Newcastle Municipality appointed Pawacons Consulting Engineers for the designs and monitoring of this project and Bee and Tee Construction was appointed to carry out the construction.

REPORT

Currently the contractor is undergoing construction works on site, excavating and laying of pipes.

CHALLENGES

The project will be delayed due to the municipality not paying claims and due to social issues in the ward.

CURRENT STATUS

The project is sitting at 99% and the expenditure is at 36%

Based on the challenges stated above that the contractor has been delayed and will be granted extension of time.

Photos



| | |
|---------------------------------|---|
| Project Name and Number: | <p>➤ Osizweni WCDM: DOMESTIC METERING AND TOILETS REFURBISHMENTS WITH LEAKAGE AND STRUCTURAL PROBLEMS</p> <p>Township: Osizweni</p> <p>Ward: 7, 8, 9, 10, 30, and 32</p> |
| Background: | <p>The project focuses on Internal leakages within the stand, Toilet refurbishment with leakage and structural problem (outside toilets), Domestic metering (procure and replacement of stand water meter) as</p> |

| | |
|-----------------------------------|---|
| | <p>per NM project scope.</p> <p>The completed work allows Newcastle Municipality to save about 60 litres of water per day / per stand from a previously dripping tap, and also about 270 litres of water being recovered from outside leakage toilet per day / per stand.</p> |
| Description: | <p>The project involves the following:</p> <ol style="list-style-type: none"> 1. Leak Detection and Repairs 2. Toilet Structure Assessment 3. Domestic Metering |
| Relevant Agencies: | <p>Funding Agency: Water Services Infrastructure Grant (WSIG).</p> <p>Implementing Agency: Newcastle Local Municipality</p> <p>Consulting Engineers: Zenawe Consulting Engineers</p> <p>Contractor: Zenawe Consulting Engineers</p> |
| Employment / Beneficiaries | Total number of persons employed: 53 workers were employed |

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

| Project Title (as per MIG 1 form) | Total (2017/18) | Total Projected 2018/19 | Total Projected 2019/20 |
|--------------------------------------|-----------------|-------------------------|-------------------------|
| MADADENI URBAN ACCESS ROADS PHASE 3 | 3 034 501,00 | 28 501 580,29 | 26 500 000,00 |
| OSIZWENI URBAN ACCESS ROADS PHASE 4 | 2 920 583,00 | 28 730 419,71 | 16 000 000,00 |
| PIPE REPLACEMENT AND UPGRADE PROJECT | 9 489 000,00 | 8 500 000,00 | 15 000 000,00 |
| MADADENI WWTP | 32 714 999,00 | 15 000 000 | |

| | | | |
|---|---------------|--------------|---------------|
| | | | 25 000 000,00 |
| BLAAUWBOSCH BULK WATER PROJECT | 2 500 000,00 | 9 000 000,00 | 9 915 000,00 |
| NGAGANE BULK WATER SUPPLY PROJECT | 10 000 000,00 | 4 000 000,00 | 17 000 000,00 |
| EMERGENCY UPGRADE OF NGAGANE WATER PURIFICATION PLANT AND ASSOCIATED INFRASTRUCTURE | 15 000 000,00 | 9 000 000,00 | - |
| PROVISION OF BASIC SANITATION SERVICES AT JOHNSTON, BLAAUWBOSCH AND CARVEN | 29 164 998,00 | 3 000 000,00 | 3 165 000,00 |
| PROVISION OF BASIC SANITATION SERVICES AT NORMANDIEN, INGOGO AND CHARLESTOWN | - | 4 500 000,00 | - |

3.2 ELECTRICITY PROVISION

A total of 835 households were connected to electricity in the 2018/19 financial year in the following areas:

- Kwamallimi – 220 households
- Bosworth – 184 households
- Inkwelo – 78 households
- Johnstone – 116
- Siyahlahla – 200 households
- Normandien – 37 households

3.3 WASTE MANAGEMENT

The waste management section is currently rendering an in house once a week curb side collection servicing all of our formalised areas including Newcastle Madadeni, Osizweni, Killbarchan, Ingagane and Kwamathukuza and Charlestown. A plan to service the informal areas such as JCB was included in the IDP utilising Community Based contractors, this would also allow for much needed job creation. However the major challenge is financial, due to the severe financial constraints of the Municipality it was not possible to expand the operations in this year. Free basic refuse removal service is rendered to all residents who are on the indigent register.

R 1 500 000 was allocated for the purchase of a skip loading truck and an amount of R 500 000 for the purchase of 6m3 skips. Both projects completed



PURCHASED SKIPS



PURCHASE OF A SKIP TRUCK

Landfill site & Recycling

The existing Landfill site is fast nearing the end of its design life. Consultants appointed by DPHS submitting the EIA application to the Department of Education Tourism and Environmental Affairs EDTEA on 28 June 2018. EDTEA rejected the EIA application, not the proposed site, for various reasons. Several meetings were held with EDTEA and the Consultants ENVITECH and GCS to decide the way forward, do we continue with the EIA application of the existing proposed site or do we start looking for another site. The challenge is if we continued with the application for the proposed site it will require additional specialist studies and an extension of scope of work with the consultants which come at a cost and then there is still no guarantee of acceptance. However even if we start the process of identifying an alternative site now it could take several years before a new site could be operational. An item was served to Council in the 2019/20 year where it was decided to withdraw the EIA application and restart the process.

In an effort to extend the life span of the existing waste disposal site an in-house the composting plant was revived when EXCO resolved the project be prioritised within the EPWP Spectrum.

The German Federal Enterprise for International Cooperation (GIZ) has been commissioned by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) to implement A Waste Management Flagship Programme: Diversion of Municipal Solid Waste away from Landfills in a further 6 Municipalities in South Africa", in partnership with the Department of Environmental Affairs (DEA), this follows a successful Phase (I) project. This project was initially started in the previous financial year 2017/2018 and continued into the 2018/2019 financial year.

Newcastle Municipality was selected as one of the six municipalities in phase 2 of the project.

The aims of the programme are:-

- diverting waste away from landfills, and subsequently
- reducing Greenhouse Gas emissions (climate change mitigation) within the framework of an integrated waste management system (IWMS) and a specific focus on diversion of the biodegradable "organic" fraction of municipal solid waste away from landfills. The project partner is the National Department of Environmental Affairs (DEA),
- aligning the Project opportunity with the local conditions and local governance,
- sustainable job creation opportunities and,
- sustainable development
- Implementation of the waste hierarchy

The project has moved through several phases, from the inception phase to the status quo phase, to the scenarios formulation and evaluation phase. After having given due consideration to various scenarios the following project was selected a “Centralised Greens Drop-Off and Chipping and Open Windrow Composting & decentralised Segregated Material Public Drop-off facilities” The project has now moved to a business and implementation planning phase and a business plan been developed. The business plan looks at costing of the projects and various funding options. The Flagship program will then support the Municipality to undertake a detailed feasibility study.

During the latter part of the financial year steps were initiated to have the weight bridge calibrated in preparation for a tipping fee to be charged when the waste disposal site is utilised. This forms part of the revenue enhancement strategy.

The waste disposal site accommodated approximately 80 informal recyclers who reclaim recyclable material from the site. These materials are then sold to a buy back centre. It is claimed the informal recyclers can earn up to R 5000 per month each.

Street Cleaning

Street Cleaning remains challenging with unfilled positions and some of the staff acting in the higher position of Hydraulic Operators which are crucial to refuse collection. Further challenges exist with the starting time of the street sweepers. The afternoon shift starts at 10:00 and works until 18:30. This poses a problem as the town is still busy at this stage and cannot not be cleaned effectively. However if they should start at 12:00 and work to 20:30 it would yield better results. Corporate Services were approached in this regard.

Education and Awareness

As a way to involve our communities in dealing with waste and littering, volunteering has been encouraged and supported by the waste section. We have had groups of women partner with us to deal with unsightly spaces. Madadeni Section 1 (Manonopalisi) derelict building had been turned into a mini dumpsite, but a group of 9 women volunteered to keep the area clean. Through our support and constant encouragement, they later formed and registered a NPO and adopted the spot which was later turned into a car wash.



Another group of volunteers in Lister farm made good the opportunity of volunteerism by collecting recyclables including PET. They would clean up along the stream and around the

few skips in the area. Their efforts were not in vain as we later introduced them to Mpilenhle to collect the recyclables from them, hence earning a few rands to see their families through. The group has registered as a NPO and are doing all they can to grow their finances.



3.4 HOUSING

- During the 2012/13 financial year, Newcastle Municipality was accredited as a Level 2 municipality.
- As a Level 2 Accredited municipality our responsibilities are guided by the *“Implementation Protocol,”* an agreement entered between the Municipality and the KZN Human Settlements department over a period of 3 years. In this regard the new protocol agreement on accreditation for the next 3 years (i.e. 2016/17 to 2018/19) has also been approved by Council and signed by all parties in February 2017.
- The municipality has 16 projects (with a total sum of units of 23 918) which are currently under implementation with a total value of approximately R 1,3 billion.
- The involvement of Councilor's on housing development is done via quarterly meetings with ward councilors including; the Portfolio Committee and EXCO; the Monthly Development Committee Meetings that are held at project level; and Department presentations to Council on Progress of all Housing Projects.
- Newcastle's housing demand is still very high when compared to supply. The municipality has a:
 - ✓ Housing Backlog : approximately 67 000 units
 - ✓ Housing waiting list : 34 866 beneficiaries
 - ✓ Therefore, a need for a study to determine statistically accurate information of municipal housing needs / backlogs has been identified as critical. The Directorate has finalised TOR for a service provider to undertake the study on behalf of the municipality.

The following are steps that are currently taken by Newcastle Municipality to ensure good governance:

- A resolution which has been taken by council on the 1 October 2016 to SUPPORT ACCREDITATION AND SIGNING OF THE NEW PROTOCOL (refer to council resolution cm43i);
- DELEGATIONS OF POWERS are in place as Approved by Council on the 31 January 2013.
- Strict compliance is ensured with Municipal SCM procedures on appointment of IA's;
- There is ACTIVE participation and OVERSIGHT played by our Portfolio councillor and councillors on housing matters;
- Council has established a MUNICIPAL RAPID RESPONSE TEAM to address service delivery protests. The response team has assisted in projects where we have experienced social issues which result in stoppages of projects by members of the public.
- The Directorate of Human Settlements is located within the Department of Development Planning and Human Settlements and is adequately structured to performs its function;
- The Directorate's work has been divided into 4 functional units to optimise the efficiency and delivery of Human Settlements within the municipality;
- The 4 functional units comprise of: Real Estate; Rural Housing Development; Urban Housing Development and Housing Admin & Customer Care;
- The municipality has the following capacity to handle project identification and evaluation:
 - ✓ 4 registered professional town planners
 - ✓ Registered technical planners
 - ✓ 1 professional valuer
 - ✓ 1 quantity surveyor (appointed as senior. Housing practitioner)
 - ✓ 1 professional engineers within the municipal technical services department.
- Project Enrolments: Newcastle Municipality is enrolled AS A DEVELOPER WITH NHBRC;
- All projects at construction stage are enrolled with NHBRC –the following projects are enrolled with NHBRC.
 - ✓ Siyahlala-la Housing Project -
 - ✓ Emawozeni Greenfield Project
 - ✓ Khathide Rural Housing -
 - ✓ Charlstown

✓ H39

- Newcastle Municipality's own contribution to the OPERATIONAL BUDGET of the municipal housing/human settlements Directorate in 2017/18 financial amounts to. = R36 723 290.18
- The municipality is also currently reviewing its Business Plan to be in line with the new Protocol Agreement.
- AG Report: there were no Human Settlements/ Housing related queries in the AG report, all issues were responded to adequately and timeous in the management report.
- Total Housing Units built against the SDBIP Annual Target 2018/19

| PROJECT NAME | NUMBER OF UNITS COMPLETED |
|-------------------------------------|---------------------------|
| Osizweni E Housing Project Phase II | 63 |
| Siyahlahla | 57 |
| Khathide rural housing | 13 |
| Total | 133 |

- Replacement of storm damaged houses in Madadeni

| Project | Annual Target | Progress |
|-------------------------------------|---------------|-----------------------------|
| Madadeni Storm damaged Roof Project | 500 | Project Has just started |

SIYAHLALA-LA HOUSING PROJECT - 1205 units (Ward 25)

- This is the first LOW INCOME HOUSING PROJECT built 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.

- Newcastle Municipality has also commenced with the construction of Internal Services. This is done as part of the formalization of the oldest Informal Settlement in Newcastle.
- A total of 515 residents have already taken occupation of the houses.
- 93% of the houses are electrified



SIYAHLALA HOUSING



SIYAHLALA HOUSING PROJECT



SIYAHLALA HOUSING PROJECT

H39 HOUSING PROJECT - 923 Units (Ward 19)

Total number of sites serviced : 96 % complete

- Residents who were evicted from the old Inqayizivele Hostel in Madadeni and located in H39. During the course of 2015/2016 financial the Municipality commenced with the Internal Services in this project as part of formalization of this Informal Settlement which was an eyesore along the P483 road.
- 57 labours have been employed in this project.
- 96% of internal service (water, sanitation, storm-water and roads) have been completed.
- Electricity is 98% complete



TRENCHING IN H39



ROAD BED AT H39

CHARLESTOWN HOUSING PROJECT - 923 Units (Ward 1)

Total number of sites serviced : 1200 (100% complete)

- 100% of internal service (water, sanitation, stormwater and roads) have been completed.
- 64 labours have been employed in this project.
- The Construction of the Show House completed.
- 29 Foundations have been completed



CHARLESTOWN HOUSING PROJECT

FAIRLEIGH FLATS (Ward 25)

Repairs of the flats : 48 Flats

Total cost of project : R 5,009,669.28 (GRANT FUNDING)

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 Tri-Cameral Parliament. All the 48 Flats are waiting to be transferred to the occupants through Enhanced Extended Discount Benefit Scheme (EEDBS).



FAIRELEGH FLATS

SURYAVILLE FLATS (Ward 3)

Repairs of the Flats : 72 Flats

Total Cost : R 7,514,503.92 (GRANT FUNDED)

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



SURAYAVILLE FLATS

**PROJECTS THAT ARE UNDER THE PLANNING PHASE THAT DO NOT HAVE
COMMITTED FUNDING FROM THE DEPARTMENT OF HUMAN SETTLEMENTS**

| • Project Name | • Type | • Ward | • No. Units | • Project Stage |
|---|---------|--------|-------------|-----------------|
| • Soul City / Stafford Hill Housing Project | • ISU | • 31 | • 3500 | • Feasibility |
| • Vezokuhle / Roypoint Housing Project | • IRDP | • 21 | • 900 | • Feasibility |
| • Drycut Rural Housing Project | • Rural | • 16 | • 1000 | • Planning |
| • Kwamathukuza Phase 2 | • IRDP | • 20 | • 200 | • Planning |

SERVICE DELIVERY CHALLENGES:

- ✓ Challenge: Delays in signing of agreements (Bilateral & Tripartite)

Mitigation: *We have sought the assistance of the Municipal Manager*

- ✓ Implementing Agents (IA) not adhering to their development program in some projects

Mitigation: The municipality has put (IA) on terms (see letter attached).

- ✓ Lack of compliance with NHRBC building standards by Implementing Agents

Mitigation: Rebuilding of the houses according to approved standards.

- ✓ Land invasion of land identified for human settlements

Mitigation: We have established a Rapid Response Task-team

- ✓ Interference by local contractors and unreasonable demands by them, due to high unemployment rate

Mitigation: *Facilitating of potential work for the potential contractors*

3.5 FREE BASIC SERVICES AND INDIGENT SUPPORT

Newcastle Municipality provides free basic electricity, water, sanitation and refuse removal to all households that qualify to be on indigent support. In terms of the Indigent Policy (see attached as Annexure), the monthly household earnings of an indigent application is limited to R3, 500 for old aged pensioners and poor households. The onus lies with the applicant to come forward and register for indigent support in line with the Council approved indigent policy. The Free Basic Services is funded through the equitable share which is received from National Government.

Newcastle Municipality appointed a service provider in April 2019 to verify the indigent applications and indigent register. Since the appointment of the service provider the number of qualifying indigent applicants has reduced by 6, 72%. As at the end of June 2018 the municipality was providing free basic services to 19487 households and as at the end of June 2019 the number of households reduced to 7484.

| Type of free basic service | Number of households as at the end of 2016/17 | Number of households as at the end of 2017/18 | Number of households as at the end of 2018/19 |
|----------------------------|---|---|---|
| Electricity | 19829 | 19487 | 7484 |
| Water | 19829 | 19487 | 7484 |
| Sanitation | 19829 | 19487 | 7484 |
| Refuse removal | 19829 | 19487 | 7484 |

COMPONENT B: ROAD TRANSPORT

3.6 ROADS

| | 2017/18 | 2018/19 |
|-------------------------|------------|------------|
| Km's of roads resealed | 11,4546 km | 14,3406 km |
| Km's roads re-gravelled | 2,5 km | 8,8 km |

PROGRESS ON MIG FUNDED ROAD PROJECTS

| PROJECT NAME | WARD | BENEFICIARIES (Km's) | STATUS QUO | JOBS CREATED |
|--|------|----------------------|-------------|--------------|
| Upgrading of existing gravel roads MF55 Street in Madadeni Section F | 19 | 0.86 | In progress | 12 |

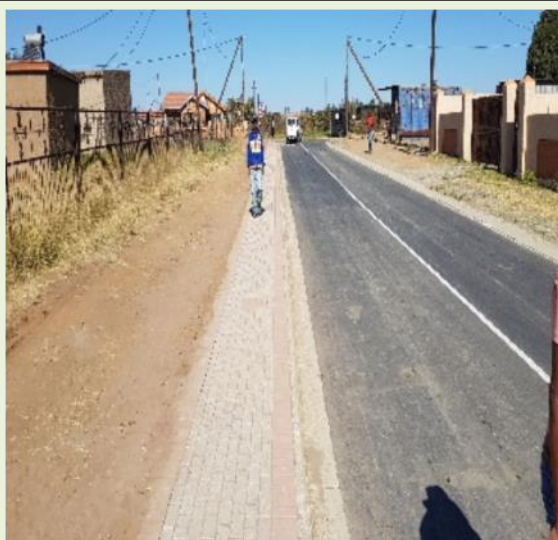
| | | | | |
|--|----|------|-------------|----|
| Upgrade of existing roads to blacktop MD35 in Madadeni Ward 24 | 24 | 0.8 | In progress | 14 |
| Upgrade of MD30 road and storm-water in Ward 26: Madadeni | 26 | 0.32 | Completed | 21 |
| Construction of existing internal roads and storm-water of ME11(A) Street in Madadeni Section E | 28 | 0.7 | In progress | 16 |
| Urban Roads Upgrade and Rehabilitation of ME11(B) | 28 | 1.2 | In progress | 13 |
| Upgrading of existing gravel roads to blacktop roads in Osizweni township ward 9: OE41 Street1 | 9 | 0.5 | In progress | 8 |
| Upgrading of Existing Gravel Roads to Blacktop Roads in Osizweni Ward 8: OA85(A) | 8 | 0.57 | In progress | 7 |
| Upgrading of existing roads to blacktop in Osizweni Ward 8: OA85(B) | 8 | 1.1 | In progress | 7 |
| Upgrade of existing roads to blacktop in Osizweni Ward 10: OC20 | 10 | 0.6 | In progress | 7 |
| Upgrade of existing roads to blacktop in Osizweni Ward 30: OA103 | 30 | 1 | In progress | 16 |



Upgrading of existing gravel roads MF55 Street in Madadeni Section F



Upgrade of existing roads to blacktop MD35 in Madadeni Ward 24



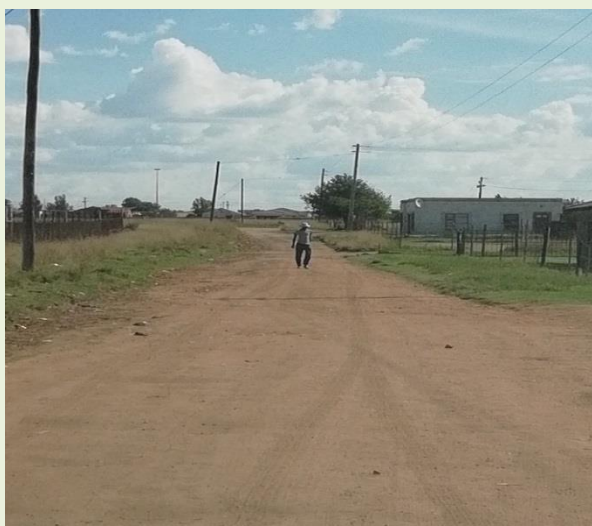
Upgrade of MD30 road and stormwater in Ward 26: Madadeni



Construction of existing internal roads and stormwater of ME11(A) Street in Madadeni Section E



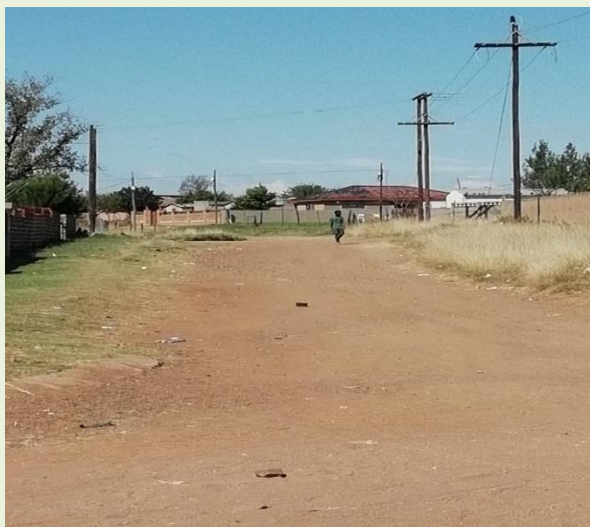
Urban Roads Upgrade and Rehabilitation of ME11(B)



Upgrading of existing gravel roads to blacktop roads in Osizweni township ward 9: OE41 Street1



Upgrading of Existing Gravel Roads to Blacktop Roads in Osizweni Ward 8: OA85(A)



Upgrading of existing roads to blacktop in Osizweni Ward 8: OA85 (B)

PARKING MANAGEMENT SYSTEM

Service provider appointed for the implementation of the Parking Management System at no cost to Council, for a more efficient traffic flow in the CBD, job creation and revenue enhancement.

