

NEWCASTLE MUNICIPALITY



ANNUAL PERFORMANCE REPORT



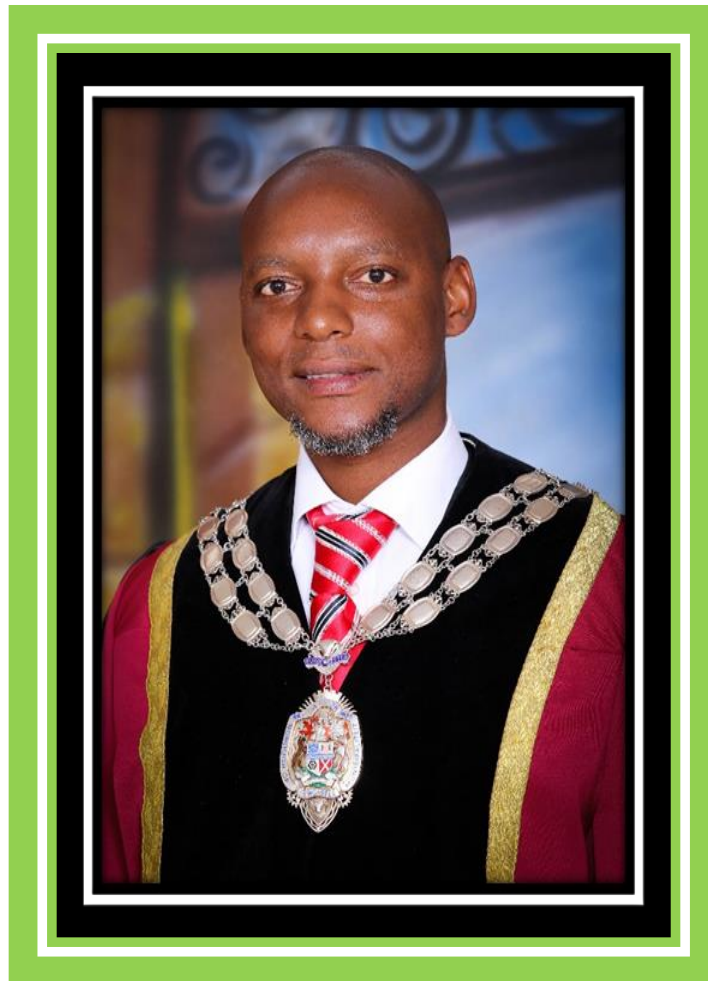


Figure 1 MAYOR OF NEWCASTLE CLLR DR NND MAHLABA

In terms of Section 46 of The Local Government: Municipal Systems Act 32 of 2000, the municipality is required to compile an annual performance report. On behalf of Newcastle Municipality council and officials I present to you the Annual Performance Report for the 2019/20 financial year. Firstly the Integrated Development Plan (IDP) for the 2019/20 financial year was informed by the needs of the community, in consultation with all communities and stakeholders in Newcastle. The 2019/20 budget was allocated to the people, which was equally distributed amongst all its citizens, fairly, without discrimination or prejudice based on the IDP. Derived from the IDP and the 2019/20 budget the Top-Layer Service Delivery Budget Implementation Plan (TLSDBIP) was developed. The TLSDBIP is the annual performance plan of the municipality which is made up of key performance indicators (KPI's) with specific, reliable, measurable, attainable and time based targets per Key Performance Area (KPA). 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.

Newcastle municipality encountered numerous challenges during the 2019/20 financial year, the first being the illegal protest action of officials which resulted in the termination of their employment contracts. The municipality embarked on a unique project of galvanizing and lobbying residents to partake in our Keeping Newcastle Clean. The successes of this program prompted other municipalities to follow suit and imitate this initiative; this was after judging from the positive responses from most of our residents. Thereafter the municipality had the challenge of service delivery protests that resulted in damage to roads and the stoppage of work by the municipality. We now face the global challenge of the coronavirus, we sympathise with those who have lost their loved ones to the virus, but through our own individual behaviour we can curb the increase in the number of infections. Despite all the challenges encountered Newcastle Municipality has remained resilient towards achieving our planned goals to ensure that the community is provided with an improved level of service delivery.

After a gruelling assessment by National Treasury we had to restructure our finances and adjust our budget three times during the 2019/20 financial year, we implemented cost saving measures and we adopted and enforced strict consequence management in a bid to ensure that this ship sails to its intended destination- ***a place where service delivery is key and crucial to the livelihood of our people.***

Young People, you are the future of this municipality and we acknowledge the roles that you are yet to play in developing your communities, the mayor's office awarded 50 bursaries to young people to attend university in the 2019/20 financial year. The municipality has built 376 houses for the indigent through the housing program which was mostly aimed at restoring the dignity for first time home owners. These households have access to clean water, sanitation and refuse removal. Various new roads have been constructed and resealed, however there are many roads that are in the construction phase but will be completed in the 2020/21 financial year. The aging water infrastructure in ward 3 was replaced with new pipes. The municipality has not achieved all of its planned targets for 2019/20 and we have therefore developed a Covid-19 Service Delivery Recovery plan to ensure that all targets will be achieved in the 2020/21 financial year.

I want to assure the community that Newcastle Municipality is committed towards building a Municipality that is efficient, effective, accountable and responsive in accelerating service delivery and supporting the vulnerable communities by promoting local economic development and social development. However in order to achieve the above it is imperative that the community, all stakeholders, councillors and officials work together with unity and synergy to ensure that ***By 2035, Newcastle will be a Resilient and Economically Vibrant City, Promoting Service Excellence to its Citizens.***

**NEWCASTLE MAYOR
CLLR DR NNG MASHLABA**

DATE

ACTING MUNICIPAL MANAGER'S FOREWARD

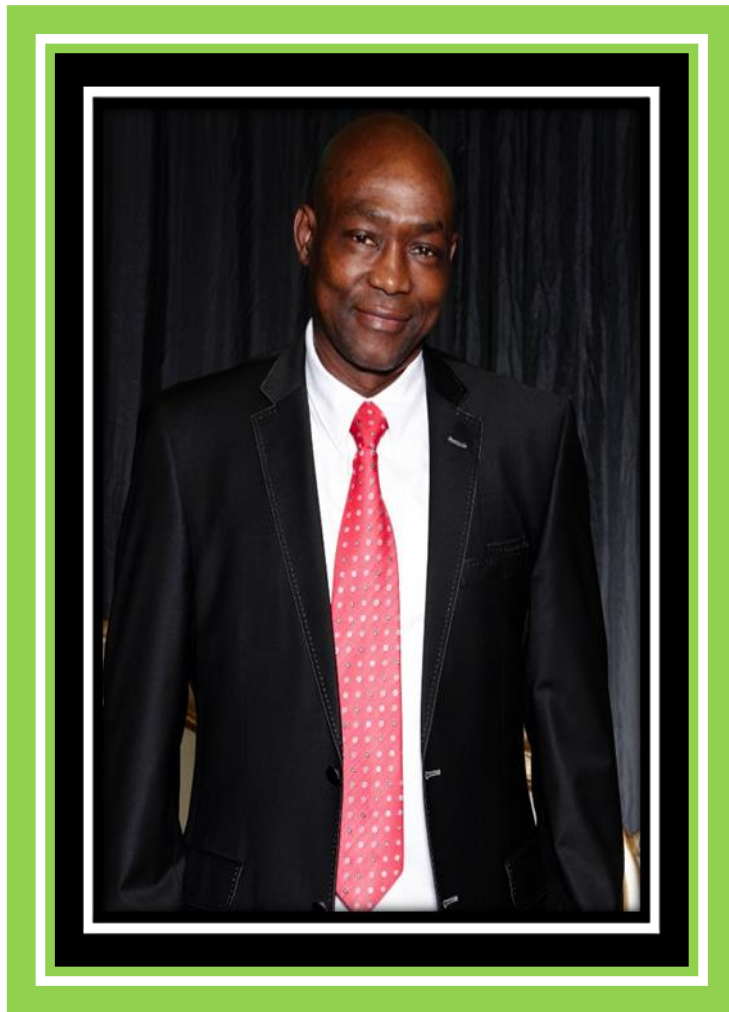


Figure 2 ACTING MUNICIPAL MANAGER MR MJ MAYISELA

The Annual Performance Report for the 2019/20 financial year has been compiled in accordance with Section 46 of The Local Government Municipal Systems Act, No. 32 of 2000 (as amended), Section 127 (2) of The Local Government Municipal Finance Management Act, No. 56 of 2003, as well as accompanying circulars, templates and guidelines. The Annual Performance Report provides the community with a credible, reliable and accurate assessment of the municipality's progress in achieving its goals as set out in the Integrated Development Plan (IDP) and Top-layer Service Delivery Budget Implementation Plan (TLSDBIP).

During the 2019/20 financial year the municipality encountered various challenges, none of which deterred us in achieving our targets as set out in the TLSDBIP. The municipality was instructed by National Treasury to adjust the budget three times, the impact of adjusting the budget three times resulted in some projects being cancelled. Cost cutting measures were immediately implemented by the municipality all meals at meetings were ended and all cell phone allowances were reduced and no new cell phones were issued. Administration has taken matters raised with humility, which has made a difference! It is also equally important to highlight that the structures of governance at Newcastle Municipality are intact and very functional. Besides Council and the Executive Committee, Newcastle Municipality has a very functional Audit Committee and Municipal Public Account Committee (MPAC).

Newcastle Municipality acknowledges that we are currently in a 'Financial Recovery State' the Budget and Treasury office has been implementing programs such as the revenue enhancement strategy, the Procurement Plan and Payment Factor Plan to ensure that there is an increase in revenue and the collection rate. However we must note that due to the unforeseen National Disaster of the Corona Virus our Collection Rate has been reduced. The municipality will continue with resilience to build our finances and ensure that our financial health as an organisation improves.

The municipality has appointed two Section 57 employees, the Chief Audit Executive to ensure that all work conducted by the municipality is audited and that the municipality complies with all legislation that governs local government, and the Strategic Executive Director for Finance, to strategically steer the finances of the institution into the future. In an effort to curb fraud and corruption, Newcastle Municipality adopted the Anti-Fraud and Corruption Strategy and this will be followed up with Quarterly Fraud Risk Assessments. The municipality has also established an anti-fraud hotline for the public to report on any cases of fraud and corruption.