On Tuesday morning, June 25, 74 Car Marshalls were welcomed at Newcastle Municipality. Their mission? To prepare for the daunting job of taking to Newcastle's CBD and charging people for parking.



The new Car Marshalls are set to start their duties.

This comes after a parking tender was awarded to Traffic Management Services (TMS) in May 2018.

DECEMBER 2018 ROAD BLOCKS

December Roadblock: An education campaign and roadblock was held on 12 December 2018 to encourage road users to maintain law and order in the traffic environment through the holiday/festive period.

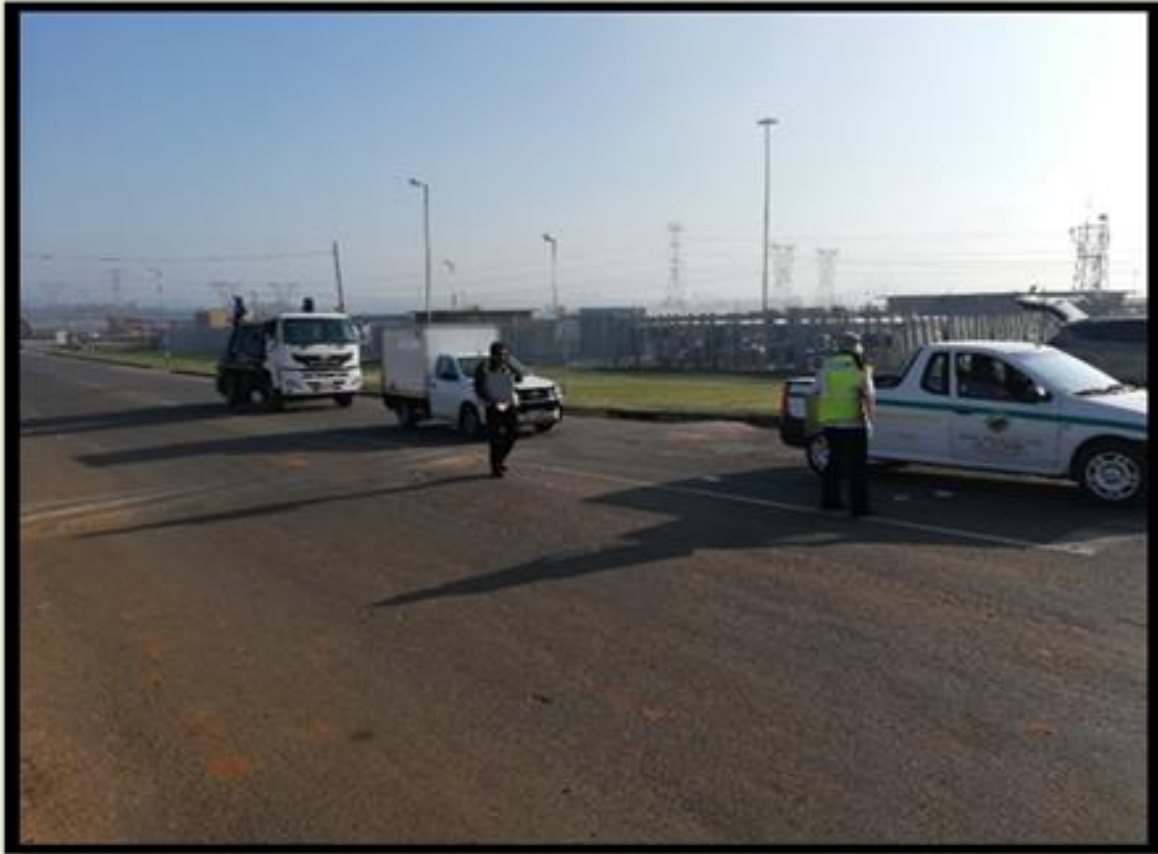
EASTER ROAD BLOCKS

Easter Roadblock was held on 18 April 2019 on Allen Street at Hilldrop with an intention to ensure compliance of road users in order to suppress the carnage / fatalities and injuries endured on our roads during this period.



TRAFFIC EDUCATION AND AWARENESS EVENTS

Traffic Services partook in the following events amongst others as a fundamental responsibility to educate the community and learners on matters relating to careers in the fraternity as well as road safety:



COMPONENT C: PLANNING AND DEVELOPMENT

3.7 PLANNING

MISSION:

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

FUNCTIONAL OVERVIEW

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.

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

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

Performance Highlights

The Equarand Mixed Use Node

Equarand is located in the southern portion of Newcastle Town along one of the main arterial of the CBD. The Newcastle Mall and the Blackrock Casino is located to the south of the site. The site is easily accessible via Allen Street (mainly arterial entering Newcastle Town from N11) and Alberts Wessels Drive along the north-eastern boundary of the site. The N11 runs to the west of the site with the airport further of the N11.

The Equarand site is surrounded by the residential areas of Lennoxton and Siyahlala to the west and Arbor Park to the east. The CBD is about 2kilometers north of the site, with newly developed Newcastle Mall and casino immediately south of the site. There is a large portion of land to the southeast of the site that is currently underdeveloped, the development of this site will attract diverse land uses and intensify development in the west of the town.

The Municipality has also established the formidable and strategic stakeholder partnership with the Development Bank of South Africa (DBSA) who is partially funding the taking off of the Equarand Mixed Use Node. This is a multi-year project and at the end of the financial year, the Municipality and DBSA had appointed the Professional Service Providers to finalise the township establishment process and open a township register where practical.

It is anticipated that other potential funders may fund the roll out of the infrastructure in future. The exercise amongst other specialist studies prior to submission of Spatial Planning and Land Use Management Act, will cover the following:

- Traffic and Transportation Study;
- Market Valuation Certificates for the Erven;
- Engineering Services Report;
- Engineering designs;
- Survey General Plan, etc;

-
- Title: Site & Locality Plan**
- Proposed Equestrum Township Layout portion Rem/1 Newcastle**
- | LAND USE | AREA (m²) | AREA (ha) | % OF TOTAL |
|---------------------|-----------|-----------|------------|
| RESIDENTIAL 1 | 1000000 | 100 | 10.0 |
| HOTEL | 500000 | 50 | 5.0 |
| OFFICE/INDUSTRIAL 2 | 1500000 | 150 | 15.0 |
| OFFICE/INDUSTRIAL 3 | 1000000 | 100 | 10.0 |
| OFFICE/INDUSTRIAL 4 | 500000 | 50 | 5.0 |
| BUSINESS | 1000000 | 100 | 10.0 |
| COMMERCIAL | 500000 | 50 | 5.0 |
| INDUSTRIAL | 1000000 | 100 | 10.0 |
| RESIDENTIAL 2 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 3 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 4 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 5 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 6 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 7 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 8 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 9 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 10 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 11 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 12 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 13 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 14 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 15 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 16 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 17 | 1000000 | 100 | 10.0 |
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| RESIDENTIAL 38 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 39 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 40 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 41 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 42 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 43 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 44 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 45 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 46 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 47 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 48 | 1000000 | 100 | 10.0 |
| RESIDENTIAL 49 | 1000000 | 100 | 10 |

NEWCASTLE MUNICIPALITY



Arterial Routes linking to the proposed Realignment of N11

The Municipality in its endeavour to provide effective transportations networks between economic hubs and residential neighbourhoods undertook the exercise to look at the positive spin offs as well as well the knock on effects the proposed realignment of N11 is likely to bring to town.



HASTIE STREET EXTENSION

HASTIE STREET EXTENSION

Extensive planning is also underway within the Medical Precinct to prepare this study area for development to take off, having observed over time a concerted effort by various developers to access the vacant land next to the Medi-Clinic. At the end of 2018/19 Financial year the Municipality had received the preliminary engineering designs for the construction of the Road, this section of the Road is to be considered as the extension of Hastie Street. Hastie Street has been developed from the vicinity of the Motor dealership Precinct and stops short in the vicinity of Bird Street. Its extension will now cover 747 m in length and will end at the intersection with Hospital Street between Medi-Clinic and the Municipal Offices. Across these offices, the Municipality has recently approved the Social Housing Development. The final design of the Road is yet to be determined, however, the sense of place will resemble that of the medical suburbia. The image below depicts the single carriage way Road described as Hastie Street Extension.

Bringing Tertiary Education Institutions: UNISA Initiative

Amongst other responsibilities placed on the municipalities, it is the ability to govern the financial affairs of the Council with fiscal intelligence and more sustainable. Therefore, it has been placed on the shoulders of the municipality to diversify its revenue portfolio to fund delivery of service to residents of Newcastle. Through such cumulatively endeavours, business confidence in the governance of the town increases and yields the fertile environment for external business to locate in the City in the making. The Municipality intends to avail one of its own facilities to be used by Unisa for their Regional Offices at the market related rental which may yield just above R10 million over the space of 5 years.

It has been proven that not only Unisa attract young and old students across the municipal boundary, the Amajuba Technological and Vocational Educational Training, formerly known as FET accommodates a large number of students who struggle to find reasonable accommodation in town. These are good underlying indicators revealing the competitiveness of the inland region within Newcastle being the economic engine. It has also become evident that whilst students may identify with the sense of place of Newcastle, they appreciate the educational environment provided within the campuses of Unisa.

3.8 LOCAL ECONOMIC DEVELOPMENT PLAN

OBJECTIVES

- 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

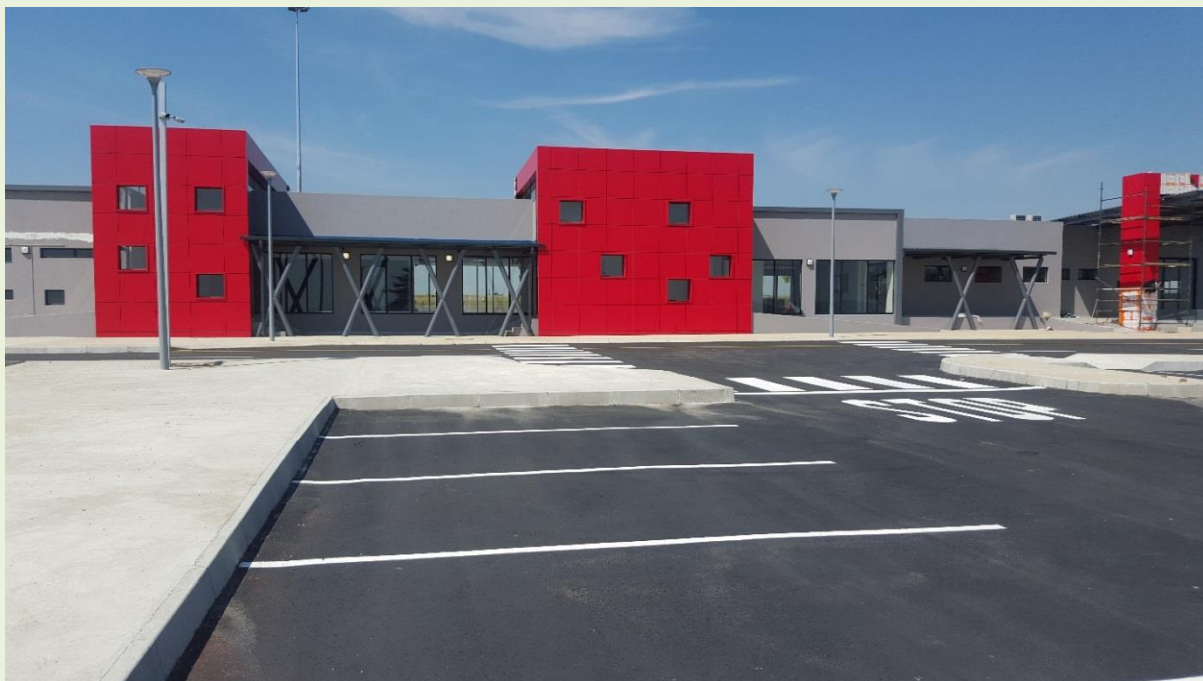
- To Facilitate local job creation;
- To Stimulate local and foreign investment;
- To support and regulate local Informal trade;
- To support and develop local SMME'S;
- To support and develop local Tourism;
- Branding and marketing of Newcastle;
- Local Market Research and Development

PERFORMANCE HIGHLIGHTS FOR 2018/19

- The approval of the LED Strategy
- Approval of the Business Retention Expansion Strategy
- Presentations to potential investors
- Launch of the Newcastle Airport Terminal and Techno Hub



LAUNCH OF THE TECHNO-HUB



NEWCASTLE AIRPORT BUILDING



TRAINING OF SMME'S

CHALLENGES AND INTERVENTIONS:

| CHALLENGE | INTERVENTION |
|---|--|
| <ul style="list-style-type: none"> No budget allocated for Poverty Alleviation | <ul style="list-style-type: none"> To be prioritised after financial situation of the municipality improves |
| <ul style="list-style-type: none"> Insufficient staff | <ul style="list-style-type: none"> Structure has been amended and submitted for approval |
| <ul style="list-style-type: none"> Vacant positions | <ul style="list-style-type: none"> Critical positions have been prioritised |

3.9 COMMUNITY FACILITIES

CULTURAL DEVELOPMENT

During the past financial year an old Railway Steam locomotive which was donated by Mittal Steel was delivered to the museum premises. It will form part of the new industrial history of Newcastle exhibitions. The engine was sandblasted and coated in an anti-rust coating. The painting of the engine will commence in the new financial year in order to restore it back to its original appearance.



RAILWAY STEAM LOCOMOTIVE

10 APRIL 2019 SEEP AWARD CEREMONY AT OSIZWENI HALL (EDTEA INVITED US TO PRESENT THE ECO BRICKS CONCEPT)

The main aim of the SEEPA (School Environmental Education Programme Awards) is to show our gratitude towards schools which vehemently participated in the SEEP Programme without failing and continuously render their support to the Programme. Their support is highly appreciated.









THUMA MINA GREEN GOOD DEEDS


This is a presidential initiative to assist municipalities to deal with Waste. The department will be receiving 15 litter pickers and 7 ambassadors to educate our communities on Waste, Illegal dumping and Recycling.

ENVIRONMENTAL PROTECTION AND INFRASTRUCTURE PROGRAMMES


Introduction of Clean & Safe South Africa Campaign

Venue: Amajuba DM offices
Date: 04 March 2019
Presenter: Ntokozo Sibeko











environmental affairs
Department
Environmental Affairs
REPUBLIC OF SOUTH AFRICA



ENVIRONMENTAL PROTECTION & INFRASTRUCTURE PROGRAMMES



EXPANDED PUBLIC WORKS PROGRAMME

WASTE MANAGEMENT EDUCATION AND AWARENESS CAMPAIGNS

03 AUGUST 2018 DICKS COMMUNITY CLEAN UP CAMPAIGN WARD 6/33



EPWP WORKERS –WASTE MANAGEMENT



AUGUST 2018 LATTER DAY SAINTS CHURCH WARD 5



04 OCTOBER 2018

**LISTER FARM COMMUNITY VOLUNTEERS CLEAN-UP
CAMPAIGN**



JUNE 2019 SIYAPHLALA-LA CLEAN-UP CAMPAIGN (WARD 25)



MAY 2019 ST OSWALD HIGH SCHOOL EDUCATION AND AWARENESS



MARCH 2019 OSIZWENI COMMUNITY CLEAN-UP CAMPAIGN (WARD 7)



ENVIRONMENTAL EDUCATION AND AWARENESS 2019



GREENEST MUNICIPALITY COMPETITION AWARD FOR 2017/18

In March 2019 we were informed by The Department of Economic Development Tourism and Environmental Affairs EDTEA that we were placed 3rd in the provincial leg of the Greenest Municipality Competition winning an amount of R 100 000. The funds will be used for the purchase and installation of Law Enforcement Signage.

GRADE 9 SUBJECT SELECTION SEMINAR: 13 – 15 AUGUST 2018 – NEWCASTLE SHOW HALL



3.10 LIBRARY PROGRAMMES 2018/2019

A total number of 210 programmes were conducted by Newcastle Library Services during the 2018/2019 financial year. Crèche Outreach Programmes were included as part of the Communication Planner for the municipality.

With crèche programmes the Librarians either reached out to visit the facilities in their communities or invited the crèches to visit the library. The aim of these programmes were to introduce the library and books to children at a very young age in order to encourage the culture of reading. Children were entertained with storytelling and reading as well as fun, creative and educational activities to stimulate reading and learning.

Construction of Charlestown Library - Charlestown Library Budget: R18 716 500.00

The Construction of Charlestown Library was funded by the Provincial Department of Arts and Culture (DAC). This was a multi-year project which commenced during the 2017/2018 financial year. The project subsequently continued as planned during the 2018/2019 financial year and was completed at the end of March 2019. The Library was officially opened on the 23 April 2019 by the Honorable MEC: Arts, Culture, Sport and Recreation, Mrs. B.N. Sithole-Moloi.



CHARLESTOWN LIBRARY



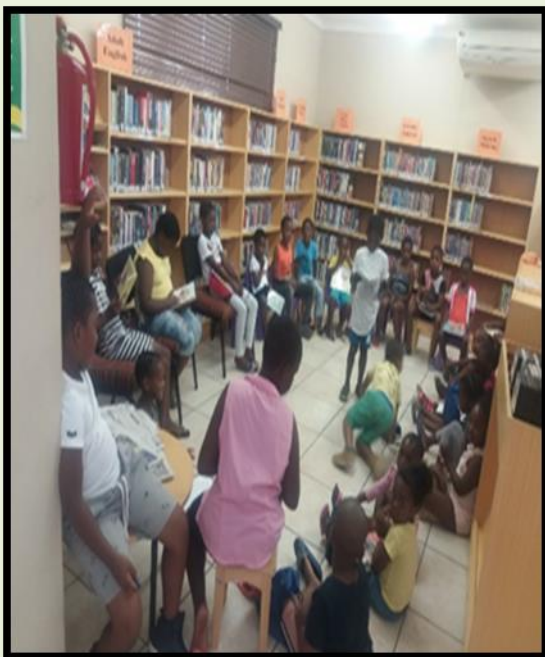
Crèche visit – Fairleigh Library



Kwanda Crèche – Charlestown Library

LIBRARY PROGRAMMES

Library programmes also included holiday, as well as school programmes, reading and chess clubs. The purpose of library orientation programmes for schools was to acquaint learners with the library environment. Activities included the use of technology such as computers and tablets, books, storytelling, how to conduct research and find information from various resources, indoor and outdoor gaming, as well as creative activities. The purpose of the programmes was to create awareness of libraries, the services rendered and the educational, as well as recreational role that a library plays within the community.