The municipality built 376 new houses with access to water, sanitation and refuse removal. 1120 VIP toilets were installed in various parts of Newcastle East. We have also advertised the sale of 28 residential sites to the community, transferred 189 title deeds, and 8952 provided households with free water, sanitation, refuse removal and electricity through the indigent support. The municipality through the Expanded Public Works Program (EPWP) created 1070 jobs for the local community. Training was conducted for 74 SMME's. Roads have been resealed in all parts of Newcastle and new roads were constructed in Madadeni and Osizweni. These are some of the municipality's achievements during the financial year under review.

Ward committees have been a key tool of communication between the municipality and the community, ***“All communication must lead to change” – Aristotle*** We acknowledge the various challenges that our communities face and we have heard the cries from our community members for housing, access to piped water, toilets and roads. The municipality will continue to work vigoursly and efficiently by implementing plans to ensure that we deliver basic services to our people.

ACTING MUNICIPAL MANAGER
MR MJ MAYISELA

DATE

EXECUTIVE SUMMARY

The 2019/20 Annual Performance Report represents the year-end performance results for the financial year under review. The Annual Performance Report is compiled by the Monitoring and Evaluation Unit after reviewing all Key Performance Indicators on the Top-Layer Service Delivery Budget Implementation Plan (TLSDBIP). The TLSDBIP comprises of the six National Key Performance Area's (NKPA's), these are: Basic Services, Cross Cutting, Good Governance, Financial Viability, Local Economic Development and Institutional Development. All NKPA's contain Key Performance Indicators (KPI's) and each KPI has a target that is measurable, specific, attainable, reliable and time-bound. All Capital Projects have been linked to a KPI on the TLSDBIP. The TLSDBIP has been attached per each KPA as Annexures A -F. 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 2019/20 on the Top-Layer Service Delivery Budget Implementation Plan:

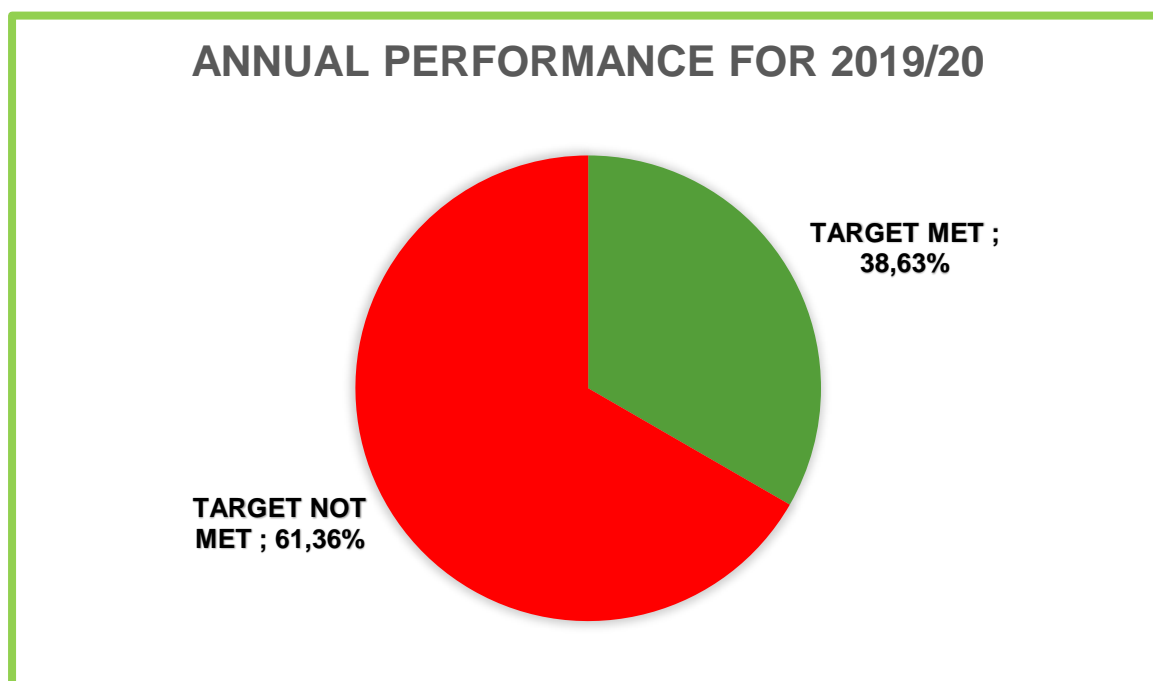


Figure 3 OVERAL ORGANISATION PERFORMANCE OF THE TLSDBIP FOR 2019/20

The chart above demonstrates the overall organisational performance for 2019/20, based on the information above only 38, 63 % of targets were achieved and 61, 36 % of targets that

were set were not achieved. The Municipality has only declined in performance from the 2018/19 financial year by 1, 11%.