BOOK CLUB – INGAGANE LIBRARY



CHESS – MADADENI LIBRARY

ANNUAL CHIEF ALBERT LUTHULI COMMEMORATIVE WALK

In September 2018 the museum hosted the Annual “Chief Albert Luthuli Commemorative Walk” in Blaauwbosch. As part of its outreach projects the museum is focusing on the legacy of Chief Luthuli who was a teacher in Blaauwbosch for 1917-1918. The walk takes school learners and members of the community to various historical places around the township and then present them with a certificate of participation.

3.11 MUSEUMS

In December Fort Amiel museum presented the annual “Ghost Evening”. It is a fun evening where the stories of various paranormal activities at the fort is being told about soldiers, ghostly horses and dogs. Visitor’s are informed about the historical facts about the traditional believes of our various cultures. Opportunity are also given to the public to share their own experiences and the evening is concluded with music and a braai.

During the past year the “Replica Railway Station” building was completed at a cost of R257 000. The building was designed as part of the extension of the museum to depict the industrial history of Newcastle including the railway history, transport, mining and the steel industry. The building itself will be multipurpose and be utilized for exhibitions, meetings, workshops and historical talks.



REPLICA RAILWAY STATION BUILDING AT FORT AMIEL MEUSEUM

COMPONENT E SPORTS AND RECREATION

The Parks, Recreation and Cemeteries Section is tasked with the management and maintenance of Parks, Cemeteries, Council owned buildings, open spaces / verges and sports / recreational fields. Grass cutting (on the 2018/2019 financial year, Newcastle Municipality procured more grass cutting equipment in order to deliver efficient and effective services delivery for our communities), Tree pruning (on the 2018/2019 financial year we had devised a tree cutting schedule that enables us to carry out our tree pruning/cutting function in a systematic method that can be easily monitored to ensure that all areas are all serviced equally) grading of sport fields (on the 2018/2019 financial year the Parks, Recreation and Cemeteries devised a grading schedule as a monitoring tool that will ensure that all wards have two grounds that are graded in order to promote Sport development within the Newcastle Municipality jurisdiction).

Parks, Recreation and Cemeteries has striven by all means to ensure that it carries out its mandated duties irrespective of the financial constraints. In the 2018/2019 financial year the Parks, Recreation and Cemeteries had no budget allocation for capital projects. Parks, Recreation and Cemeteries had projected 5 year projects but due to budget constraints they were not approved for 2018/19 financial year. Parks, Recreation and Cemeteries was allocated R1 000 000, 00 on the operational budget to procure grass equipment.

CHAPTER 4 ORGANISATIONAL OVERVIEW

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCY

| DEPARTMENT | NO. OF EMPLOYEES | MALES | FEMALES |
|--------------------------------------|------------------|-------|---------|
| MUNICIPAL MANAGER AND MAYOR'S OFFICE | 54 | 20 | 34 |
| COMMUNITY SERVICES | 663 | 455 | 208 |
| CORPORATE SERVICES | 54 | 13 | 41 |
| DEVELOPMENT & PLANNING | 60 | 30 | 30 |
| TECHNICAL SERVICES | 387 | 260 | 127 |
| FINANCIAL SERVICES | 112 | 45 | 67 |
| TEMPORARY/CONTRACT/PACKAGES | 93 | 38 | 55 |
| TOTAL | 1423 | 861 | 562 |

| OCCUPATIONAL LEVEL | MALES | | | | FEMALES | | | | TOTAL |
|--------------------|-------|---|---|---|---------|---|---|---|-------|
| | A | C | I | W | A | C | I | W | |
| Top Management | 3 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 5 |

| OCCUPATIONAL LEVEL | MALES | | | | FEMALES | | | | TOTAL |
|--|------------|-----------|-----------|-----------|------------|----------|-----------|-----------|-------------|
| | A | C | I | W | A | C | I | W | |
| Senior Management | 15 | 0 | 2 | 2 | 11 | 0 | 3 | 4 | 37 |
| Professionally qualified and experienced specialist and mid-management | 65 | 4 | 6 | 5 | 56 | 1 | 7 | 11 | 155 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 109 | 4 | 17 | 11 | 60 | 5 | 10 | 14 | 230 |
| Semi-skilled and discretionary decisions making | 327 | 7 | 18 | 4 | 148 | 0 | 14 | 11 | 529 |
| Unskilled and defined decision making | 238 | 1 | 1 | 0 | 133 | 1 | 0 | 0 | 374 |
| TOTAL PERMANENT | 757 | 16 | 45 | 22 | 409 | 7 | 34 | 40 | 1330 |
| Temporary Employees | 39 | 1 | 2 | 3 | 35 | 1 | 6 | 6 | 93 |
| GRAND TOTAL | 796 | 17 | 47 | 25 | 444 | 8 | 40 | 46 | 1423 |

| OCCUPATIONAL LEVEL | POST LEVEL | NO. OF EMPLOYEES |
|---|------------|------------------|
| Top Management | (SECT.57) | 5 |
| Senior Management | (TG.17-15) | 37 |
| Professionally qualified and experience specialist and mid-management | (TG.14-12) | 155 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents | (TG.11-9) | 230 |
| Semi-skilled and discretionary decision making | (TG.8-7) | 529 |
| Unskilled and defined decision making | (TG.6-5) | 374 |
| TOTAL PERMANENT | | 1330 |
| Temporary Employees | | 93 |
| GRAND TOTAL | | 1423 |

NEW APPOINTMENTS/ PROMOTIONS

| <u>POST ID</u> | <u>DESIGNATION</u> | <u>TITLE/INITIAL & SURNAME</u> | <u>COMMENTS: (PROMOTION/NEW APPOINTMENT)</u> |
|----------------|-------------------------|------------------------------------|--|
| COMM1566 | SEMI – SKILLED LABOURER | MS PE SITHOLE | APPOINTED : 2 JULY 2018 |
| COMM1567 | SEMI – SKILLED LABOURER | MR T MBONANE | APPOINTED : 2 JULY 2018 |

| | | | | |
|----------|---|--------------------|--------------------------|---|
| COMM1582 | SEMI – SKILLED LABOURER | MR LE MHLONGO | APPOINTED : JULY 2018 | 2 |
| COMM 25 | TRAFFIC OFFICER | MR P MAHARAJ | APPOINTED : JULY 2018 | 6 |
| COMM 26 | TRAFFIC OFFICER | MR SE NZUZA | APPOINTED : JULY 2018 | 2 |
| COMM 32 | TRAFFIC OFFICER | MR JMG SITHOLE | APPOINTED : JULY 2018 | 2 |
| COMM 31 | TRAFFIC OFFICER | MS KS NGEMA | PROMOTED : JULY 2018 | 2 |
| COMM 217 | SPECIAL WORKMAN | MR BE SHABALALA | PROMOTED : JULY 2018 | 2 |
| COMM1752 | REFUSE COLLECTION HYDRAULIC OPERATOR | MR MP JELE | PROMOTED : JULY 2018 | 2 |
| COMM1453 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR MP JELE | PROMOTED : JULY 2018 | 2 |
| COMM1455 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR SO MFUSI | PROMOTED : JULY 2018 | 2 |
| COMM1458 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR PT MKHONZA | PROMOTED : JULY 2018 | 2 |
| COMM1460 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR MS MADI | PROMOTED : JULY 2018 | 2 |
| COMM1462 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR JT SITHOLE | PROMOTED : JULY 2018 | 2 |
| COMM1463 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR SE MAZIBUBO | PROMOTED : JULY 2018 | 2 |
| COMM1742 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR BP ZWANE | PROMOTED : JULY 2018 | 2 |

| | | | |
|----------|--|--------------------|------------------------------|
| COMM1740 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR ES MSIBI | PROMOTED : 2 JULY 2018 |
| COMM1741 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR M NKWANYANE | PROMOTED : 2 JULY 2018 |
| COMM1739 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR ND NGWENYA | PROMOTED : 2 JULY 2018 |
| COMM1735 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | : MR MS HADEBE | PROMOTED : 2 JULY 2018 |
| COMM1743 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR PN NKOSI | PROMOTED : 2 JULY 2018 |
| COMM1732 | REFUSE COLLECTION HEAVY DUTY DRIVER/SUPERVISOR | MR ST SITHOLE | APPOINTED : 2 JULY 2018 |
| TS2235 | Control Room / Switching Operator | SX Khumalo | Promotion : 01 July 2018 |
| TS2266 | Electrician | SP Mbatha | Appointed : 01 July 2018 |
| TS2301C | High Mast Electrician | ZP Mkhwanazi | Promotion : 01 July 2018 |
| TS2307 | Electrician : Street Lights | KZS Ndawonde | Promotion : 01 July 2018 |
| TS1173 | Assistant Process Controller | HM Masuku | Promotion : 01 July 2018 |
| TS1433 | Multi-Skilled Labourer | SV Menyatso | Appointed : 01 July 2018 |
| COMM873 | TRACTOR DRIVER | MR SW MKHWANAZI | PROMOTED : 01 AUGUST 2018 |
| COMM859 | TRACTOR DRIVER | MR PN MKHIZE | PROMOTED : 01 AUGUST 2018 |

| | | | |
|----------|----------------|---------------------|------------------------------------|
| COMM861 | TRACTOR DRIVER | MR PZ SIBISI | PROMOTED : 01 AUGUST 2018 |
| COMM862 | TRACTOR DRIVER | MR ML MABASO | PROMOTED : 01 AUGUST 2018 |
| COMM863 | TRACTOR DRIVER | MR JS NTOMBELA | PROMOTED : 01 AUGUST 2018 |
| COMM864 | TRACTOR DRIVER | MR RS MAKHATHINI | PROMOTED : 01 AUGUST 2018 |
| COMM866 | TRACTOR DRIVER | MR SP MAGASELA | PROMOTED : 01 AUGUST 2018 |
| COMM868 | TRACTOR DRIVER | MR EV NQUKWE | PROMOTED : 01 AUGUST 2018 |
| COMM869 | TRACTOR DRIVER | MR DA SIBIYA | PROMOTED : 01 AUGUST 2018 |
| COMM870 | TRACTOR DRIVER | MR DJ NGEMA | PROMOTED : 01 AUGUST 2018 |
| COMM1217 | TRACTOR DRIVER | MR SS NENE | PROMOTED : 01 AUGUST 2018 |
| COMM867 | TRACTOR DRIVER | MR M ZWANE | PROMOTED : 01 AUGUST 2018 |
| COMM860 | TRACTOR DRIVER | MR TL NKOSI | PROMOTED : 01 AUGUST 2018 |
| COMM865 | TRACTOR DRIVER | MR GW MASONDO | PROMOTED : 01 AUGUST 2018 |
| COMM2531 | CYBER CADET | MISS N Khanye | New Appointment: 01 August 2018 |
| COMM2616 | LIBRARIAN | MRS NP Dlamini | New Appointment: 01 August 2018 |

| | | | |
|----------------------|---------------------------------|-------------------|------------------------------------|
| COMM2560 | JUNIOR LIBRARY ASSISTANT | MR T Nxumalo | New Appointment: 01 August 2018 |
| COMM2525 COMM2573 | JUNIOR LIBRARY ASSISTANT | MR MH Nkabinde | New Appointment: 01 August 2018 |
| COMM2557 | JUNIOR LIBRARY ASSISTANT | MRS TP Mabena | New Appointment: 01 August 2018 |
| COMM 2035 | MULTI SKILLED LABOURER | MISS. TP MSIBI | NEW APPOINTMENT: 01 SEPTEMBER 2018 |
| COMM 2538 | LIBRARY ASSISTANT | MISS. SS KUBHEKA | NEW APPOINTMENT: 01 SEPTEMBER 2018 |
| COMM 2524 | LIBRARY ASSISTANT | MR. MJ NKOSI | NEW APPOINTMENT: 01 SEPTEMBER 2018 |
| TS2441 | Junior Mechanics | Mr. VJ Sibeko | New Appointment : 01 October 2018 |
| TS2442 | Junior Mechanics | Mr. CD Mgaga | New Appointment : 01 October 2018 |
| TS2443 | Junior Mechanics | Mr. NM Ngwenya | New Appointment : 01 October 2018 |
| BTO265 | ACCOUNTANT : PROPERTY RATES | MR. S MAJOVA | NEW APPOINTMENT: 05 NOVEMBER 2018 |
| BTO120 | DIRECTOR : FINANCIAL MANAGEMENT | MRS. A HARIPERSAD | NEW APPOINTMENT: 01 NOVEMBER 2018 |

| | | | |
|----------|------------------------|------------------|--------------------------------------|
| COMM 186 | TRAFFIC WARDEN | MISS KHANYILE Z | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 185 | TRAFFIC WARDEN | MISS KHOZA NN | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 184 | TRAFFIC WARDEN | MR KHESWA BD | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 183 | TRAFFIC WARDEN | MR BG MADI | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 182 | TRAFFIC WARDEN | MR PHUMLOMO PW | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 191 | TRAFFIC WARDEN | MR S MAHLABA | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 189 | TRAFFIC WARDEN | MISS KUNENE SG | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 188 | TRAFFIC WARDEN | MR MAZIBUKO BJ | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 187 | TRAFFIC WARDEN | MR M NKOSI | NEW APPOINTMENT - 01 JANUARY 2019 |
| COMM 190 | TRAFFIC WARDEN | MISS HADEBE DP | NEW APPOINTMENT - 01 JANUARY 2019 |
| BTO252 | METER READER ASSISTANT | MR MAVIMBELA SLS | NEW APPOINTMENT: 1 FEBRUARY 2019 |
| TS1026 | CALL CENTRE AGENT | MISS MAKHUBO L | NEW APPOINTMENT: 1 FEBRUARY 2019 |
| TS1027 | CALL CENTRE AGENT | MR NC NYAWO | NEW APPOINTMENT: 1 FEBRUARY 2019 |

| | | | |
|---------|--|-----------------------------|--|
| TS1028 | CALL CENTRE AGENT | MR SN KHUMALO | NEW APPOINTMENT: 1 FEBRUARY 2019 |
| TS1586 | FOREMAN (NEWCASTLE/NGAGANE/CHARLES) | MR VJ MPUNGOSE | PROMOTION: 1 FEBRUARY 2019 |
| TS1315 | FOREMAN (MADADENI) | MR LV MTHANTI | PROMOTION: 1 FEBRUARY 2019 |
| | | | |
| CORP216 | JUNIOR ADMIN OFFICER | H T KUNENE (AF) | 1 MARCH 2019 (POLITICAL APPOINTMENT) |
| CORP195 | MANAGER : MAYORS OFFICE | T S MTSHALI (AM) | 1 MARCH 2019 (POLITICAL APPOINTMENT) |
| CORP198 | COMMUNITY LIAISON OFFICER | S C HLATSHWAYO (AM) | 1 MARCH 2019 (POLITICAL APPOINTMENT) |
| CORP200 | PERSONAL ASSISTANT | Z X N MARRENGANE (AF) | 1 MARCH 2019 (POLITICAL APPOINTMENT) |
| CORP197 | COMMUNITY LIAISON OFFICER | N S KUBHEKA (AF) | 1 MARCH 2019 (POLITICAL APPOINTMENT) |
| CORP201 | DRIVER/BODYGUARD | A K NDLOVU (AM) | 1 MARCH 2019 (POLITICAL APPOINTMENT) |
| BTO257 | METER READER ASSISTANT | MR ME DLAMINI | NEW APPOINTMENT – W.E.F - 01/06/2019 |
| C029 | CHIEF RISK OFFICER | MR BB NKOSI | NEW APPOINTMENT – W.E.F - 01/06/2019 |

| | | | |
|-----------|---|---------------------------|---|
| BTO140 | ACCOUNTANT: CASHIERS & CLIENT RELATIONS | MS S NGCOBO | NEW APPOINTMENT – W.E.F - 18/06/2019 |
| CORP202 | BODYGUARD/DRIVER (OFFICE OF THE MAYOR) | MR JCS MAHLABA | POLITICAL APPOINTMENT – W.E.F – 01/06/2019 – (UNTIL END OF TERM OF MAYOR) |
| | <u>CONTRACTS</u> | | |
| COMM1 | SED : COMMUNITY SERVICES | MR D NKOSI | New Appointment: 01 August 2018 (5-year fixed term contract) |
| TS1 | SED : TECHNICAL SERVICES | MR S CHAUKE | New Appointment: 13 August 2018 (5-year fixed term contract) |
| DPHS1 | SED : DPHS | MR V GOVENDER | New Appointment: 01 August 2018 (5-year fixed term contract) |
| CORP1 | SED : CORPORATE SERVICES (FIXED CONTRACT 5 YEARS) | MRS. DR NY MBATHA-MAHLUBI | NEW APPOINTMENT: WEF 10 SEPTEMBER 2018 |
| COMM 1246 | CONTRACT LIFE GUARD | MR ZG CILI | NEW APPOINTMENT - 01 DECEMBER 2018 – MARCH 2019 (SEASONAL WORKERS PERIOD OF 4 MONTHS) |
| COMM 1261 | CONTRACT LIFE GUARD | MR N ZONDI | NEW APPOINTMENT – 01 DECEMBER 2018 |
| COMM 1262 | CONTRACT LIFE GUARD | MR VS DLAMINI | NEW APPOINTMENT – 01 DECEMBER |

| | | | |
|-----------|---------------------|-------------------|--|
| | | | 2018 |
| COMM 1263 | CONTRACT LIFE GUARD | MISS SH NDLOVU | NEW APPOINTMENT – 01 DECEMBER 2018 |
| COMM 1264 | CONTRACT LIFE GUARD | MR DM XULU | NEW APPOINTMENT – 01 DECEMBER 2018 |
| COMM 1276 | CONTRACT LIFE GUARD | MISS NS MSOMI | NEW APPOINTMENT – 01 DECEMBER 2018 |
| COMM 1277 | CONTRACT LIFE GUARD | MR TM MAJOLA | NEW APPOINTMENT – 01 DECEMBER 2018 |
| COMM 1278 | CONTRACT LIFE GUARD | MR ND NDABA | NEW APPOINTMENT – 01 DECEMBER 2018 |