PERFORMANCE MANAGEMENT PROCESS

The M & E Unit from the 1st working day till the 10th working day of every quarter conducts a 100% review of the performance information as submitted from departments in terms of relevance, sufficiency, accuracy and reliability. The TLSDBIP is reviewed against the approved targets and KPI's. The capital projects are monitored and evaluated every month from the 1st working day of the month to the 5th working day of the month by evaluating the actual financial and non-financial performance based on the approved cash-flow projections per month and the Project Implementation Plans (PIP's). The M & E Unit uses a Performance Management Checklist (Annexure C) to review the performance information submitted by departments. The Performance Management (PMS) Checklist is based on Relevance, Sufficiency and Accuracy of the portfolio of evidence submitted to the M & E unit by departments. If a target as specified in the Top-layer SDBIP 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 M & E 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

Table 1 CRITERIOR 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.

The performance dashboard is used to score departments based on the actuals reported and the portfolio of evidence submitted to the M & E unit. Departments are required to submit

sufficient evidence to support the actual performance reported and if a reason for variance is reported, supporting evidence must be submitted.

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:

Table 2 PERFORMANCE REPORTING

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

The M & E 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 report that is submitted to the Internal Audit is a 100% reviewed report of the TLSDBIP and the capital status report by the M & E Unit. The reports submitted to Internal Audit include a signed off hard copy of all the Excel reports for the TLSDBIP and the departmental capital status reports. The signed off hardcopy will be signed off by the relevant M & E Unit Officers, M & E Manager and the SED: DPHS. After the Internal Audit reviews the PMS Report the draft Internal Audit report is 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

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.

BACKGROUND TO THE TOP-LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

The Top Layer Service Delivery Plan (SDBIP) has been adapted by Newcastle Municipality as the preferred performance management tool for measuring performance on key developmental areas that are relevant to municipal service delivery and the public sector. There are five KPA's that municipalities are required to align their strategic planning on and these cut across every functional area of a municipality. The municipal Top-layer SDBIP measures a municipality's performance through these five perspective as listed below. :

- The Municipal Economic Development Perspective
- The Service Delivery Perspective
- The Institutional Development Perspective
- The Financial Management Perspective, and
- Governance Process Perspective

With recent developments through the adoption by the national cabinet of the 5-Year Local Government Strategic Agenda, that aligns local government with the national program of action, it became imperative to review the above municipal Top-layer SDBIP model and to align it with the 5 Key Performance Areas (KPA's) for local government.

The Newcastle Municipality, having adopted the Top Layer SDBIP as the Performance management tool, will align this framework to the Top Layer SDBIP and its performance will be grouped accordingly. Furthermore, legislation required that the PMS also align to the IDP. The Newcastle Municipality IDP adopted 1 additional KPA's/ perspectives as follows:

- Cross-cutting (Special Programs, Municipal Planning, Community services etc.)

The perspectives that inform Newcastle Municipality's Top-Layer SDBIP are:

- The Local Economic Development Perspective
- The Basic Service Delivery Perspective
- The Municipal Transformation and Institutional Development Perspective
- The Financial Viability Perspective,
- Good Governance Perspective and
- Cross Cutting Perspective
- ***The Cross Cutting*** In this perspective the municipality will assess whether the desired development indicators around the performance area of municipal planning, disaster management and social development is achieved.
- ***The Basic Service Delivery Perspective*** This perspective will assess the municipality's performance in the overall delivery of basic and infrastructural services and products.
- ***The Financial Management Perspective*** This perspective will measure the municipality's performance with respect to the management of its finances.
- ***The Institutional Development Perspective*** This perspective relates to input indicators that measure the functioning of the municipality under areas such as human resources and all other indicators that seek to develop and manage the municipal institution.

- **The Governance Process Perspective** This perspective will measure the municipality's performance in relation to its engagement with its stakeholders in the process of governance, established and functioning governance structures, and good municipal governance processes, strategic planning and implementation and performance management.
- **Local Economic Development** This perspective will measure Newcastle Municipality's performance in developing the local economy, by ensuring that there is job creation, foreign investment opportunities within Newcastle, business retention, development of SMME's, marketing and tourism development in Newcastle.

Newcastle Municipality has linked each KPI on the TLSDBIP to the IDP Objectives and Strategies and each Capital Project is linked to a specific KPI on the TLSDBIP.

PERFORMANCE ANALYSIS

A performance dashboard is used to score departments based on the actuals reported and the portfolio of evidence submitted to the PMS unit. Departments are required to submit sufficient evidence to support the actual performance reported and if a reason for variance is reported, supporting evidence must be submitted. The diagram below is an illustration of how the M & E unit scores departments:

Table 3 PERFORMANCE DASHBOARD

LEVEL	TERMINOLOGY	DESCRIPTION	RATING DASHBOARD
4	Target Over Achieved	<p>A KPI is scored as a Target Over Achieved, if the actual reported exceeds target and the evidence submitted to support the actual is relevant, sufficient and reliable. The actual reported must be:</p> <ul style="list-style-type: none"> • Plausible • Factual • Results driven 	4
3	Target met	A KPI is scored as target met, if the target has been achieved and the evidence submitted supports the actual report and the evidence is relevant, sufficient and reliable.	3

LEVEL	TERMINOLOGY	DESCRIPTION	RATING DASHBOARD
1	Target not met and not supported	<p>A KPI is scored as a target not met and not supported when the specified target has not been achieved or the department has not submitted sufficient, reliable or relevant evidence to support the actual or the reason for variance for why the target was not achieved. A KPI is also scored as a target not met and not supported if there is non-submission of:</p> <ul style="list-style-type: none"> • a reason for variance for a target not achieved, or • if there is non-submission of an actual or • non-submission of evidence or • non-submission of a reason for variance or • non-submission of a recommended corrective action 	1