VACANCY RATE

NEWCASTLE MUNICIPALITY AS AT 30 JUNE 2019

41.4 0.5 3.7 1.6 47.2 0.5 3.7 1.5

| OCCUPATIONAL LEVELS | MALE | | | | FEMALE | | | | FOREIGN NATIONALS | | VACANCIES | TOTAL |
|---|---------|----------|--------|--------|---------|----------|--------|-------|-------------------|--------|-----------|-------|
| | AFRICAN | COLOURED | INDIAN | WHITE | AFRICAN | COLOURED | INDIAN | WHITE | MALE | FEMALE | | |
| Top Management (Sect.57) | 3.312 | 0.04 | 0.296 | 0.128 | 3.776 | 0.04 | 0.296 | 0.12 | 0.00 | 0.00 | 0 | 0 |
| | 3 | 0 | 1 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 8 | 8 |
| | 3 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 5 |
| Senior Management (TG.17-15) | 43.47 | 0.525 | 3.885 | 1.68 | 49.56 | 0.525 | 3.885 | 1.575 | 0 | 0 | 0 | 0 |
| | 43 | 1 | 4 | 2 | 50 | 1 | 4 | 2 | 0 | 0 | 107 | 107 |
| | 24 | 0 | 4 | 3 | 13 | 0 | 3 | 4 | 0 | 0 | 51 | 51 |
| Professionally qualified and experienced specialists and mid management (TG.14-12) | 160.632 | 1.9 | 14.356 | 6.208 | 183.136 | 1.94 | 14.356 | 5.82 | 0 | 0 | 0 | 0 |
| | 161 | 2 | 14 | 6 | 184 | 2 | 15 | 6 | 0 | 0 | 390 | 390 |
| | 91 | 4 | 6 | 5 | 64 | 1 | 7 | 11 | 4 | 4 | 197 | 197 |
| Skilled Technical and academically qualified workers, junior management supervisors, foremen, and superintendents (TG.11-9) | 202.86 | 2.45 | 18.13 | 7.84 | 231.28 | 2.45 | 18.13 | 7.35 | 0 | 0 | 0 | 0 |
| | 203 | 2 | 18 | 8 | 231 | 2 | 18 | 7 | 0 | 0 | 489 | 489 |
| | 107 | 4 | 17 | 11 | 53 | 5 | 10 | 14 | 0 | 0 | 221 | 221 |
| Semi - skilled and discretionary decision making (TG.8-7) | 391.23 | 4.725 | 34.965 | 15.12 | 446.04 | 4.725 | 34.96 | 14.17 | 0 | 0 | | |
| | 391 | 5 | 35 | 15 | 446 | 5 | 35 | 14 | 0 | 0 | 946 | 946 |
| | 368 | 7 | 18 | 4 | 172 | 0 | 14 | 11 | 0 | 0 | 594 | 594 |
| Unskilled and defined decision making (TG.6-5) | 373.428 | 4.51 | 33.374 | 14.432 | 425.744 | 4.51 | 33.374 | 13.53 | 0 | 0 | 0 | 0 |
| | 373 | 5 | 33 | 14 | 426 | 5 | 33 | 14 | 0 | 0 | 903 | 903 |
| | 233 | 1 | 1 | 0 | 137 | 1 | 0 | 0 | 0 | 0 | 373 | 373 |
| TOTAL PERMANENT | | | | | | | | | 0 | 0 | 0 | 0 |
| | 1174 | 15 | 105 | 45 | 1341 | 15 | 105 | 43 | 0 | 0 | 2843 | 2843 |
| | 826 | 16 | 47 | 23 | 440 | 7 | 34 | 40 | 4 | 4 | 1441 | 1441 |
| Non-permanent employees | 21.942 | 0.265 | 1.961 | 0.848 | 25.016 | 0.265 | 1.961 | 0.795 | 0 | 0 | 0 | 0 |
| | 22 | 0 | 2 | 1 | 25 | 0 | 2 | 1 | 0 | 0 | 53 | 53 |
| | 43 | 1 | 2 | 3 | 39 | 1 | 6 | 6 | 0 | 0 | 101 | 101 |
| TOTAL | | | | | | | | | | | | |
| | 1196 | 15 | 107 | 46 | 1366 | 15 | 107 | 44 | 0 | 0 | 2896 | 2896 |
| | 869 | 17 | 49 | 26 | 479 | 8 | 40 | 46 | 4 | 4 | 1542 | 1542 |

| | |
|--|-----------------------------|
| | POPULATION |
| | NUMERICAL GOALS |
| | PRESENT STAFF ESTABLISHMENT |

VACANCIES 1354
VACANCY RATE 1354/2896 X100 = 46.7%

COMPONENT B MANAGING THE WORKFORCE

The Local Government Municipal Systems Act 32 of 2000, Section 67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998. Newcastle Municipality has adopted the following policies for implementation:

4.1 POLICIES

| NAME OF POLICY | COMPLETED % | REVIEWED % | DATE ADOPTED BY COUNCIL OR COMMENT ON FAILURE TO ADOPT |
|---|-------------|------------|--|
| Affirmative Action (Employment Equity) | 100% | ----- | 2017 |
| Succession Plan and Retention | 20% | New | Not yet |
| Code of Conduct for employees | 100% | ----- | ----- |
| Delegations, Authorization & Responsibility | ----- | ----- | Office of the Municipal Manager |
| Disciplinary Code and Procedures | 100% | ----- | The policy was regulated by South African Local Government Bargaining Council |
| Essential Services | ----- | ----- | Community Services/ Technical Services |
| Employee Assistance / Wellness | ----- | 50% | The EAP policy was last approved in 2009. The policy is currently being reviewed and is still in the consultation stage. We have received comments from Corporate Services department. The next step is to draft an item for Manco, thereafter, it will be dropped as an item in the next LLF meeting. |
| Employment Equity | 100% | ----- | 2017 |
| Exit Management (Standard Operating Procedures) | 80% | ----- | 2016 |
| Grievance Procedures | 100% | ----- | The policy was regulated by South African Local Government Bargaining Council |
| HIV/Aids | 100% | ----- | 2007 |

| | | | |
|---|-------|--|---|
| Human Resource and Development Bursaries and Study Assistance Policy | 100% | Revised policy submitted for approval | 2011/01/27 |
| Learnership Policy | 100% | 100% | 2012/03/26 |
| Skills Programme Policy | 100% | 100% | 2012/03/26 |
| Internship Policy | 100% | 100% | 2012/03/26 |
| Education Policy | 100% | 100% | 2014/11/26 |
| Induction Policy | 100% | 100% | 2011/11/02 |
| Practical Experiential Training Policy | 100% | Revised policy submitted for approval | 2004/08/25 |
| Information Technology | ----- | ----- | Office of the Municipal Manager |
| Job Evaluation | 100% | Not reviewed since it was adopted by Council on 2015 – 10 - 08 | ----- |
| Leave | 100% | 50% | The reviewed policy need to be submitted to Council. Leave are regulated by the Collective Agreement. First approval 2017/12/06 |
| Occupational Health and Safety | ----- | 50% | Policy was approved in 2017. The policy is currently being reviewed and we are on the consultation stage. Policy has been sent out for comments within the department. |
| Official Housing | ----- | ----- | Development Planning and Human Settlements |
| Official Journeys (Subsistence & Traveling Policy) | 100% | 100% | 2009/02/02 |
| Official transport to attend Funerals | ----- | ----- | ----- |
| Official Working Hours and Overtime | ----- | 50% | First approval 2017/12/06 |
| Organisational Rights Agreement | 100% | | 2005 |
| Payroll | 30% | New | Not yet |
| Performance Management and Development | 100% | ----- | 2019 |
| Recruitment, Selection and Appointments | 100% | | 2017 |
| Remuneration | 30% | New | Not yet |
| Resettlement | ----- | ----- | ----- |
| Sexual Harassment | 100% | | 2003 |
| Skills Development See policies under number 12 | ----- | ----- | ----- |
| Smoking | 100% | ----- | 2005 |

| | | | |
|---|-------|-------|--|
| Special Skills (Succession Plan and Retention) | 20% | New | Not yet |
| Work Organisation | ----- | ----- | The Municipality have Job evaluation & placement policy. |
| Uniforms and Protective Clothing (Occupational Health and Safety) | ----- | 50% | Policy was approved in 2017. The policy is currently being reviewed and we are on the consultation stage. Policy has been sent out for comments within the department. |
| Other: | | | |

4.3 INJURIES, SICKNESS AND SUSPENSIONS

INJURIES ON DUTY

| DEPARTMENT | NUMBER OF INJURIES |
|--------------------|--------------------|
| Technical Services | 14 |
| BTO | 3 |
| Community Services | 22 |
| DPHS | 1 |
| MM's office | 1 |
| Other | 4 |
| Total | 45 |

SUSPENDED EMPLOYEES FOR 2018/19

| DEPARTMENT | MISCONDUCT | SUSPENSION DATE |
|-----------------------|-----------------------------|-----------------|
| 1.BTO | Gross in- subordination (1) | 07\06\2018 |
| 2.Corporate Services | Gross misconduct (1) | 29/01/2019 |
| 3. Community Services | Fraudulent and theft (1) | 29/05/2019 |
| 4. Community Services | Fraudulent and theft (1) | 29/05/2019 |

SICK LEAVE PER DEPARTMENT

| DEPARTMENT | NUMBER OF LEAVE DAYS FOR 2018/19 |
|--|----------------------------------|
| MAYORS OFFICE | 2 |
| OFFICE OF THE MUNICIPAL MANAGER | 842 |
| BTO | 1329 |
| COMMUNITY SERVICES | 7329 |
| CORPORATE SERVICES | 1039 |
| DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS | 997 |
| TECHNICAL SERVICES | 4805 |
| TOTAL | 16343 |

COMPONENT C SKILLS DEVELOPMENT

The Local Government Municipal Systems Act 32 of 2000 Section 68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way. Newcastle Municipality has developed the skills of its employees across all levels based on the approved work skills budget for the 2018'19 financial year. The table below reflects the training conducted for 2018'19:

SKILLS DEVELOPMENT

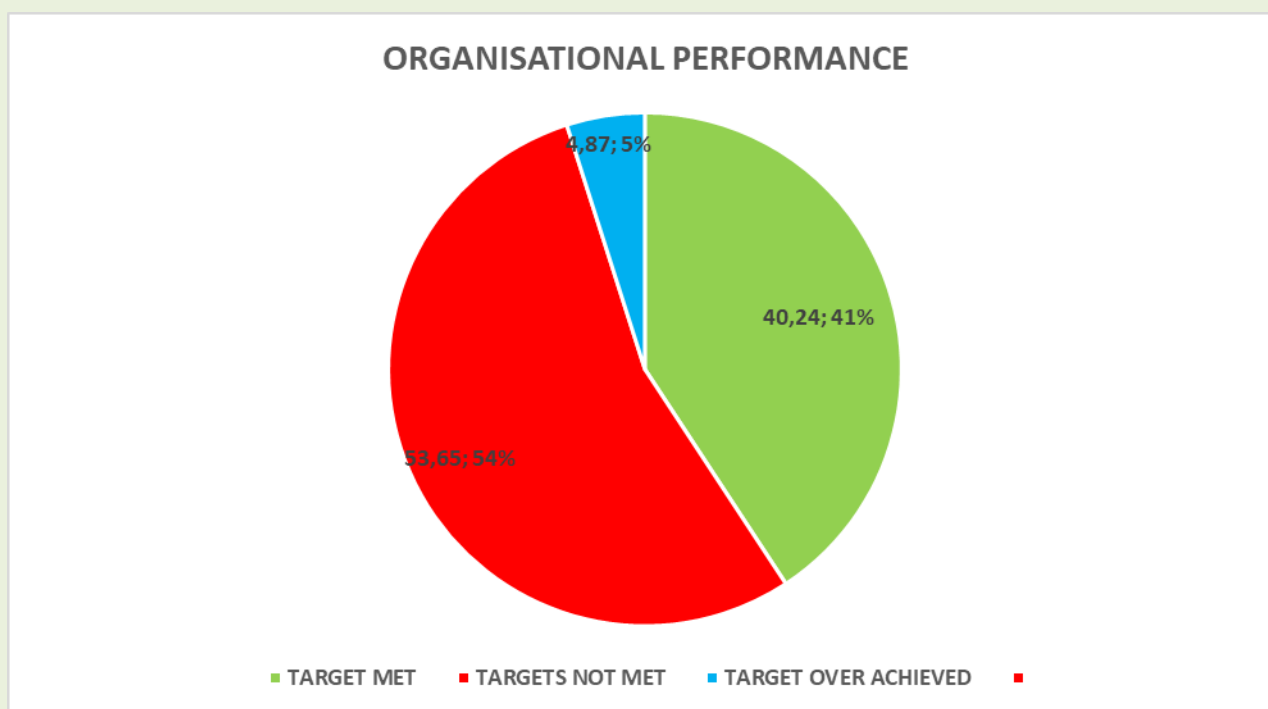
| Occupational category | Female | | | | Male | | | | Total | | | | Total |
|--|------------|----------|----------|----------|------------|----------|----------|-----------|------------|----------|----------|-----------|------------|
| | A | C | I | W | A | C | I | W | A | C | I | W | |
| Legislators | 18 | 0 | 0 | 0 | 15 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 33 |
| Managers | 10 | 0 | 1 | 2 | 8 | 0 | 1 | 0 | 18 | 0 | 2 | 2 | 22 |
| Professionals | 20 | 0 | 1 | 0 | 13 | 0 | 0 | 0 | 33 | 0 | 1 | 0 | 34 |
| Technicians and trade workers | 12 | 0 | 0 | 2 | 12 | 1 | 0 | 0 | 24 | 1 | 0 | 2 | 27 |
| Community and personal service workers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clerical and administrative workers | 44 | 0 | 2 | 3 | 8 | 0 | 1 | 0 | 52 | 0 | 3 | 3 | 58 |
| Sales workers | 10 | 0 | 0 | 0 | 8 | 0 | 3 | 1 | 0 | 0 | 3 | 1 | 4 |
| Machine operators and drives | 4 | 0 | 0 | 0 | 6 | 0 | 0 | 10 | 4 | 0 | 0 | 6 | 10 |
| Elementary workers | 22 | 0 | 0 | 0 | 37 | 0 | 0 | 0 | 59 | 0 | 0 | 0 | 59 |
| Skilled and related trade workers | 1 | 0 | 0 | 0 | 32 | 0 | 0 | 0 | 33 | 0 | 0 | 0 | 33 |
| TOTAL | 141 | 0 | 4 | 7 | 139 | 1 | 5 | 11 | 256 | 1 | 9 | 14 | 280 |

CHAPTER 5 ANNUAL PERFORMANCE REPORT

OVERVIEW OF THE 2018/19 PERFORMANCE REPORT

The 2018/19 Annual Performance Report presents the year-end performance results for the financial year. The Annual Performance Report is compiled by the Performance Management Unit after reviewing all Key Performance Indicators on the Organisational Scorecard and Project Implementation Plans (PIP's) on the Capital Status Report. All KPI's and PIP's are assessed in terms of relevance, sufficiency and accuracy. The Performance Scorecard is used to determine the dashboard scoring for the KPI or PIP. The Annual Performance Report is a summary of the performance achieved and not achieved for the municipality and provides a comparative of the performance information to prior years.

The Graph below represents a summary of the overall performance for 2018/19 on the Organisational Scorecard:



The chart above demonstrates the overall organisational performance for 2018/19, based on the information above 40,24% of targets were achieved and 53,65% of targets set were not achieved and 4,87% were over achieved on the Organisational Scorecard.

5.1 PERFORMANCE MANAGEMENT PROCESSES

The Performance Management Process to review and assess performance information was revised on the 27th of March 2019 with the intention of improving performance reporting in the organisation.

The PMS Unit from the 6th working day till the 14th working day of every month conducts a 100% review of the performance information as submitted from departments in terms of relevance, sufficiency, accuracy and reliability. The Organisational Scorecard is reviewed against the approved targets and KPI's and the Capital Status report is evaluated based on reviewing the approved cash-flow projections per month under review against the specific deliverable as approved in the Project Implementation Plans (PIP's). The PMS Unit uses a Performance Management Checklist (Annexure C) to review the performance information submitted by departments. The Performance Management Checklist is based on Relevance, Sufficiency and Accuracy of the portfolio of evidence submitted to PMS by departments. If a target as specified in the Organisational Scorecard has not been achieved, a reason for variance with supporting evidence must be submitted together with a recommended corrective action that must be implemented in the next quarter. The PMS Checklist has prompting questions based on relevance, sufficiency and accuracy, with a drop-down list with specific answers to ensure that each PMS official reviews the performance information systematically. The purpose of the PMS Checklist is to ensure that actuals are fully supported by the evidence submitted.

The following table provides a description on the criteria that is used to assess performance information

| | |
|--------------------|--|
| Relevance | Closely connected or appropriate to what is being measured/ assessed |
| Sufficiency | Enough or adequate evidence to support the actual |
| Reliable | Evidence that is good in quality, credible and trustworthy. |

Table 1: Description on criteria used to assess performance information

The following table, based on the legislative framework for performance management and the PMS Framework provides a summary of the various performance reporting deadlines which apply to the Municipality:

| Report Frequency Submitted for consideration and/or review to Remarks | Report Frequency Submitted for consideration and/or review to Remarks | Report Frequency Submitted for consideration and/or review to Remarks | Report Frequency Submitted for consideration and/or review to Remarks |
|--|---|---|---|
| 1. SDBIP's | Quarterly | Executive Committee | See MFMA Circular 13 of National Treasury for further information |
| 2. Monthly budget statements | Monthly | Mayor (in consultation with The Executive Committee) | See sections 71 and 54 of the MFMA |
| 3. Implementation of the budget and financial state of affairs of the Municipality | Quarterly | Council | See section 52 of the MFMA |
| 4. SDBIP mid-year budget and performance assessment | Annually during January of each year | Mayor (in consultation with The Executive Committee) | See sections 72 and 54 of the MFMA |
| 5. Performance report | Annually | Council | See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report |

Table 2: Summary performance reporting deadlines

The PMS Unit submits quarterly reports to the Chief Audit Executive of the Internal Audit Unit every quarter on the 15th working day of month after the quarter under review is completed. The quarterly reports to be submitted to Internal Audit will be a 100% review of the Organisational Scorecard and the capital status report. All KPI's on the Organisational Scorecard and the projects on the capital status report will be 100% reviewed by the PMS unit. The reports submitted to Internal Audit will include a signed off hard copy of all the Excel reports for the Organisational Scorecard and the departmental capital status reports. The signed off hardcopy will be signed off by the relevant PMS Officers, PMS Manager and the SED: DPHS. After the Internal Audit reviews the PMS Report the draft Internal Audit report will be circulated to the PMS unit to respond and address findings that are only

relevant to the PMS unit. The PMS unit will take 2 days to respond to the findings raised and adjust the PMS reports were applicable based on the findings raised by the Internal Audit unit.

5.2 PERFORMANCE AND SUPPORTING INFORMATION

Section 46 of The Local Government Municipal Systems Act 32 of 2000 requires municipalities to publish an annual performance report reflecting the performance of the Municipality and of each external service provider; a comparison of the performances with targets; and measures taken to improve performance.

5.3 BACKGROUND TO MUNICIPAL SCORECARD

The organisational scorecard is the adopted performance scorecard for Newcastle Municipality. The Organisational Scorecard consists of 6 Key Performance Areas. The 6 Key Performance Areas are as follows:

- Basic Services
- Cross cutting
- Good Governance
- Institutional Development
- Financial Viability
- Local Economic Development

Newcastle Municipality adopted the Organisational Scorecard on the 30th of May 2018 to report on performance information for the 2018/19 financial year. The Organisational Scorecard was thereafter revised and approved by Council on the 27th of March 2019. The Organisational Scorecard is aligned to the Integrated Development Plan (IDP), the 58 priorities as outlined in the IDP have been aligned to the Organisational Scorecard objectives and strategies. Key Performance Indicators (KPI's) are developed and aligned to the objectives and strategies as specified in the IDP. Targets are set for KPI's based on the availability of resources, information and legislation. Newcastle municipality monitors the financial and actual performance of capital projects on the Capital Status report. The capital status report is composed of Project Implementation Plans (PIP'S) and Cash-flows, departments are required to report on the capital status report any expenditure incurred for the month and the actual progress of the project. The actual spent and the actual performance reported must be supported by invoices, journals, and progress reports or

completions certificates where applicable. If a projected cash-flow or milestone on the PIP is not achieved by the department, a reason for variance with supporting evidence must be submitted.

For the 2018/19 financial year not all of the capital projects were linked to KPI's on the Organisational Scorecard, therefore the analysis of performance information for 2018/19 includes an analysis of performance on the Organisational Scorecard and Capital Status Reports.

5.4 PERFORMANCE ANALYSIS

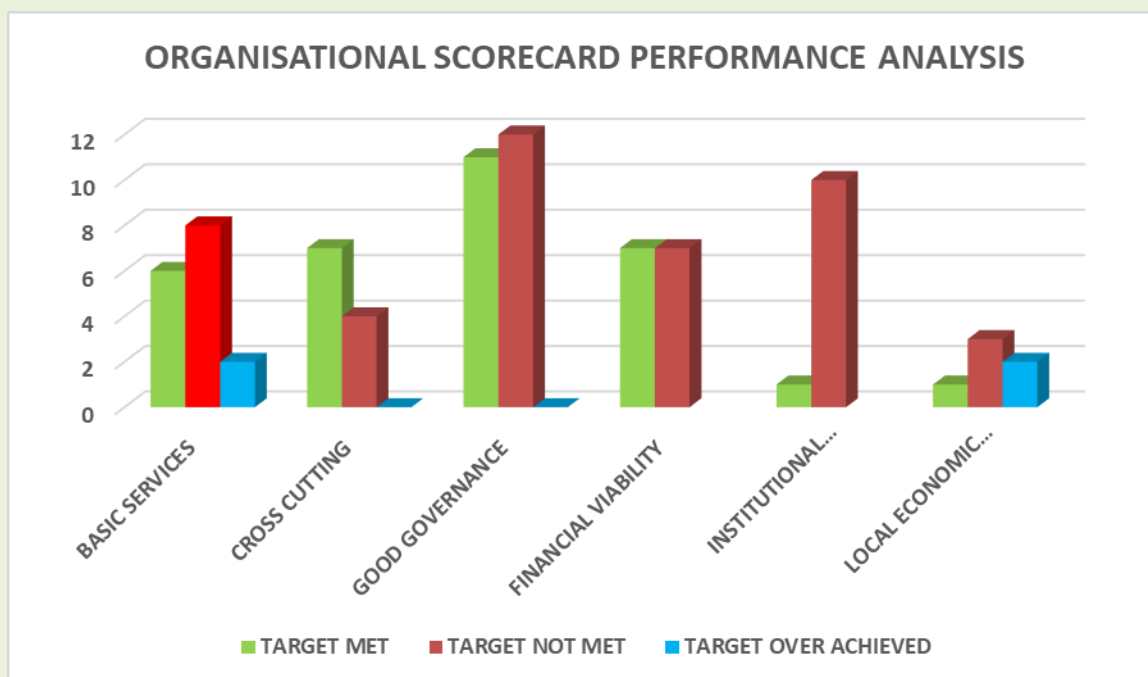
Newcastle Municipality did not use the 10% variance and target in progress as specified in the approved 2018/19 PMS Framework as the 10% variance and the "in progress" could not be quantified therefore if a target was not met the KPI or PIP was scored as a target not met even if there were circumstances that were beyond the control of the assessed department. All KPI's on the Organisational Scorecard and PIP's on the Capital Status were evaluating using the following performance scoring:

| LEVEL | TERMINOLOGY | DESCRIPTION | RATING DASHBOARD |
|-------|-------------------------|---|----------------------|
| 5 | Outstanding Performance | Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA and Performance plan and maintained this in all areas of responsibility throughout the year. | Target over achieved |

| | | | |
|---|--|---|----------------------|
| 4 | Performance significantly above expectations | Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others | Target over achieved |
| 3 | Fully effective | Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan. | Target met |
| 1 | Unacceptable performance | Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement. | Target not met |

Table 3: Performance Dashboard

DRAFT ORGANISATIONAL SCORECARD ANALYSIS FOR 2018/19



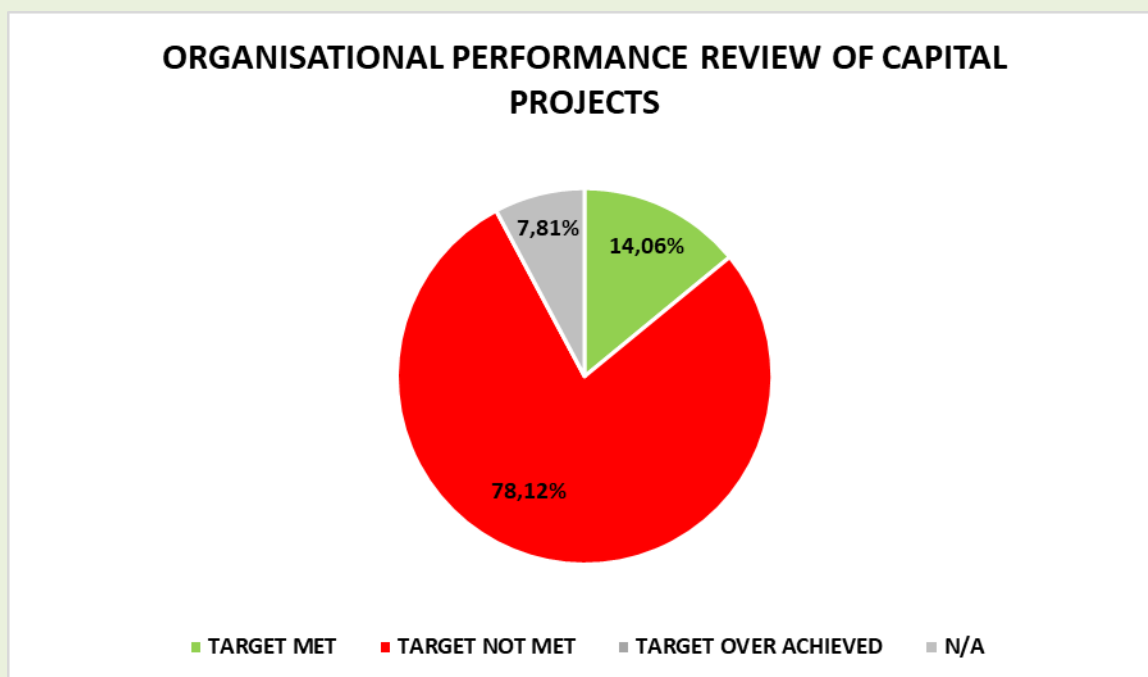
Graph 1: Organisational Scorecard Performance Analysis

| KEY PERFORMANCE AREA | TARGET MET | TARGET NOT MET | TARGET OVER ACHIEVED | TOTAL NUMBER OF APPLICABLE KPI'S |
|----------------------|------------|----------------|----------------------|----------------------------------|
| Basic Services | 6 | 8 | 2 | 16 |
| Cross Cutting | 7 | 4 | 0 | 11 |
| Financial Viability | 7 | 7 | 0 | 15 |
| Good Governance | 11 | 12 | 0 | 23 |

| | | | | |
|---|-----------|-----------|----------|-----------|
| Institutional Transformation & Development | 1 | 10 | 0 | 11 |
| Local Economic Development | 1 | 3 | 2 | 6 |
| Total | 31 | 47 | 4 | 82 |

Table 5: Analysis of the Key Performance Areas of the Organisational Scorecard

5.5 DRAFT ANALYSIS OF THE ASSESSMENT ON THE DEPARTMENTAL CAPITAL STATUS REPORTS



5.6 DEPARTMENTAL PERFORMANCE ON CAPITAL PROJECTS

| DEPARTMENT | TARGET MET | TARGET NOT MET | TARGET OVER ACHIEVED | TOTAL APPLICABLE PIP'S | TOTAL NOT APPLICABLE PIP'S |
|--------------------|------------|----------------|----------------------|------------------------|----------------------------|
| BTO | 1 | 1 | 0 | 2 | 0 |
| COMMUNITY SERVICES | 4 | 12 | 0 | 15 | 1 |
| DPHS | 0 | 9 | 0 | 9 | 3 |
| TECHNICAL SERVICES | 4 | 28 | 0 | 32 | 1 |
| TOTAL | 9 | 50 | 0 | 58 | 5 |

Table 6: Analysis of the assessment on the capital status reports per department

5.7 PERFORMANCE ACHIEVEMENTS FOR 2018/19

- 133 Top-structures (houses) were completed
- 243 houses were transferred through the Enhanced Extended Discount Benefit Scheme (EEDBS)
- 22 properties were released for sale to the public
- 835 households were electrified
- 8,8 km of road was re-gravelled
- 14, 306 km of road was resealed

- 878 households were connected to sanitation
- 120 households were connected to a minimum level of water
- The completion of Charlestown Library
- Completion of AC Pipe replacement in Lennoxton and Murchission street
- Completion of Watt Street
- Training of 86 SMME's

5.8 CHALLENGES

- Delay in the appointment of service providers for Technical Services MIG projects
- Removal of R 56, 000, 000. 00 of the MIG budget
- Vacant positions that have not been filled
- Evidence was not signed off by relevant officials
- Non-submission of revision motivations
- Delay in the payment of service providers
- Unrealistic revised targets set by departments
- Submission of irrelevant/unreliable/insufficient evidence
- Delay in the submission of PMS Information

5.9 MEASURES TAKEN TO IMPROVE PERFORMANCE INFORMATION

- The Municipal Manager and Chief Financial Officer have been informed to ensure that BAC and BEC sit weekly.
- An application was submitted to COGTA and approved for the returning of funds to Newcastle Municipality, detailed PIP's will be followed through to monitor the progress of all capital projects
- All Projects that have not been completed in the 2018/19 financial year will be brought on the 2019/20 Capital Status Report and aligned to the Top-Layer SDBIP and were applicable new KPI's will be brought on the Top-Layer SDBIP.
- Performance agreements have been finalised and signed, all SEDs will be held accountable for poor performance
- All critical vacant positions will be advertised in the 2019/20 financial year
- The position of the CAE and CFO has been finalised and we are awaiting council approval

- All delays in payment of service providers to be reported formally to the CFO/MM
- All KPI's, targets and source of evidence have been revised on the 2019/20 PMS to be smart and aligned to each other
- The 2019/20 PMS Framework has been revised to be specific to Newcastle Municipality and all internal audit findings raised in the Audit Report of the 2018/19 PMS have been addressed.

5.10 COMPARATIVE OF PRIOR YEAR PERFORMANCE ON THE ORGANISATIONAL SCORECARD

| | TARGET MET | | TARGET OVER ACHIEVED | | TARGET NOT MET | | TOTAL NUMBER OF APPLICABLE KPI'S | TOTAL NO OF NOT APPLICABLE KPIS |
|------------------------------|------------|-------|----------------------|-------|----------------|-------|----------------------------------|---------------------------------|
| | 17/18 | 18/19 | 17/18 | 18/19 | 17/18 | 18/19 | 2018/19 | 2018/19 |
| BASIC SERVICES | 3 | 10 | 2 | 1 | 11 | 4 | 16 | 7 |
| CROSS CUTTING | 7 | 10 | 0 | 0 | 4 | 3 | 11 | 8 |
| FINANCIAL VIABILITY | 8 | 11 | 0 | 0 | 7 | 4 | 15 | 2 |
| GOOD GOVERNANCE | 11 | 11 | 0 | 0 | 12 | | 23 | 4 |
| INSTITUTIONAL TRANSFORMATION | 1 | 1 | 0 | 0 | 10 | 7 | 11 | 2 |
| LED | 1 | 2 | 2 | 0 | 3 | 4 | 6 | 7 |

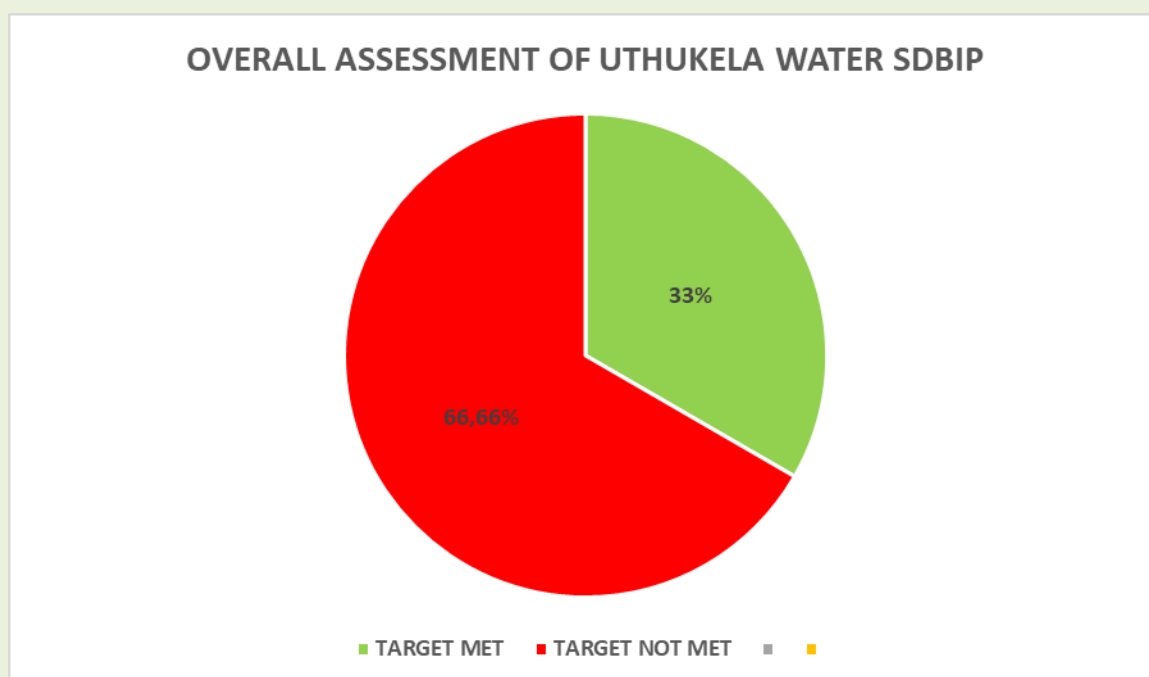
Table 7: Comparative of 2017/18 vs 2018/19 Performance Information

5.11 ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER

In terms of Section 46 of The Local Government Municipal Systems Act 32 of 2000, a municipality must prepare for each financial year a performance report reflecting-

- (a) The performance of the municipality and of each external service provider during that financial year.

Currently Uthukela Water (Pty) Ltd is the only External Service Provider of the Newcastle Municipality, for which bulk water services is being rendered. Uthukela Water (Pty) Ltd is an Entity of Newcastle Municipality. Newcastle Municipality currently has a signed Service Level Agreement with Uthukela Water that was renewed on the 21st of June 2019. The following chart represents the Draft Assessment of Uthukela Water's SDBIP for 2018'19:



COMPARISON OF PRIOR YEARS PERFORMANCE TO 2018/19

| | 2018'19 | 2017'18 |
|---|-----------|-----------|
| TARGET MET | 7 | 6 |
| TARGET NOT MET | 14 | 3 |
| TARGET OVER ACHIEVED | 0 | 2 |
| APPLICABLE KPI'S | 21 | 11 |
| TOTAL NUMBER OF APPLICABLE KPI's | 21 | 11 |

Only 33,33% of all KPI's were scored as a target met and 66,66% of KPI's were scored as targets not met due to the submission of portfolios of information being insufficient or irrelevant or inaccurate. It must be noted that in comparison to Quarter 3 performance information, the Annual Performance has declined rapidly. One of the main contributing factors, has been the non-submission of the Portfolios of Evidence for KPI's whereby an employee is on leave. KPI's for Uthukela Water were furthermore not revised during the mid-year review and some KPI's that were not specific or did not meet the requirements to be specific, measurable, attainable, reliable and time bound were not addressed, however the 2019'20 SDBIP has ensured that all issues of non-alignment of the KPI to the Organisational Scorecard have been addressed.

CHAPTER 6 ANNUAL FINANCIAL STATEMENTS

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

6.1 STATEMENTS OF FINANCIAL PERFORMANCE

Statement of Financial Position as at 30 June 2019

| | Note(s) | 2019 | 2018 Restated* |
|---|---------|-----------------------------|-----------------------------|
| Assets | | | |
| Current Assets | | | |
| Inventories | 10 | 14 040 157 | 12 462 150 |
| Other financial assets | 8 | 1 646 | 3 621 |
| Receivables from exchange transactions | 11 | 81 187 338 | 64 591 613 |
| Receivables from non-exchange transactions | 12 | 14 335 398 | 13 287 220 |
| Consumer debtors from exchange transactions | 13 | 487 636 133 | 399 431 715 |
| Consumer debtors from non-exchange transactions | 13 | 103 098 282 | 84 258 496 |
| Cash and cash equivalents | 14 | 9 999 201 | 57 464 870 |
| | | <u>710 298 155</u> | <u>631 499 685</u> |
| Non-Current Assets | | | |
| Investment property | 3 | 355 813 618 | 440 818 000 |
| Property, plant and equipment | 4 | 6 787 874 567 | 6 953 635 738 |
| Intangible assets | 5 | 3 001 185 | 5 585 264 |
| Heritage assets | 6 | 11 488 232 | 11 199 875 |
| Investments in associates | 7 | 234 927 851 | 269 999 530 |
| | | <u>7 393 105 453</u> | <u>7 681 238 407</u> |
| Total Assets | | <u>8 103 403 608</u> | <u>8 312 738 092</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Other financial liabilities | 17 | 25 598 172 | 29 483 981 |
| Finance lease obligation | 15 | 852 924 | 233 511 |
| Payables from exchange transactions | 20 | 735 890 350 | 621 200 746 |
| VAT payable | 21 | 9 783 001 | 1 775 605 |
| Consumer deposits | 22 | 23 497 274 | 18 966 524 |
| Unspent conditional grants and receipts | 16 | 33 439 273 | 563 168 15 |
| Defined Benefit Plan | 18 | 8 667 735 | 7 997 613 |
| Provision for Rehabilitation of Landfill site | 19 | | 31 292 755 |
| | | <u>837 728 729</u> | <u>767 267 550</u> |
| Non-Current Liabilities | | | |
| Other financial liabilities | 17 | 400 805 603 | 402 570 627 |
| Finance lease obligation | 15 | 392 517 | 24 309 |
| Defined Benefit Plan | 18 | 148 355 252 | 145 207 202 |
| Provision for Rehabilitation of Landfill site | 19 | 28 843 889 | |
| | | <u>578 397 261</u> | <u>547 802 138</u> |
| Total Liabilities | | <u>1 416 125 990</u> | <u>1 315 069 688</u> |
| Net Assets | | <u>6 687 277 618</u> | <u>6 997 668 404</u> |

| | | |
|--------------------------|----------------------|----------------------|
| Reserves | | |
| Housing Development fund | 28 021 720 | 26 076 953 |
| Self-insurance reserve | 497 014 | 472 159 |
| Accumulated surplus | 6 658 758 884 | 6 971 119 275 |
| Total Net Assets | <u>6 687 277 618</u> | <u>6 997 668 387</u> |

6.2 FINANCIAL ANALYSIS AS AT 30 JUNE 2018

INTRODUCTION

This analytical review of the Newcastle Municipality is based on the analysis of annual financial statements as are presented in the Annual Reports of the Municipality for the last three financial years being 2017, 2018 and 2019. These Financial Statements were audited by the Auditor-General and audited opinions thereon were expressed accordingly. Where considered important and relevant, the analysis will also refer to the 2015/16 financial year.

The report highlights the municipal financial policies, audit results for the years under review, as well as the indication of whether there has been improvement or regression as at the end of 2019 financial year. Areas of concern by the Office of the Auditor General, which should be addressed by management during 2020 financial year will also be highlighted as emphasis of matter. 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. Prior to concluding, the report will discuss and give clarification of some of the key financial ratios with a view to demonstrate the financial health of the municipality.

FINANCIAL POLICIES

The financial management of the municipality is guided by the following adopted financial policies, which are crafted and updated in cognisance with relevant legislation and prescripts.

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

- ☛ Tariff Policy
- ☛ Rates Policy
- ☛ Debt Write-off Policy
- ☛ Indigent Policy
- ☛ Budget Policy
- ☛ Virement Policy
- ☛ Borrowing Policy
- ☛ Funding and Reserves Policy
- ☛ Petty Cash Policy
- ☛ Cost containment policy

AUDIT RESULTS

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

Audit results

| Year | Audit opinion | Basis for qualification |
|------|--------------------------------------|-------------------------|
| 2019 | Unqualified with emphasis of matters | N/A |
| 2018 | Unqualified with emphasis of matters | N/A |
| 2017 | Unqualified with emphasis of matters | N/A |
| 2016 | Unqualified with emphasis of matters | N/A |

The above audit outcomes as issued by the Auditor General clearly indicate that the municipality has improved its audit outcomes over the past four years, which by far is the improvement since 2015 financial year. It must be mentioned that, prior to 2016, the municipality had been receiving qualified audit opinions for seven consecutive years. Areas of asset management, leave provision and document management were the areas that resulted in the qualification. The municipality has since implemented controls on these areas, which resulted in the improved audit outcomes. The municipality has worked hard to establish and implement a conducive internal control environment in order to ensure that the municipality delivers on its priorities in an effective, efficient and economical manner. This resulted in the municipality producing quality and credible financial statements, performance reports, and also comply with the Municipal Finance Management Act and other relevant prescripts. Management has been able to resolve other matters by honouring commitments made in addressing issues through the Management Action Plan to AG report.