PERFORMANCE ANALYSIS OF THE TLSDBIP FOR 2019/20 PER KPA

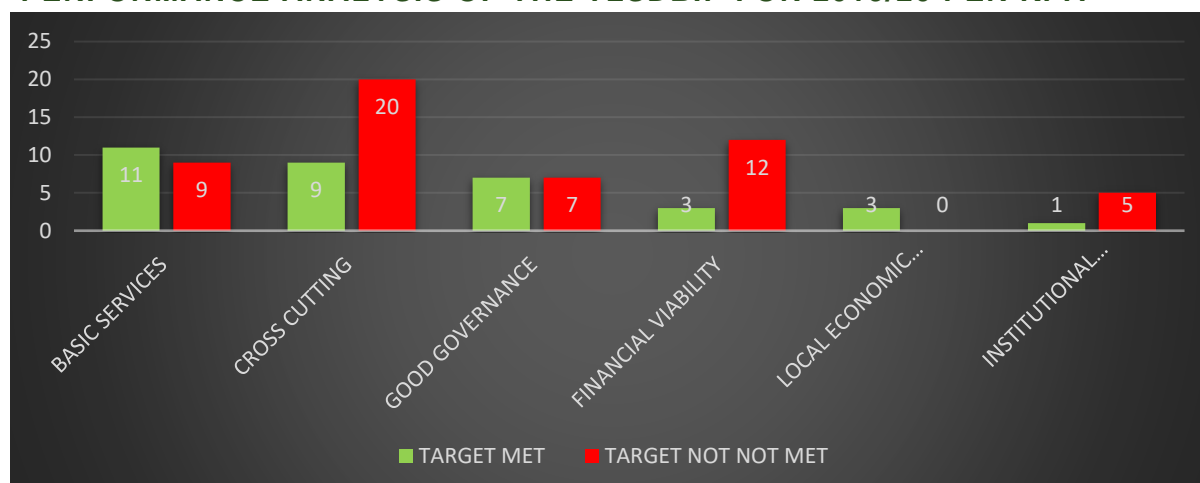


Figure 4 ANALYSIS OF THE TLSDBIP 2019/20

PERFORMANCE PER KEY PERFORMANCE AREA

Table 4 PERFORMANCE OF THE TLSDBIP FOR 2019/20

KEY PERFORMANCE AREA	TARGET MET	TARGET NOT MET	TOTAL NUMBER OF APPLICABLE KPI'S
Basic Services	11	10	21
Cross Cutting	9	20	29
Financial Viability	2	13	15
Good Governance	7	7	14
Institutional Transformation & Development	2	4	6
Local Economic Development	3	0	3
Total	34	54	88

Figure 4 and table indicates that the Basic Service National Performance Area has met 45% of the planned targets. Access to basic water, sanitation and refuse removal has increased. The total number of new households built for the 2019/20 financial year was 376. 1120 VIP toilets were installed in various parts of Newcastle East, thus the graph illustrates that although less than 50% of target were achieved the livelihoods of the community members has improved.

Figure 4 and table 4 illustrates that only 31 % of planned the targets for the Cross Cutting NKPA were achieved. The KPI's related to development planning were all achieved however the KPI's for Public Safety, Parks, Libraries and recreation were not achieved.

Based on figure 4 and Table 4, only 50% of the KPI's related to Good Governance were achieved. This is concerning as the targets set out for Risk Management were not achieved, the Delegations policy was not finalised and issues of ICT for were not resolved.

Financial Viability still remains in a state of recovery, according to figure 4 and Table 4, the percentage of indigents has increased since 2018/19. The Expenditure on Capital Projects was only 66% as at the end of June 2020. The collection rate has decreased and the cash coverage of the municipality as at the end of June 2020 was 9 days this below the National Treasury norm of 30 days.

Local Economic Development has significantly improved since 2018/19, the Business Retention Strategy was approved, 1070 EPWP jobs were created and the municipality trained 74 SMME's. The municipality also established a Business Licensing Unit to ensure that all businesses and Informal Traders in Newcastle comply with the National Business Act.

The performance of Institutional Transformation and Development there has been no significant improvement in terms of targets met and targets not met. It must be noted that the LLF did not sit due to dismissal of some LLF members, safety committees could not resolve issues as the departments did not comply with timeously nominating safety representatives. However the department did ensure that the position of the CAE and SED: BTO were filled and the position for the Municipal Manager was advertised.