EMPHASIS OF MATTERS RELATING TO FINANCIAL MANAGEMENT

In his audit report for the year ended 30 June 2019, the Auditor General:

- The corresponding figures for 30 June 2018 were restated as a result of an error in the annual financial statement of the municipality, and for the year ended 30 June 2019;
- Various legal claims were lodged against the municipality. The ultimate outcome of these claims were not determinable at year-end, hence the financial statement did not include any liabilities that could have resulted from them;
- Material losses of R36.8 million (2018: R30.0 million) was incurred as a result of an impairment of consumer debtors. Material losses of R933.9 million (2017/18: R743.7 million) was incurred as a result of an allowance for impairment of consumers;
- Material losses of R45.10 million (2018: R45.9 million) was incurred, which represents 47% (2018: 49%) of the total water purchased. Losses incurred were due to leaks, burst pipes, illegal connections, meter inaccuracies and errors in manual reading and capturing of readings from meters.

The municipality will need to closely look at the above matters during the 2020 financial year in order to improve its administration and a more credible reporting.

6.3 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.

REVENUE

The revenue base of the Municipality increased from R 1 817 350 755 in 2018 to R1 840 085 619 in the financial year ended 30 June 2019. This represents a growth of 1% 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 and property rates. These increases are mainly due to the annual tariff increases. There is still a decrease in the interest received on investments due to withdrawals in 2019 in order to fund pay capital projects that were internally funded. The summary of the total revenue pattern of the past four years is summarised as follows:

Total revenue trends

| Year | Total Revenue (R) | Revenue increase/decrease | %increase/ (decrease) |
|------|-------------------|---------------------------|-----------------------|
| 2019 | 1 840 085 619 | 22 734 844 | 1% |
| 2018 | 1 817 350 775 | 66 885 099 | 4% |
| 2017 | 1 750 465 676 | 103 410 667 | 6% |
| 2016 | 1 647 055 009 | 125 198 770 | 8% |

The increase of 1% in revenue from 2018 to 2019 was below the inflation rate in South Africa of 4.6% as at 30 June 2019. This indicates that the municipality's revenue performance was operating at a level not adequate to cover for the general increase in prices of goods and services, which despite most tariffs being increased by 7% for rates and service charges. The municipality will need to identify more revenue generation sources in order to ensure that revenue growth stay above inflation rate. This could be done through the aggressive implementation of the municipality's adopted Revenue Enhancement Strategy.

The table 3 below reflects major revenue sources which had a huge impact to the total revenue during 2019 financial year. The municipality generated more than half its total

revenue base from service charges, which is 54%. The other significant sources of revenue are Property Rates at 16%, Government grants and subsidies at 28%. 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 items with a view to analyse their behaviour over the past three year. In total these revenue sources contributed R1 793 890 908 to the municipality's total revenue of R1 840 908 619 in 2019, representing 97%.

Major revenue sources

| Revenue source / item | % Contribution 2019 | Revenue: 2019 |
|--------------------------------------|---------------------|----------------------|
| Property Rates | 16% | 287 110 172 |
| Service Charges | 54% | 996 977 844 |
| Governments Grants & Subsidies | 28% | 509 802 892 |
| Material revenue items | 97% | 1 793 890 908 |
| Percentage Increase from 2017 | | 4% |
| Total revenue elements | | 1 840 085 619 |
| % Total | | 97% |

Service charges and property rates contributed 70% to the total revenue of the municipality. These are regarded as primary sources of revenue which the municipality needs to ensure and sustain for its long-term survival. Other revenue such as fines, profit of sale of asset and sundry revenue together contributed only 3% to the total revenue.

The Table 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. The summary of movement of major revenue sources is summarised as follows:

Movement of major revenue sources

| Line Item | % Increase | 2019 | 2018 | 2017 |
|-------------------------------|------------|-------------|-------------|-------------|
| Service charges | 3.8% | 996 977 844 | 959 936 419 | 948 273 264 |
| Interest received | (16.3%) | 12 907 083 | 15 420 651 | 14 835 339 |
| Property rates | 13.2% | 287 110 172 | 253 485 719 | 232 285 813 |
| Government grants & subsidies | 8.4% | 509 802 892 | 556 662 414 | 527 822 316 |
| Fines | 29.4% | 8 650 010 | 6 680 062 | 3 605 936 |

EXPENDITURE

The total expenditure of the municipality has decreased by R100 084 103 (4.5%) from R2 228 867 270 in 2018 to R2 128 782 167 in 2019. The following table shows the municipality's total expenditure performance over the four years:

Total expenditure trends

| Year | Total Expenses (R) | Expenditure increase/ (decrease) (R) | % increase/ (decrease) |
|------|----------------------|---|---------------------------|
| 2019 | 2 128 783 167 | (100 084 103) | (4.5%) |
| 2018 | 2 228 867 270 | 136 041 342 | 7% |
| 2017 | 2 092 825 928 | (475 529,058) | (19%) |
| 2016 | 2 568 354 986 | 1,047 669 915 | 68.9% |

There has been reduction in the overall expenditure over the past four years same period. Over the four-year period, expenditure has decreased by R349 571 819 (17%). Expenditure

items which have attributed to the reduction R100 084 103 between 2018 and 2019 are depreciation, debt impairment, bulk purchases and contracted services.

Below is a table of the proportionate contributions of each expenditure element to total expenses at the end of 2019. 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.
- Debt impairment; and
- Contracted services.

Contribution of expenditure items to total expenditure

| Line Item | % Contribution | 2019 |
|-------------------------------|----------------|-------------|
| Employee related costs | 27% | 567 840 894 |
| Remuneration of councillors | 1% | 24 481 651 |
| Depreciation and amortisation | 17% | 369 427 699 |
| Finance costs | 4% | 79 777 180 |
| Debt impairment | 8% | 179 747 429 |
| Collection costs | 0% | 778 122 |
| Bulk purchases | 24% | 521 388 272 |
| Contracted services | 5% | 116 099 751 |
| General expenses | 13% | 269 242 169 |

The municipality's employee related costs represents 27% of total operational expenditure. This percentage is significantly lower than the prescribed threshold of 35% determined by the National Treasury. If however the non-cash items are excluded, the employee related costs represent 36%. 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 at this stage due to the financial position of the municipality.

Bulk purchases represents 24% of the municipality's total expenditure. When compared to 2018, bulk purchases decreased by R18 million. The decrease is due to the decrease in demand as one of the municipality's major business consumers, the South African Calcium Cubit (SACC), underwent the business rescue process during the 2019 financial year and eventually liquidated.

Depreciation contributes 17% to the total expenditure. The major assets reaching its useful lives over the years, coupled with revaluation of infrastructure assets resulted in lower depreciation cost when compared to 2018.

Debt impairment contributes 8% to the total expenditure of the municipality, with a reduction of R29.1 million when compared to 2018. Additional provision for debt impairment is a clear indication of the municipality's challenges to collect outstanding debt.

General expenses contributed 13% of the total expenditure. This is an increase of R3.4 million from 2018. While some of the increase is attributed to the reclassification due to the mSCOA for items previously classified as Repairs and Maintenance, however, there is a need of the municipality to reduce expenditure through cost containment measures and strategies.

Contracted services represents 5% of the municipality's total expenditures. This represents a reduction of R17 million from 2018 financial year. The increase is due to the reclassification of the Repairs and Maintenance to general expenditure as well as the cost containment measures as implemented by the municipality.

The following table depicts movements of major expenditure drivers:

Movement of major expenditure drivers

| Expenditure driver | % Increase | 2019 | 2018 | 2017 | 2016 |
|------------------------|------------|-------------|-------------|-------------|-------------|
| Employee related costs | 3.4% | 567 840 894 | 548 805 318 | 495 757 372 | 489 601 018 |
| Depreciation | (18%) | 369 427 699 | 449 661 715 | 472 110 422 | 456 740 714 |
| Debt impairment | (14%) | 179 747 429 | 208 940 574 | 69 517 589 | 542 782 561 |
| Bulk purchases | (3.6%) | 521 388 272 | 540 941 513 | 558 945 739 | 513 530 461 |
| General expenses | (1.2%) | 269 242 169 | 272 732 138 | 222 485 641 | 257 574 117 |

Between 2018 and 2019, employee related cost has increased by 3.4% due the annual salaries increases and filling of new positions. The depreciation also reduced by 18% due to some assets reaching its useful lives as well as the revaluation of infrastructure assets. Debt impairment recorded a reduction of 14% during this period. This is due to the municipality not being able to collect its revenue. Bulk purchases recorded a decrease of 3.6% during the same period. The decrease is due to the low electricity demand from one of the municipality's major business consumers, which was placed under business rescue. General expenses recorded an increase of 1.2% due to reclassification of expenditure as required by the mSCOA reporting reform as well as the implementation of cost containment measures.

NET OPERATIONAL PERFORMANCE

As at the end of 2019, the municipality recorded a deficit of R310 456 277, which is an improvement of R127 942 197 (29%) from the deficit of R438 398 474 that was recorded in 2018. The deficit was mainly as a result of the non-cash items such as depreciation and debt

impairment, which have no impact on the municipality's cash flow. While this is the case, it however also noted that there is need for the municipality to cut down on contracted services, general expenditure and finance cost in order to bring down its deficit. The municipality must establish and implement cost containment measures and strategies in this regard.

The current picture is a call for concern, where revenue generated by the municipality in 2019 was not adequate to cover all expenses that that municipality incurred. The total revenue of the municipality increased by only 1%, which was far below the inflation. The municipality continued to operating in the deficit position of R310 million, which means non-cash items are currently not cash-backed. This is a clear indication that the municipality is struggling to carry itself in as far as day to day operations are concerned. The municipality will be to develop and implement serious turnaround strategies in order to turn the tide.

UNAUTHORISED IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Despite a number of measures already implemented, the municipality continued to incur unauthorised, irregular and fruitless and wasteful expenditure during 2019 financial year. Since 2015, the municipality has been incurring such expenditure and has failed to exercise consequence management in order to ensure that such expenditure is investigated and accounted for.

As at 30 June 2019, the municipality recorded unauthorised expenditure of R918 million, of which R47 430 relates to 2019 and R793.8 million relates to the previous financial years. Most of the unauthorised expenditure for the current year is attributable general expenses, debt impairment and employee-related costs. Unauthorised expenditure for the previous financial years has already reported to council and handed over to MPAC for investigation. The process of investigation in ongoing.

The municipality also recorded fruitless and wasteful expenditure of R38.6 million as at 30 June 2019, of which R28.7 million relates to the 2019 and R9.9 million relates to previous financial years. The bulk of the fruitless and wasteful expenditure is attributable to late payment of Eskom, Loans and SARS due to the municipality's cash flow challenges. The municipality further incurred fruitless and wasteful expenditure due impairment of other assets for projects that could not be completed. Fruitless and wasteful expenditure for the previous financial years has already reported to council and handed over to MPAC for investigation. The process of investigation in ongoing.

The municipality further recorded irregular expenditure of R370.2 million, of which R86.8 million relates to the 2019 and R283.3 million relates to the previous financial years. The

bulk of irregular expenditure is attributable to payments made on expired contracts, awards made to persons in the service of state and contracts where SCM procedures were not properly followed. Irregular expenditure for the previous financial years has already reported to council and handed over to MPAC for investigation. The process of investigation is ongoing.

DISTRIBUTION LOSSES

Distribution losses relates to losses incurred by the municipality due to failure of the municipality to bill for services, but where a services commodity has either been utilised by the consumer, or lost in the supply network. Distribution losses are recorded in respect of water and electricity.

In 2019, the municipality recorded water distribution losses of R45.1 million, representing 46.6% of the water volumes supplied during the year. This a massive loss recorded by the municipality. The water losses decreased by 0.8% (R389 877) when compared to 2018 financial year. National Treasury requires that water distribution losses be curbed at 30%. The water distribution losses are due to leaks from transmission and distributions mains, leaking on service connections up to the consumer's meters. Commercial distribution losses are attributable to unauthorised/illegal connections, meter bypass, illegal use of fire hydrants.

In 2019, the municipality recorded electricity distribution losses of R18.7 million, representing 5.3% of the electricity volumes supplied during the year. These losses are below the norm of 7% required by National Treasury. The losses increased by 22.2% (R3.4 million) when compared to 2018 financial year. The electricity distribution losses are attributable to the standard line losses, unmetered own consumption on street lighting, free basic services and traffic lights. Other losses relate to unrecorded electricity delivery, illegal connections, faulty and incorrect calibration of meters.

6.4 FINANCIAL POSITION

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

ASSETS

As at the end of 2019, the municipality recorded total assets of R8.1 billion, which comprise of Property, Plant and Equipment, Cash and cash equivalent, Investment Property, Intangible Assets, Investment in Associate, Receivables, Inventory and Consumer Debtors. It is worth mentioning that property, plant and equipment of the municipality amounted to

R6.8 billion (84% of total assets) at the end of 2019, 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 R487 million, while gross consumer debtors amounted to R1.5 billion. This is also a clear indication of the municipality's inability to collect its debtors.

Total asset structure

| Asset Item | | 2018 | 2017 |
|-----------------------------|----------------------|----------------------|----------------------|
| Total Assets | 8 103 403 608 | 8 040 159 656 | 8 289 313 593 |
| Property, Plant & Equipment | 6 787 874 567 | 6 953 635 738 | 7 044 454 625 |
| Cash & cash equivalents | 9 999 201 | 57 464 870 | 50 507 758 |
| Investment Property | 355 813 618 | 440 818 000 | 365 022 000 |
| Heritage Assets | 11 488 232 | 11 199 875 | 6 991 102 |
| Intangible Asset | 3 001 185 | 5 585 264 | 8 686 539 |
| Investments in Associate | 234 927 851 | 269 999 530 | 301 163 242 |
| Inventory | 14 040 157 | 12 462 150 | 15 223 528 |
| Consumer Debtors | 487 636 398 | 483 690 211 | 444 854 636 |
| Other Debtors | 95 524 382 | 77 882 454 | 52 409 731 |

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

CONSUMER DEBTORS

The consumer debtors are recorded R487 636 398 on the face of the financial statements. This figure represents net balance of gross debtors of R1 524 636 219 less the provision for debt impairment of R1 036 999 821. This will indeed have a negative impact on the municipality's liquidity position if it 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.

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 decreased by 2.3% (R165 761 171) from R6 953 635 738 in 2018 to R6 787 874 564 in 2019. The decrease is due to the depreciation of assets during the year. Property, Plant and Equipment represents 84% of the capital structure of the municipality.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash invested with banks. Cash and cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of six 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. Cash and cash equivalent of the municipality has decreased by R47.4 million (82%) in the current period from R57 464 870 in 2018 to R9 999 201 in 2019.

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 4.4 % of the total assets of the municipality. Most of Investment Property is vacant land which means the municipality has adequate potential to facilitate development, which bode well for the future revenue growth. The Investment property has decreased by R85 million from 2018 due to the fair value adjustment assessed in the current year as well as disposal of other properties. As at the end of 2019, Investment Property was stated at R355.8 million.

INVESTMENT IN ASSOCIATE

Investment in Associate represents the municipality's 34% stake in Uthukela Water. The investment has decrease from R269 999 530 in 2018 to R234 927 851 in 2019, representing a decrease of R35 million (13%). This decrease attributable to the decrease in the net assets value of Uthukela Water as the Entity continues to incur operating deficit.

LIABILITIES

As at 30 June 2019, the liabilities of the municipality were stated just in excess of a R1.4 billion as reflected below.

Total liability structure

| Liability Item | 2019 | 2018 | 2017 |
|--------------------------|----------------------|----------------------|----------------------|
| Total liabilities | 1 416 125 990 | 1 339 531 312 | 1 155 027 708 |
| Long-term loans | 400 805 603 | 402 570 627 | 447 215 530 |

| | | | |
|---|-------------|-------------|-------------|
| Curent/Non-current provision: landfill site | 28 843 889 | 31 292 755 | 31 217 649 |
| Non-current provisions: defined benefit plan obligations | 148 355 252 | 145 207 202 | 128 168 731 |
| Non-current Finance Lease Obligation | 392 517 | 24 309 | 234 909 |
| Consumer Deposits | 23 497 274 | 18 966 524 | 14 334 239 |
| Unspent Conditional Grants and Receipts | 33 439 273 | 56 316 815 | 41 556 011 |
| Finance Lease Obligation | 852 924 | 233 511 | 168 853 |
| Current Portion of Long-term loans | 29 598 172 | 29 483 981 | 32 002 485 |
| Payables from exchange transaction | 735 890 350 | 621 200 746 | 451 522 945 |
| Current provisions: defined benefit plan obligations | 8 667 735 | 7 997 613 | |

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

LONG-TERM LOANS

The Long Term loans have decreased by R5.6 million due to repayment to the existing loans during the year. The municipality has not taken any loans in the current financial year. The total loans amounts to R426 403 775 with DBSA and ABSA being owed R157 725 321 and R268 678 454 respectively. Due to the cash-flow challenges, the municipality embarked on a process of restructuring its loans with both institutions during the year. The intention was to get the short-term relief on repayments in order to reduce its instalments.

CURRENT PROVISION FOR LANDFILL SITE

In terms of the licencing of the landfill refuse site, council will incur rehabilitation costs of R 28.8 million to restore the site at the end of a five-year period, as estimated by the

engineers. Provision has been made for the net present value of this cost using the average cost of borrowing interest rate. The remaining useful life of the current landfill site is one year, hence the provision for the current liability.

CONSUMER DEPOSITS

Deposits held in lieu of providing municipal services on credit. This amounted to just over R23.4 million at the end of 2019 financial year. This represents an increase of 24% (R4,5 million) from 2018 financial year. Council passed a resolution to increase the consumer deposits by a substantial amount, such that it is able to cover at least 50% an average monthly consumer account.

NON-CURRENT PROVISIONS: PLAN OBLIGATIONS

The municipality provides retirement benefits for all its permanent employees. This means that should the Retirement Fund gets liquidated, the municipality will be required to fulfil the obligation to retired employees. The provision is currently stated at R148.3 million. This represents an increase of 2.1% (R3.1 million) from 2018 financial year. The increase is attributable to annual salary increases.

UNSPENT CONDITIONAL GRANTS

These are conditional grants from other spheres of government. The 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 R33.4 million as at the end of 2019 financial year. The municipality has submitted applications for roll-overs in relevant government departments. All roll-overs were approved by relevant Transferring Departments and National Treasury, with the exception of the Water Service Infrastructure Grant (WSIG) and Electrification grant. Should National Treasury decline the application, the implication is that the municipality will be required to revert an amount of R8.3 million to the National Revenue Fund before the end of the 2019/20 financial year.

PAYABLES FROM EXCHANGE TRANSACTIONS

Payables from exchange transactions represents amounts invoiced or services received by the municipality where services have been rendered and not yet paid for. These include, amongst other things, trade creditors, retentions, leave and bonus provision payable to staff members. As at 30 June 2019, the municipality recorded payables from exchange of R735.8 million (2018: R621.2 million). This an increase of R214.6 million (34%). Trade creditors contribute R439.2 million (2018: R362.9 million) to the total payables from exchange, which represents 60%. This is a clear indication of the cash flow challenges

currently faced by the municipality, which has resulted in a municipality not being able to pay its creditors.

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

SOLVENCY RATIO

The municipality remains solvent with total assets in excess of total liabilities. This is a comforting scenario, as the municipality continues to invest in assets. During the 2018/2019 financial year, over R147 million worth of new assets were invested into the infrastructure. As outlined in the table below, the solvency position (ratio of assets to liabilities) of the municipality has decreased from 6.3 in 2018 to 5.7 in 2019. The decrease is due to the depreciation of assets, investment properties and investments in associates between the two financial years. The increase in trade payables, defined benefit plan and the unspent conditional grants also resulted into the lower solvency position.

The table below illustrates our solvency situation for the three years being analysed. Of concern is the fact that the ratio keeps decreasing as years 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:

Solvency ratio

| Item | 2019 | 2018 | 2017 |
|-------------|---------------|---------------|---------------|
| Assets | 8 103 403 608 | 8 312 738 092 | 8 289 313 593 |
| Liabilities | 1 416 125 990 | 1 315 069 688 | 1 155 027 708 |
| Ratio | 5.7 | 6.3 | 7.1 |

CURRENT RATIOS

As evident from the table below, the capacity of the municipality to fulfil its short term obligations is negative. The ratio has slightly improved from 0.84 in 2018 to 0.85 2019. The current status indicates that the municipality's current assets collectable within the next twelve months will not be able to cover the liabilities payable within the same period. This represents a very dire financial state of affairs. National Treasury requires municipalities to maintain the liquidity ratio of at least 1.5. The ratio of 0.84 for the municipality is way below the National Treasury norm. The municipality will need to implement measure to reduce its short-term liabilities as it is already struggling to meet such obligations.

| Item | 2019 | 2018 | 2017 |
|---------------------|-------------|-------------|-------------|
| Current Assets | 710 298 155 | 631 499 685 | 562 996 085 |
| Current Liabilities | 837 728 729 | 767 267 550 | 548 190 889 |
| Ratio | 0.85 | 0.82 | 1.02 |

NET CASH POSITION

Net cash position is an attempt to reflect the cash position of the municipality after some of its key obligations have been covered. It seeks to reflect what cash will be available after the key obligations have been paid. This in assumption that the municipality will not receive any additional cash.

Net of Unspent Conditional Grants

(Cash and Cash Equivalent – Unspent Conditional Grants)

(R9 999 201 – R33 439 273)

Net Cash Position: - R23 440 073

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 2019, unspent conditional grants were not cash-backed by at least R23.4 million.

NET CASH POSITION (NET OF UNSPENT CONDITIONAL GRANTS AND HDF)

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

(R9 999 201 – R33 439 273 – R28 021 720)

Net Cash Position: -R51 461 793

This ratios indicates that as at the end of 2019, available cash was inadequate to repay conditional grants and the Housing Development Fund should such funds be required to be paid to relent government departments. This implies that the municipality was required additional cash of R51.4 million in order to honour such requirements

NET CASH POSITION (NET OF UNSPENT CONDITIONAL GRANTS AND HDF AND TRADE PAYABLES)

(Cash and Cash Equivalent – Unspent Conditional Grants - Housing Development Fund – Trade Payables)

(R9 999 201 – R33 439 273 – R28 021 720 - R439 274 542)

Net Cash Position: -R490 736 335

This ratios indicates that as at the end of 2019, available cash was inadequate to repay conditional grants and the Housing Development Fund and creditors. This implies that, as at 30 June 2019, the municipality was operating at a cash deficit of R490.7 million.

6.6 CONCLUSION

Although revenue has increased during 2019 financial year, such increase was however not adequate to cover the level of expenditure that the municipality has incurred over the same period. Increase in non-cash items such as depreciation and debt impairment also had an impact in the deficit as at the end of 2018. This is a clear indication that the municipality's reserves and provisions have not been adequate to deal with these expenses should the need arise in future.

The 2020 is still going to be a very challenging year for the municipality, given its cash-flow challenges. Unless stringent majors are taken to collect more revenue and to curb expenditure, it is clear the municipality is heading for further financial challenges. The municipality may need to slow down of its operations and ensure that as little as possible capital projects are funded internally. Furthermore the municipality will need to develop a broad turn-around financial strategy that will seek to address all its financial matters.

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature And the council on Newcastle Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Newcastle Municipality set out on pages xx... to xx..., which comprise the appropriation statement, the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial Position of the Newcastle Municipality as at 30 June 2019 and financial performance and ash

flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and The Division of Revenue Act of South Africa (Act no.3 of 2017) (Dora).

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

Emphasis of matters

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

Uncertainty relating to the future outcome of exceptional litigation

7. As disclosed in note 44 to the financial statements, various legal claims were lodged against the municipality. The ultimate outcome of these claims was not determinable at year end, hence the financial statements did not include any liabilities that could have resulted from them 3

Restatement of corresponding figures

8. As disclosed in note 46 to the financial statements, the corresponding figures for 2017- 18 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Material losses/ impairments – trade debtors

9. As disclosed in note 12 to the financial statements, material losses of R36,9 million (2017-18: R30 million) were incurred as a result of a provision for impairment of receivables from non-exchange.

10. As disclosed in note 13 to the financial statements, material losses of R914,5 million (2017-18: R843.8 million) was incurred as a result of an allowance for impairment of consumer debtors.

Material losses – water

11. As disclosed in note 57 to the financial statements, material water losses of R45,1 million (2017-2018: R45,4 million) were incurred, which represents 47% (2017-2018: 49%) of total water purchased. The losses are mainly due to leaks, burst pipes and illegal connections.

Material losses – electricity

12. As disclosed in note 58 to the financial statements, material electricity losses of R18,7 million (2017-2018: R15,3 million) was incurred, which represents 5% (2017-2018: 4%) of total electricity purchased. The losses are mainly due to illegal connections and faulty meters.

Other matters

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

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 in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of accounting officer for the financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

16. In preparing the financial statements, the accounting officer is responsible for assessing the Newcastle municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

4. Auditor-general's responsibilities for the audit of the financial statements

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

18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

19. 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 material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

20. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective Pages in the annual performance report

Basic service delivery and infrastructure x – x

22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

23. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective:

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. Refer to the annual performance report on pages xx... to xx... for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

Adjustment of material misstatements

26. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Basic service delivery and infrastructure. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

28. The material findings on compliance with specific matters in key legislations 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(1) of the MFMA. Material misstatements of non-current assets, current liabilities, and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

30. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R79,07 million as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by payments made to contracts where SCM procedures were not followed.

32. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R28,64 million, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by late payments on expenditure.

Procurement and contract management

33. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).

34. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year.

35. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM regulation 27(2)(a).

36. Bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.

37. Competitive bids were adjudication by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

38. Commodities designated for local content and production, were procured from suppliers Who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar non-compliance was also reported in the prior year.

Consequence management

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

Other information

40. The accounting officer is responsible for the other information. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officers foreword and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically *reported in the auditor's report.

41. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

42. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

43. I did not receive the other information prior to the date of this audit report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

44. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

45. Lack of adequate reviews and reconciliation of information reported in the financial statements resulting in material misstatements being identified during the audit, these were subsequently corrected by management resulting in an unqualified audit opinion. Supply chain management policies and procedures along with applicable legislation were not adhered to, resulting in increased irregular expenditure and compliance deficiencies. Furthermore, consequences for transgressions were not investigated to ensure that responsible officials were appropriately disciplined.

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objective and on the municipality's compliance with respect to the selected subject matters.

Financial statements

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

□ identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

□ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control

□ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

□ conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Newcastle municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern

□ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

(The signed report is attached as Annexure E)

7.2 MANAGEMENT ACTION PLAN TO ADDRESS THE AUDITOR GENERALS REPORT

1. INTRODUCTION

Section 131. (1) Of the Municipal Finance Management Act no. 56 of 2003 states that "A municipality must address any issues raised by the Auditor-General in the audit report. It is with great pleasure to report that Newcastle Municipality received an "UNQUALIFIED" Audit opinion in respect of 2018/19.

The Municipality is committed to maintain the status quo on positive audit outcomes whilst still pursuing clean audit opinion, hence, in accordance with the abovementioned legislative requirement, the Municipality drew up an action plan to address the issues raised by the auditor- General in the audit report of 2018/19 financial year with a view of improving on the current audit outcomes as alluded to above.

2. MANAGEMENT RESPONSIBILITY

Section 62 (1) of the Municipal Finance Management Act no. 56 of 2003 states that “The accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure:-

- a) that the resources of the municipality are used effectively, efficiently and economically;
- b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;
- c) that the municipality has and maintains effective, efficient and transparent systems-
 - (i) of financial and risk management and internal control; and
 - (ii) of internal audit operating in accordance with any prescribed norms and standards;
- d) that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented;

Furthermore, Section 78 (1) of the Municipal Finance Management Act no. 56 of 2003 states that “Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure;

- (a) that the system of financial management and internal control established for the municipality is carried out diligently;
- (b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;
- (c) that any unauthorised, irregular or fruitless and wasteful expenditure and any other losses are prevented;
- (d) that all revenue due to the municipality is collected;
- (e) that the assets and liabilities of the municipality are managed effectively and that assets are safeguarded and maintained to the extent necessary;
- (f) that all information required by the accounting officer for compliance with the provisions of this Act is timeously submitted to the accounting officer: and
- (g) that the provisions of this Act, to the extent applicable to that senior manager or official,

including any delegations in terms of section 79, are complied with.

(2) A senior manager or such official must perform the functions referred to in subsection (1) subject to the directions of the accounting officer of the municipality.

Management is responsible for the development/designing, implementation, maintenance, and monitoring of an effective system of internal controls.

The objectives of the system of internal controls are, *inter alia*, to provide management with reasonable, but not absolute assurance that:

- Risks are properly managed ;
- Assets are safeguarded;
- Financial and operational information is reliable;
- Operations are effective and efficient;
- Laws and regulations are complied with;

Internal controls are those actions, systems, policies, methods and procedures implemented by management to manage or reduce the likelihood and impact of inherent risk. Internal controls are embedded in the daily activities of the municipality.

Attention must be drawn to management that there are inherent limitations in any system of internal control including human error and circumventions through collusion, therefore the prevention and detection of fraud forms part of management's responsibilities.

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|---------------------|------------------------|-------------|----------------------|
| | | | |

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|--|---|------------------|----------------------|
| <p>Material uncertainty relating to financial sustainability</p> <p>I draw attention to note 49 to the financial statements, which indicates that the municipality incurred a deficit of R310,46 million during the year ended 30 June 2019 and, as of that date the municipality's current liabilities exceeded its total assets by R127,43 million. As stated in note 49, these events or conditions, along with other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.</p> | <p>The financial recovery plan has been developed and will be monitored on a monthly basis. To seek assistance from NT to assist with an assessment of going concern.</p> | 31 March 2020 | CFO |
| <p>Uncertainty relating to the future outcome of exceptional litigation</p> <p>With reference to note 44 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome on these matters could not be determined and no provision for any liability 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> | 29 February 2020 | MM |
| <p>Restatement of corresponding figures</p> <p>As disclosed in note 46 to the financial statements, the corresponding figures for 2017-18 were restated as a result of errors in the financial statements of the municipality at, and for the</p> | <p>The interim financial statements are prepared and reviewed by management and Audit Committee in order to reduce any possible errors during the year.</p> | 29 February 2020 | CFO |

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|---|---|---------------|-------------------------|
| year ended, 30 June 2019. | | | |
| Material losses/impairments – trade debtors As disclosed in note 12 to the financial statements, material losses of R36,86 million (2017-18: R30,02 million) were incurred as a result of a provision for impairment of receivables from non-exchange revenue | To review debt impairment policy and to request assistance from Provincial Treasury. | 31 March 2020 | CFO |
| As disclosed in note 13 to the financial statements, material losses of R933,90 million (2017-18: R843,76 million) was incurred as a result of an allowance for impairment of consumer debtors | The Municipality has embarked on a community outreach program which involves the setting up of satellite offices at schools, malls, hospitals and places of work. The emphasis is to bring services closer to the community and consumers and to encourage them to pay the monthly municipal bill by taking advantage of the incentive schemes in place. Furthermore, to review debt impairment policy. | 31 March 2020 | CFO |
| Material losses – Water As disclosed in note 57 to the financial statements, material water losses of R45,10 million (2017-2018: R45,49 million) were incurred, which represents 47% (2017-2018: 49%) of total water purchased. The losses are mainly due to leaks, burst pipes | Water losses task team has been established to address material water losses, including various water intervention programs which are commissioned by the Municipality aimed to improve water losses crisis, which includes | 31 March 2020 | SED: Technical services |

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|---|--|-------------------------|----------------------|
| and illegal connections. | <p>the following:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Water losses through leaks (retrofitting), <input type="checkbox"/> Pressure Management and Water Supply Zoning, <input type="checkbox"/> Water Pipe replacements, <input type="checkbox"/> New water connections and distribution.(stand pipes, yard connections) | | |
| <p>Annual financial statements</p> <p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, current liabilities, disclosure items and the cash flow statement identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p> | <p>The interim financial statements are prepared and reviewed by management and Audit Committee in order to reduce any possible errors during the year.</p> | <p>29 February 2020</p> | <p>CFO</p> |
| <p>Expenditure Management</p> <p>Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the o MFMA.</p> | <p>The financial recovery plan has been developed and will be monitored on a monthly basis. Cost containment measures are followed by the Municipality to improve revenue, and adjustment budget will be reviewed by 25 January 2020.</p> | <p>29 February 2020</p> | <p>CFO</p> |

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|---|--|---|----------------------|
| Reasonable steps were not taken to prevent irregular expenditure amounting to R102,7 million as disclosed in note 53 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by payments made to contracts where SCM procedures were not followed | <p>(a) All deviations will be submitted by SCM unit to CRO for review prior to approval by MM</p> <p>(b) UIFW report will be submitted to Finance portfolio committee for investigation regularly.</p> | <p>(a) 31 January 2020</p> <p>(b) 31 March 2020</p> | CFO |
| Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R28, 6 million, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by late payments on expenditure | <p>(a) Ensure that all purchase orders issued are supported by evidentiary documentation indicating that supply chain management processes as established by the SCM policy were complied with, valid contracts, rotation of suppliers, etc.</p> <p>(b) A report of fruitless and wasteful expenditure will be submitted to Finance Portfolio Committee for investigation regularly.</p> | 29 February 2020 | CFO |
| <p>Procurement and contract management</p> <p>Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price</p> | All transactions below R 200 000 will be submitted to Manager-SCM for first review, and be forwarded to Director-SCM for second review to comply with | 29 February 2020 | CFO |

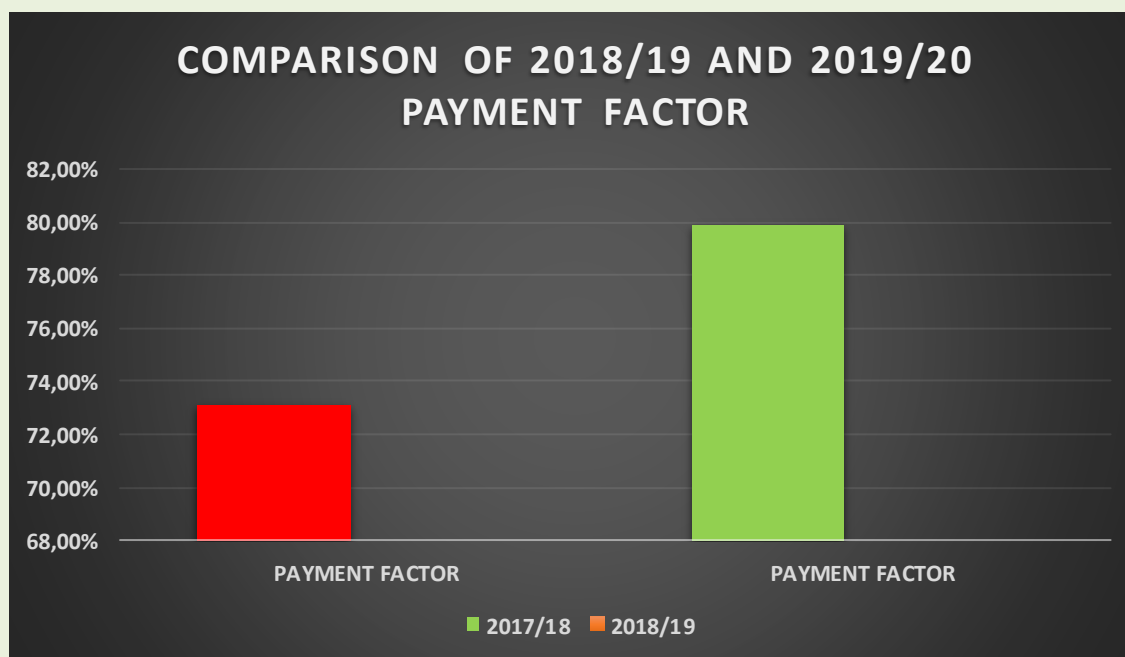
| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|--|---|------------------|----------------------|
| quotations, in contravention of by SCM regulation 17(a) and (c) | SCM regulation 17 (a) and (c). | | |
| Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1). Similar non-compliance was also reported in the prior year. | All deviations will be submitted by SCM unit to CRO for review prior to approval by MM | 31 January 2020 | MM |
| Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM regulation 27 (2) (a) | Municipal Manager to revise the structure of the Bid Specification Committee to Comply with SCM regulation 27 (2) (a) | 31 January 2020 | MM |
| Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year. | To design and implement a checklist for all deviations to ensure compliance with regulation 8(2) of the preferential procurement regulations of 2017. Local content checklist will be submitted to RMU for monitoring purposes. | 29 February 2020 | CFO |
| Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29 (2) | Municipal Manager to revise the structure of the Bid Adjudication Committee to Comply with SCM regulation 29 (2) | 31 January 2020 | MM |
| Commodities designated for local content and production, were procured from suppliers who did | To design and implement a checklist | 29 February 2020 | CFO |

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|--|---|---------------|----------------------|
| not meet the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar non-compliance was also reported in the prior year | for all suppliers who meet the prescribed minimum threshold for local production and content to ensure compliance with regulation 8(5) of the preferential procurement regulations of 2017. Local content checklist will be submitted to RMU for monitoring purposes. | | |
| Consequence Management Some of the unauthorized expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA. Internal investigations are currently in progress on some of the unauthorized and fruitless and wasteful expenditure | Management action plan Internal investigations are currently in progress on some of the unauthorised and fruitless and wasteful expenditure. Council had referred such UIFW expenditure to MPAC for further investigation. | 30 June 2020 | MM |
| Some of the irregular expenditure and fruitless and wasteful expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA. Internal investigations are currently in progress on some of the irregular and fruitless and wasteful expenditure | To implement consequence management for the irregular expenditure and fruitless and wasteful expenditure incurred by the municipality. A report from the service provider (Ongoti Risk Management) were appointed to conduct investigations. | 30 April 2020 | MM |
| Lack of adequate reviews and reconciliation of information reported in the financial statements resulting in material | The Annual financial statements are prepared and reviewed by management and Audit | 30 June 2020 | CFO |

| Issues Raised by AG | Management Action plan | Target date | Responsible Official |
|---|--|-------------|----------------------|
| <p>misstatements being identified during the audit, these were subsequently corrected by management resulting in an unqualified audit opinion. Supply chain management policies and procedures along with applicable legislation were not adhered to, resulting in increased irregular expenditure and compliance deficiencies. Furthermore, consequences for transgressions were not investigated to ensure that responsible officials were appropriately disciplined.</p> | <p>Committee in order to reduce any possible errors during the year. Audit Committee and Internal audit will be allocated sufficient time to review AFS.</p> | | |

CHAPTER 8 ASSESSMENT BY THE ACCOUNTING OFFICER

Newcastle Municipality has achieved a payment factor which indicates that an amount of R 1 523 433 522.74 was billed for the 2018/2019 financial year and an amount of R 1 216 461 701.79 was received in respect of that billed amount which results in an overall payment factor for 2018/2019 financial of 79.85%. This is a considerable improvement of the payment factor for the 2017/2018 financial year of 73.07%, an increase of 6.78%.



The increase in the payment factor is attributable to the following:

- The establishment of the in house credit control unit which enabled us to effectively carry out the credit control and debt collection policy, focusing on improving the disconnection of electricity and the restriction of water processes.
- Councillor and employee debt was prioritised and processes such as appropriate payment arrangement plans and forced salary deductions proved to be effective in curbing the debt within this category. The payment factor for these categories has been on the upward trend as per the above table.
- The outreach program focusing on encouraging the payment of municipal bills by the working class community by taking advantage of the incentive schemes in place proved to be instrumental in improving the payment factor in the Eastern Region from lows of 15% to now averaging at 42% a month. We believe this figure can be further increased to at least 50% in the 2019/2020 financial year.

Payment factor per service type:

| Service Type | Payment factor – Year to date |
|------------------------|--------------------------------------|
| Electricity | 97.45 |
| Water | 51.82 |
| Waste Water Management | 47.45 |
| Waste Management | 51.68 |
| Rates | 78.18 |
| Other | 84.94 |
| Total | 79.85 |

Our target for the 2018/2019 financial year was 81% and we fall short of our target by a mere 1%, the main reasons for us not achieving our target is as follows:

- SACC, one of our largest consumers of electricity, are once again experiencing financial difficulties and have once again entered a business rescue process. There is uncertainty in respect of the future sustainability of the company, however the business rescue practitioner is confident that the company will be able to recover from their current situation. The business rescue plan and process should be finalised by the end of July 2019.
- The recovery of government debt has been slow, as per the table above. The main cause of this downward trend is that the staff member responsible for Government debt resigned in September 2018 and the position was only filled in June 2019. We are now working closely with National and provincial departments to assist with the recovery of the debt. We plan to clean up our government debt no later than September 2019 through various initiatives and intervention from National and Provincial Treasury.