DEPARTMENTAL PERFORMANCE ON THE TLSDBIP FOR 2019/20**Table 5 DEPARTMENTAL ANNUAL PERFORMANCE ON THE TLSDBIP 2019/20**

DEPARTMENT	TARGET MET	TARGET NOT MET	TOTAL NUMBER OF APPLICABLE KPIS
OFFICE OF THE MUNICIPAL MANAGER	5	9	14
BUDGET AND TREASURY OFFICE	2	13	15
COMMUNITY SERVICES	7	19	26
CORPORATE SERVICES	2	4	6
DEVELOPMENT PLANNING AND HUMAN SETTLEMENTS	14	0	14
TECHNICAL SERVICES	4	9	13
TOTAL	34	54	88

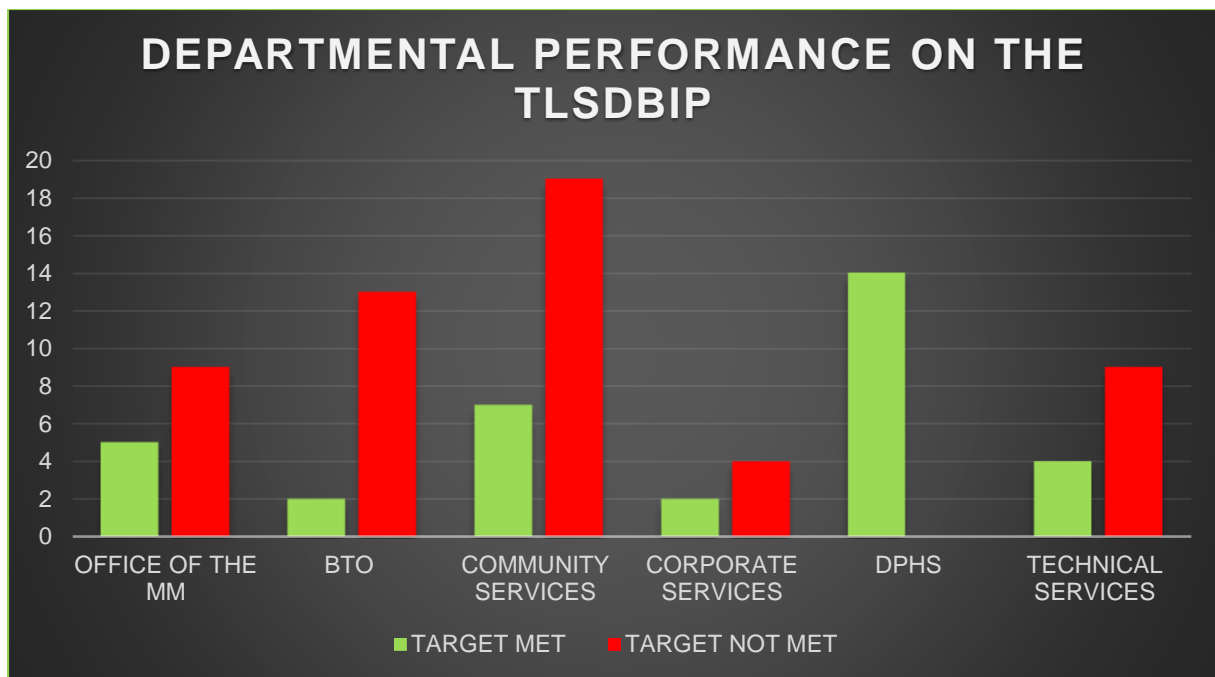


Figure 5 ANNUAL DEPARTMENTAL PERFORMANCE

PERFORMANCE ACHIEVEMENTS FOR 2019/20

- We have built 376 houses through the housing program which was mostly aimed at restoring the dignity for first time home owners. These households have access to clean water, sanitation and refuse removal.
- As a caring municipality we've given 8952 indigent households free basic water, electricity, sanitation and refuse removal. This is yet another clear indication that this municipality understands the daily struggles faced by many of our residents, in particular the unemployed and previously disadvantaged.
- 28 residential sites have been advertised for sale.
- 1070 EPWP jobs were created to tackle the high number of unemployment within this municipality.
- The municipality has done training for 74 SMMEs.
- 189 title deeds have been transferred through the EEDBS program. A majority of these beneficiaries are first time home owners.
- 6, 908 km's of roads have been resealed within the jurisdiction of Newcastle Municipality.
- 8,644 km's of roads were light graded / gravelled
- 5, 808 km's of roads were upgraded from gravel to black-top (tar)

- We have accelerated our efforts and response time to addressing potholes as part of “making potholes a thing of the past” campaign. .
- The municipality completed the planning and design for the upgrade of Ngagane waste water treatment plant phase one.
- 1120 VIP toilets have been installed.
- The municipality has made two appointments of Strategic Executive Directors; namely the CFO and CAE.
- The mayor’s office has awarded of 50 bursaries to the youth
- The mayor’s office has had to go beyond the set budget to award a further ten students by linking the students with private donors.
- The municipality has purchased a 3 ton truck for traffic services
- Despite National Covid-19 Lockdown Newcastle Municipality ensured that the Budget/IDP/PMS were approved and adopted as per the National Treasury Circular

CHALLENGES

- Performance reporting is not prioritized by all officials
- Insufficient, unreliable and inaccurate information was submitted for some KPI’s
- Lack of consequence management for the non-achievement of planned targets
- The National Covid-19 Lockdown
- Delay by departments to submit specifications timeously to BTO.
- Vacant positions

MEASURES TO IMPROVE PERFORMANCE IN 2020/21

- Implementation of Consequence Management
- Performance Assessments for Section 56/57 employees be fast tracked.
- Covid-19 Recovery Action Plans to be developed for all KPI’s that had targets that were not achieved.
- Weekly capital status meetings to be convened by all Section 56/57 employees
- Weekly monitoring of SDBIP’s by Section 56/57 employees
- M & E unit to monitor departmental reporting weekly for the Covid-19 Recovery Action Plan and the Quarterly SDBIP reports
- SED’s to sign off all performance information before submission to the M & E unit

- The timeframes on the IDP/Budget/PMS process plan to be adhered too, so that M & E unit has sufficient time to ensure that KPI and targets are aligned to the budget and IDP.