Although we have not achieved our target of 81% for the 2018/2019, we have significantly improved the payment factor from the previous year and we hope to continue with this upward trend of the payment factor by implementing various strategies and processes which include strict implementation of the credit control and debt control policy in the 2019/2020 financial year.

The revenue received by the municipality is utilised by the municipality for rendering and maintenance of services such as potable drinking water, electricity, sanitation and refuse removal including the distribution of refuse bags to residents. In terms of the Local Government Municipal Finance Management Act 56 of 2000, circular 71, municipalities are required to achieve at least 95% of the payment factor, however Newcastle Municipality is not achieving this norm, therefore the municipality has implemented an outreach program. The outreach program includes the following provides the community with the following:

- Billing queries
- Incentive schemes
- Meter related queries (leaking / faulty meters)

- Methods of making payment
- Explanation of how the municipal bill works
- Importance of paying municipal bills
- Indigent applications

Newcastle Municipality implemented the approved Revenue Enhancement Strategy during the 2018/19 financial year. The Revenue Enhancement Strategy had action plans that were implemented by departments for the increase in revenue. One of the most successful action plans emanating from the Revenue Enhancement Strategy for 2018/19 has been the Installation of Water Meters, replacement of faulty water meters, the AC Pipe Replacement Project and the Water Conservation Demand Management Project in Osizweni. This action plan resulted in the municipality reducing water loss by 2, 49% compared to the previous financial year.

We are committed to increasing the payment factor even further through various initiatives which include inter-governmental engagements and we have the necessary policies and plans in place to ensure that we achieve norm of 95% payment factor. Newcastle Municipality has an approved Revenue Enhancement Strategy for implementation in the 2019/20 financial year, the Revenue Enhancement Strategy has action plans that will be executed by the municipality to ensure that we increase revenue in various innovative ways.

CHAPTER 9 AUDIT COMMITTEE REPORT FOR THE 2018/19 FINANCIAL YEAR

The Audit Committee (AC) of Newcastle Municipality was established by Municipal Council in accordance with section 166 (1) of the Municipal Finance Management Act (MFMA).

The Audit Committee operates as an independent advisory body to the Council, Political Office bearers, Accounting Officer, Management and staff, thereby assisting Council in its oversight role. The role, functions, and authority of the Audit Committee are prescribed in terms of section 166 (2) of the Act and section 94 (7) (f) of the Companies Act read with MFMA Circular 65, Treasury regulations, National Treasury Internal Audit Framework, National Treasury Public Sector Risk Management Framework, Kwa-Zulu Natal Provincial Treasury Risk Management Framework for Municipalities and Municipal Entities and all applicable legislation and treasury regulations.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee also serves as a Risk Committee and Performance Committee in addition to its duties as the Audit Committee. This ensures integrated risk oversight and Council capacity to see a single point of entry on risk issues, improve risk mitigation responses, effectiveness of governance processes, compliance and internal controls.

The Audit Committee held five (5) meetings during the 2018/19 financial year to review interim annual financial statements, annual financial statements, and effectiveness of internal controls, risk oversight and good governance.

The Audit Committee consisted of the members listed hereunder.

| Members | Appointed | End of Term | Meetings Attended | |
|------------------------------------|----------------------------------|--------------------------|-------------------|----------|
| | | | Audit Committee | |
| | | | Scheduled | Attended |
| Mr. Themba Radebe (Chairperson) | 28/02/2018 | 28/02/2021 | 5 | 5 |
| Mr. Rabelani Tshimomola | 28/02/2018 | 28/02/2021 | 5 | 5 |
| Mr. Yaasir Haffejee | 28/02/2018 | 28/02/2021 | 5 | 5 |
| Ms. Simangele Ngcobo | 28/02/2018 | 17/01/2019 (Resigned) | 5 | 1 |
| Ms. Zanele Nkosi | 28/02/2018 | 28/02/2021 | 5 | 5 |
| Mr C. Nciki | August 2019 (New appointment) | July 2022 | 5 | 1 |

The Chairperson of the Audit Committee attended three (3) council meetings to present reports of audit committee for the first, second and third and fourth quarter of 2018/19 financial period.

AUDIT COMMITTEE LEGISLATIVE ROLES AND RESPONSIBILITIES

Section 166(2) prescribes that an Audit Committee is an independent advisory body which must advise the municipal council, political office bearers, the accounting officer and the management staff of the municipality or board of directors, the accounting officer and the management staff of the municipal entity on the matters relating to: -

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability and accuracy of financial reporting, records and information;
- Performance management;
- Effective governance;
- Compliance with Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
- Performance evaluation;
- Review the annual financial statements to provide council of the municipality or in the case of the municipal entity, the council of the parent municipality and the board of directors of the entity, with the authoritative and credible view of the financial position of the municipality or the municipal entity, its efficiency and effectiveness and its overall level of compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;
- Respond to the council on any other issues raised by the Auditor-General in the audit report;
- Carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may require;
- Perform such other functions as may be prescribed;
- Liaise with internal audit unit of the municipality;
- Liaise with the person designated by the Auditor-General to audit the financial statements of the municipality of municipal entity; and
- Make submissions to the Council, Executive Committee (EXCO) and Municipal Public Accounts Committee (MPAC), on any matters which in the opinion of the Committee needed to be brought to the attention of the oversight structures, emanating from its quarterly meetings;

AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee has reviewed its formal terms of reference, *herein after referred to as the Charter*, which was presented, deliberated upon and recommended for final approval by Municipal Council. The audit committee has executed its functions in accordance with its 2018/19 annual plan.

The Audit Committee Charter is the base of the audit Committee three years and annual work plans together with legislative compliance universe crafted from local government legislative framework.

EFFECTIVENESS OF INTERNAL CONTROLS

The systems of internal control are the legislated responsibility of the accounting officer and executive management in line with requirements of MFMA, principles of King IV Report on Corporate Governance read with National Treasury Internal Audit Framework, MFMA Circular 65, and International Standards for the Professional Practice of Internal Auditing and applicable national and provincial treasury regulations.

During its meetings, the Audit Committee reviewed the adequacy and effectiveness of the system of internal financial control through the Internal Audit assurance. From the various Internal Audits (monthly, quarterly and bi-annual) and Auditor-General management reports, it was noted that significant matters were reported that indicated material deficiency in the system of internal controls.

The conclusion of the Audit Committee is that the system of internal control for the financial reporting period under review has gradually improved but still inadequate, in some instances inefficient and ineffective with the following outstanding material areas of concerns raised by audit committee, internal and external auditors as assurance providers:

1. The Audit Committee urged management to ensure appropriate budgeting and improve expenditure management towards ensuring a funded budget and reduced going concern risk;
2. Audit Committee continued to urge managements to urgently develop a cost review and reduction strategy to minimize the progressively increasing costs to improve the insolvency position;
3. Council has been requested by Audit Committee to urgently make a decision regarding the discontinuation of post-retirement benefits from new employees as it is not financially viable for the municipality;

4. Management is urged to speedily make a determination regarding a development and implementation of a 5 year infrastructure master plan to mitigate the costly non-revenue water loss and infrastructure challenges;
5. The audit committee advised management to incorporate revenue enhancement into the debt collection strategy to improve the deteriorating financial position. Management are to also address control deficiencies within revenue processes;
6. Audit committee recommends that management implement effective demand management, acquisition management and contract management to minimize non-compliance with SCM prescripts, timely availability of quality goods and services and ensure timely and appropriate completion of Capex projects towards ensuring timely spending of grant funds;
7. Audit Committee commended Council to immediately finalise the assessment and investigation of Irregular, Fruitless and Wasteful expenditure incurred in the current and prior financial periods and make a determination regarding write-off or recovery;
8. The Audit Committee requested the municipality to speed up the appointment of Disciplinary Board to oversee matters of financial misconduct as well as the implementation of consequence management and recommendations;
9. Management was requested to urgently obtain clarity regarding the legal obligations and accountability of Uthukela Water (PTY) LTD management including governance structures; and
10. Management is encouraged to resolve majority of unresolved Audit Committee, Auditor General and Internal Audit findings for both 2017/18 and prior financial years through appropriate implementation and monthly monitoring of action plans.

PREDETERMINED OBJECTIVES, PERFORMANCE MANAGEMENT AND EVALUATION

The Audit Committee has reviewed quarterly performance information as reported by the municipality at quarterly audit committee meetings throughout the year. These quarterly performance information reports were also validated by the Internal Auditors quarterly.

The Audit Committee was applauded management for the significant improvement in the credibility, completeness, relevance and accuracy of performance information of the municipality during the financial period.

The Audit Committee recommended the following to management to improve the status of performance management:

- Management resolve all outstanding Auditor General and Internal Audit findings on performance information;

- Align budget and SDBIP to ensure appropriate funding of KPIs
- Implement controls on monthly, quarterly and mid-term to monitoring and review performance information to ensure completeness, accuracy, reliability and relevance at least quarterly in preparation for end of financial year;
- Management to seriously consider including achievement of either clean or unqualified audit opinion in individual performance agreement and a SDBIP as a unit's KPI; and
- Management to speedily implement Individual Performance Management System at least at management level to address the lack of accountability, responsibility and consequence management to ensure achievement of organization KPIs.

RISK MANAGEMENT AND GOVERNANCE

The municipal applauded for filling the CRO's position but the risk maturity level is still very immature and management is encouraged to explore further avenues that will assist with the achievement of desired risk maturity levels.

The audit committee recommended that, the management and council should:

- Municipal Management as Risk Owners must take full charge of the entire risk managing process or ownership, management and reporting of risk with regards to identification, assessment, management control, risk mitigation, directing and guiding development and implementation of risk management framework, strategy, policies and procedures.
- Risk owners must demonstrate active risk owner participation at operational levels and ongoing accountability for the management of risks at various risk governance structures;
- Develop and implement organisational wide combined assurance model;
- Define, quantify and implement risk appetite supported by vigorous analysis, expert judgement and consistent with materiality and significance framework; and
- Ensure existence of an effective Risk Management Committee.

INTERNAL AUDIT FUNCTION

The internal audit charter, three-year risk based internal audit strategic plan and annual operational plan were reviewed by Internal Audit in consultation with management and approved by Audit Committee. The Chief Audit Executive reported functionally to the Audit

Committee and operationally to the Accounting Officer. The Internal Audit had unrestricted access to the audit committee Chairman and the entire Audit Committee at all times.

The Committee is yet to evaluate the effectiveness of Internal Audit and monitor any possible restrictions that may be imposed on this function and which therefore affects its independence.

All internal audit work as well as quarterly progress reports in accordance with the plan were reviewed and approved by the Audit Committee. Internal Audit attended all Audit Committee meetings and deliberations and presented a summary of the salient findings of all internal audits carried out for the period including management response to recommended corrective action. Internal Audit provided the Audit Committee with assurance on progressive implementation of internal and external audit recommendation as per internal audit and Auditor-General management and audit report.

The Audit Committee is very pleased with the audit plan, scope, coverage, quality and reports of the Internal Audit.

EVALUATION OF FINANCIAL STATEMENTS

The AC appreciated the fact that, the municipality prepared interim financial statements (without certain disclosure notes) towards addressing both AGSA and Internal Audit findings raised in the prior financial year.

On review of the interim annual financial statements by both internal audit and audit committee, immaterial discrepancies were noted and certain disclosures were noted as omitted.

The Audit committee noted findings in the unaudited annual financial statements similar to those identified in the prior year by both Internal Audit and Auditor General. The Audit Committee was very concerned by re-occurrence of these findings which indicated weaknesses in internal controls regarding reviews and reconciliations of financials.

The Audit Committee stressed the importance of compiling a complete set of interim financial statements with all disclosure notes, provisions, and WIP and depreciation calculation in order to address prior year audit findings.

Audit Committee reviewed external audit scope including the extent of co-ordination with and extent of reliance on the work of internal audit. Further reviewed the annual external audit strategic plans, scopes, fees and other compensation;

Also Reviewed the Auditor-General's audit report on audited annual financial statements, the management report, management's comments on the audited financial statements, noted issues arising out of the audit and engaged Auditor General on matter raised in their audit report;

AUDITOR-GENERAL OF SOUTH AFRICA

Based on processes followed and assurances received from the Auditor-General, nothing has come to the attention of the Audit Committee with regard to any matter impacting on the independence of the External Auditors.

The Audit Committee have met with the Auditor-General to ensure that there are no unresolved issues and that all issues that have come to our attention including subsequent events have been adequately communicated for further control and management towards rectification. The Audit Committee concurs with Auditor-General management report and audit opinion.

CONCLUSION

The Audit Committee would like to thank the Municipal Council, Accounting Officer, Acting Chief Financial Officers, Chief Audit Executive, SEDs and Auditor-General as well as all management and staff for co-operation and support during the year under.

Mr T.L. Radebe

Chairperson

On behalf of the members of the Audit Committee

CHAPTER 10 ANNUAL REPORT OF MUNICIPAL ENTITY

REFER TO APPENDIX C.

LIST OF ABBREVIATIONS:-

| | | |
|--------|---|---|
| ABM | - | Area-Based Management |
| ABSA | - | Amalgamated Banks of South Africa |
| ADM | - | Amajuba District Municipality |
| AGSA | - | Auditor General of South Africa |
| AQMP | - | Air Quality Management Plan |
| ARVS | - | Anti-Retroviral Authorities |
| AWWG | - | Aquatic Weed Working Group |
| B&B | - | Bed and Breakfast |
| B-2-B | - | Business To Business |
| BBEE | - | Broad-Based Black Economic Empowerment |
| BCM | - | Business Continuity Management |
| BEE | - | Black Economic Empowerment |
| BEPP | - | Built Environment Performance Plan |
| BNG | - | Breaking New Ground |
| BPM | - | Business Process Management |
| BPO | - | Business Process Outsourcing |
| BR&E | - | Business Retention and Expansion |
| BSP | - | Biodiversity Sector Plan |
| CBD | - | Central Business District |
| CBOS | - | Community-Based Organisations |
| CBP | - | Community Based Plan |
| CCTV | - | Closed Circuit Television |
| CDP | - | Cisco Discovery Protocol |
| CIDB | - | Construction Industry Development Board |
| CIS | - | Cluster Initiatives |
| CMP 11 | - | 11th Session of the Conference of the Parties |
| COGTA | - | Co-Operative Governance and Traditional Affairs |
| CPAS | - | Community Participation and Action Support |
| CPI | - | Consumer Price Index |
| CRM | - | Customer Relations Management |
| CRU | - | Community Residential Unit |
| CSIR | - | Council for Scientific and Industrial Research |
| CU | - | Consumer Unit |
| DAEA | - | Department Of Agriculture and Environmental Affairs |
| DAFF | - | Department Of Forestry and Fishery |
| DEA | - | Department of Environmental Affairs |
| DEAT | - | Department of Environmental Affairs and Tourism |
| DEPT | - | Department |
| DHA | - | Department Of Home Affairs |
| DM | - | Disaster Management |
| DOL | - | Department Of Labour |
| DOT | - | Department Of Transport |
| DPLG | - | Department Of Provincial and Local Government |
| DTI | - | Department Of Trade and Industry |
| DWS | - | Department Of Water and Sanitation |

| | | |
|-----------|---|---|
| EDTEA | - | Economic Development, Tourism and Environmental Affairs |
| EDU | - | Economic Development Unit |
| EE | - | Employment Equity |
| EFA | - | Electricity For All |
| EIA | - | Environmental Impact Assessment |
| EPWP | - | Expanded Public Works Programme |
| EXCO | - | Executive Committee |
| FAP | - | Functional Area Plan |
| GDP | - | Gross Domestic Product |
| GIS | - | Geographic Information System |
| HDA | - | Housing Development Agency |
| HHLD/HH | - | Household |
| HR | - | Human Resources |
| IAM | - | Infrastructure Asset Management |
| ICT | - | Information and Communication Technology |
| IDP | - | Integrated Development Plan |
| IEC | - | Independent Electoral Commission |
| IEP | - | Informal Economy Policy |
| IGR | - | International and Governance Relations |
| ILO | - | International Labour Organisation |
| IMESA | - | Institution of Municipal Engineering Of Southern Africa |
| IP | - | Internet Protocol |
| IRPTN | - | Integrated Rapid Public Transport Network |
| IT | - | Information Technology |
| IUDF | - | Integrated Urban Development Framework |
| JDMC | - | Joint Development Management Committee |
| KM | - | Knowledge Management |
| KPA | - | Key Performance Area |
| KPIS | - | Key Performance Indicators |
| KZN | - | KwaZulu-Natal |
| LAP | - | Local Area Plan |
| LBSCS | - | Local Business Service Centres |
| LED | - | Local Economic Development |
| LUMS | - | Land Use Management System |
| LUS | - | Land Use System |
| M | - | Million |
| MD | - | Managing Director |
| MDGS | - | Millennium Development Goals |
| MDP | - | Management Development Programme |
| MEC | - | Member of the Executive Council |
| MFMA | - | Municipal Finance Management Act 56 Of 2003 |
| MICE | - | Meetings, Incentives, Conferences and Exhibitions |
| MIG | - | Municipal Infrastructure Grant |
| MM | - | Municipal Manager |
| MOA | - | Memorandum of Agreement |
| MOU | - | Memorandum of Understanding |
| MPRA | - | Municipal Property Rates Act 6 Of 2004 |
| MSA, 1998 | - | Municipal Structures Act, 1998 (Act No. 117 of 1998) |
| MSA, 2000 | - | Municipal Systems Act, 2000 (Act No. 32 of 2000) |
| MSCOA | - | Municipal Standard Chart of Accounts |
| MSDF | - | Municipality's Spatial Development Framework |
| MTEF | - | Medium Term Expenditure Framework |
| NBR | - | National Building Regulations |

| | | |
|----------|---|---|
| NCOP | - | National Council of Provinces |
| NDP | - | Nodal/National Development Plan |
| NDPW | - | National Department of Public Works |
| NGO | - | Non-Government Organisation |
| NLM | - | Newcastle Local Municipality |
| NRTA | - | National Road Traffic Act |
| OSS | - | One Stop Shop |
| PDIS | - | Previously Disadvantaged Individuals |
| PGDS | - | Provincial Growth Development Strategy |
| PMS | - | Performance Management System |
| PMU | - | Project Management Unit |
| PPP | - | Public Private Partnership |
| PRC | - | Parks, Recreation and Culture |
| QLS | - | Quality Living Standards |
| QOL | - | Quality Of Life |
| RFP | - | Request For Proposals |
| RMS | - | Revenue Management System |
| ROD | - | Record Of Decision |
| SACN | - | South African Cities Network |
| SAICE | - | South African Institute of Civil Engineers |
| SALGA | - | South African Local Government Association |
| SANRAL | - | South African National Roads Agency Limited |
| SAPI | - | South African Planning Institute |
| SAPS | - | South African Police Service |
| SCI | - | Sustainable Cities Initiative |
| SCM | - | Supply Chain Management |
| SDBIP | - | Service Delivery and Budget Implementation Plan |
| SDF | - | Spatial Development Framework |
| SDG'S | - | Sustainable Development Goals |
| SDP | - | Spatial Development Plan |
| SEDA | - | Small Enterprise Development Agency |
| SETA | - | Sectorial Education Training Authority |
| SFA | - | Strategic Focus Area |
| SLA | - | Service Level Agreement |
| SMME | - | Small Medium Micro-Sized Enterprises |
| SMS | - | Stormwater Management System |
| SOP | - | Standard Operating Procedure |
| SPLUMA | - | Spatial Planning and Land Use Management Act |
| SPU | - | Special Projects Unit |
| STATS SA | - | Statistics South Africa |
| TIKZN | - | Trade and Investment Kwazulu-Natal |
| TKZN | - | Tourism KwaZulu-Natal |
| UD | - | Urine Diversion |
| UNS | - | Urban Network Strategy |
| VCI | - | Visual Conditions Index |
| VIP | - | Ventilated Improved Pit Laterines |
| WAN | - | Wireless Area Network |
| WHO | - | World Health Organisation |
| WSA | - | Water Services Authority |
| WSP | - | Workplace Skills Plan |