COMPARISON TO PRIOR YEARS PERFORMANCE

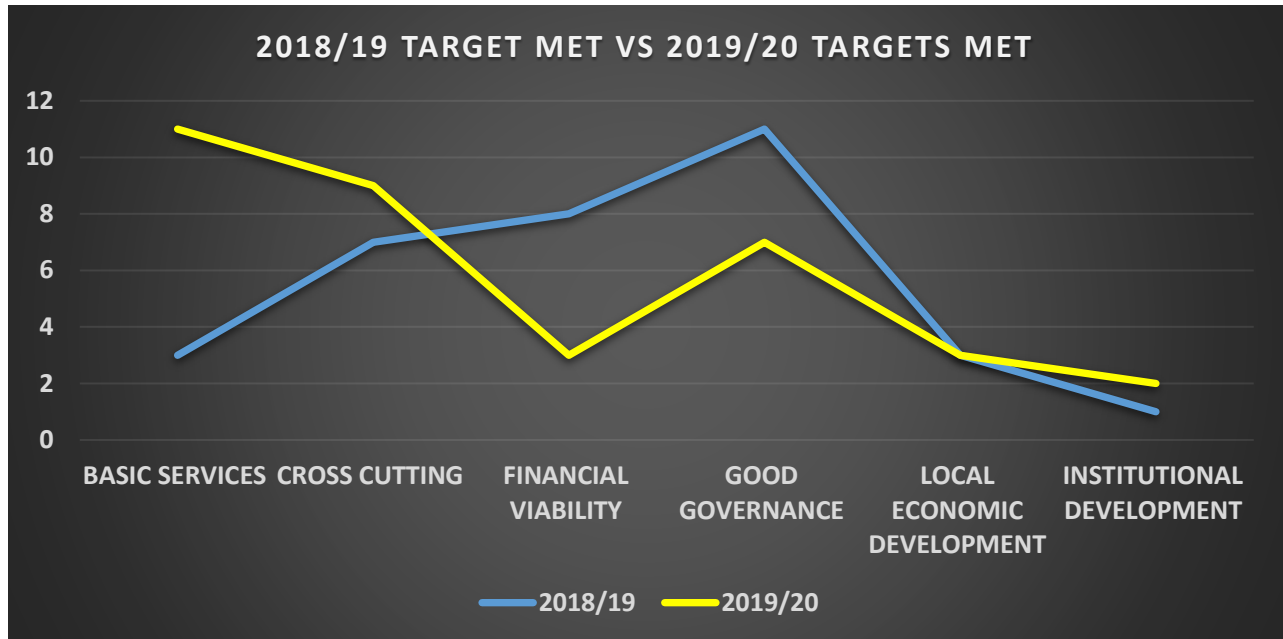


Figure 6 2018/19 TARGET MET VS 2019/20 TARGET METS

The graph above illustrates that performance in Basic Services has improved since the 2018/19 financial year, the number of households with access to VIP toilets has increased by 1120, 376 new households have been built as compared to the 133 households that were built in 2018/19. All 376 new households have access to water, sanitation and refuse removal. Unfortunately the municipality failed to deliver on the rural electrification program that targeted to electrify 500 households, therefore in terms of the rural electrification program the municipality regressed for 2019/20.

The Municipality has unfortunately declined in performance for Cross Cutting Issues that were executed by the Community Services Department. The department of Community Services failed to submit proper specifications and implement project implementation plans for the procurement of goods that would have improved service delivery for Newcastle. However it must be noted that the municipality managed to achieve all targets related to development planning.

Financial Viability's performance deteriorated even further than the performance achieved in 2018/19, the payment factor has been reduced due to the National Disaster of the Covid

Pandemic, the municipality has spent less of the capital budget than 2018/19, also as a result of the National Disaster of the Covid Pandemic, the Department of Budget and Treasury has also failed to report on the Revenue Enhancement Strategy and implementation of the Procurement Plan due non-commitment from other departments.

Good Governance Reporting has also regressed, the Legal Unit has had many resignations and no posts have been advertised, the turnaround time for the legal section has been compromised due to staff shortages. The ICT Steering Committee did not sit to address any issues however only the ICT Working Committee had convened meetings. The Risk reports were not presented to MANCO in quarter 1 and Quarter 2-3 the Risk Reports were submitted to Audit Committee and discussed in committee and referred back to the Risk Unit.

Local Economic Development has remained stable since 2018/19 to 2019/20, EPWP has created 1070 temporary jobs, trained 50 more SMME's, established a Business Licensing and Business Permits unit to ensure that businesses within the jurisdiction of Newcastle comply with Legal requirements of the Business Licensing Act.

There has been a minimal improvement in Institutional Transformation, many targets under this NKA were not met due to the non-sitting of LLF meetings, the municipality attempted to establish Safety Committees and has this far been unsuccessful, therefore the department for the 2019/20 financial year reported on all Injury on Duty Incidents. The Work Skills Plan budget was not fully spent due to the National Disaster of the Corona Virus.

Table 7 COMPARISON OF PAST YEAR PERFORMANCE TO 2019/20 PERFORMANCE

	TARGET MET		TARGET NOT MET		TOTAL NUMBER OF APPLICABLE KPI'S	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
BASIC SERVICES	3	11	11	10	14	21
CROSS CUTTING	7	9	4	20	11	29
FINANCIAL VIABILITY	8	2	7	13	15	15
GOOD GOVERNANCE	11	7	12	7	23	14
INSTITUTIONAL TRANSFORMATION	1	2	10	4	11	6
LED	1	3	3	0	4	3
TOTAL	31	34	47	54	78	88

DETAILED COMPARISON BETWEEN THE PERFORMANCE ACHIEVED FOR 2018/19 AND 2019/20

Table 8 COMPARISON BETWEEN 2018/19 AND 2019/20 SERVICE DELIVERY

Performance Achievement	2019'2020	2018'1920
Number of houses built	376	133
Number of new households with access to water	376	133
Number of houses transferred through the enhanced Extended Discount Benefit	189	243
Number of households with Indigent Support	8952	7484
Number of Properties release for sale to the public.	28	22
Number of households electrified	0	835
KM's of road re gravelled	8,644km's	8,8km's
KM's of road resealed	6,908km	14 306km's
Number of new households connected to sanitation	1496	973
Number of new households connected to a minimum level of water.	376	120
Number of SMME's	74	86
The Number of jobs created through municipality's local economic development initiatives including capital projects	1 070	1 509

ASSESSMENT 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. Unfortunately UThukela Water did not meet any of planned targets set in the 2019/20 SDBIP. The main reason for not achieving the targets is that the information submitted from UThukela Water was insufficient, unreliable and the actuals could not be verified. Another reason for UThukela Water not achieving their targets was that the fact most planned meetings were not convened and the National Covid-19 Lockdown also negatively the entity's performance. The following chart represents the Draft Assessment of UThukela Water's SDBIP for 2019/20:

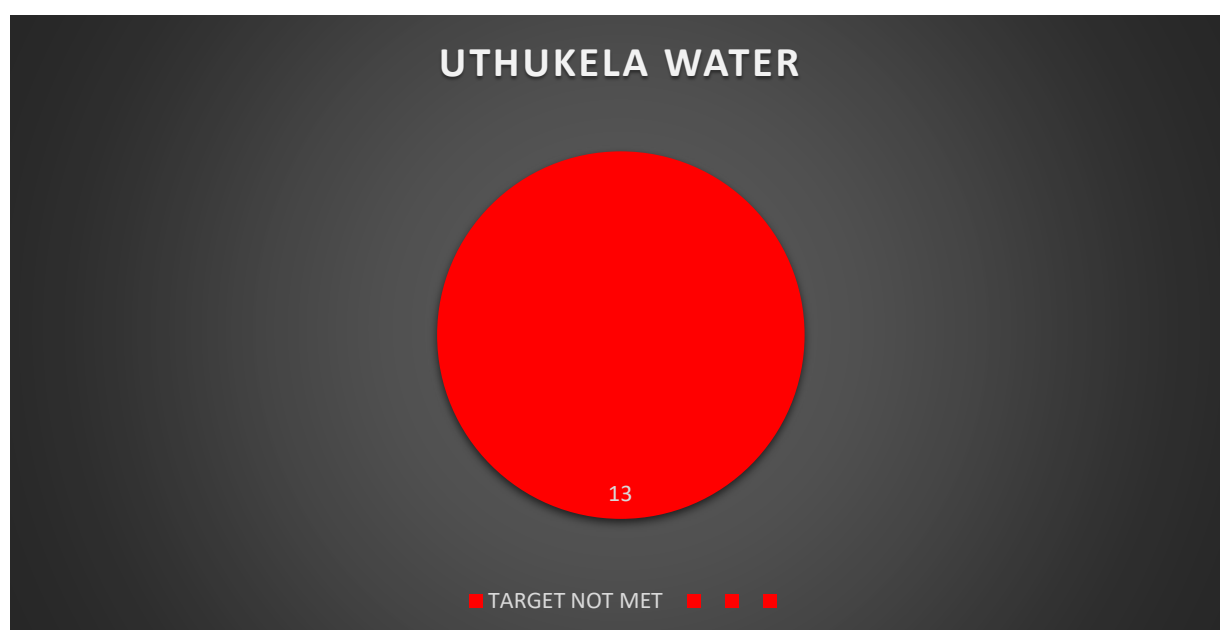


Figure 9 UTHUKELA WATER PERFORMANCE

UThukela Water had failed to submit evidence to the M & E unit that was reliable, accurate and sufficient. There has been a total decline in performance of the entity for 2019/20 despite Newcastle Municipality's on-going support to the Entity. Many of the KPI's on the UThukela Water SDBIP for 2019/20 were dependant on the sitting of shareholders meetings and board meetings whereby decisions were supposed to be taken to address specific resolutions emanating from those meetings, however due to those meetings not convening the targets for

those specific KPI's were not achieved. Furthermore the Maintenance Plan for the Entity could not be assessed as the evidence was insufficient and the maintenance plan was unreliable.