

NEWCASTLE MUNICIPALITY
Integrated Development Plan
Review 2008/9



MAIN DOCUMENT
final

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ABBREVIATIONS USED IN THIS DOCUMENT

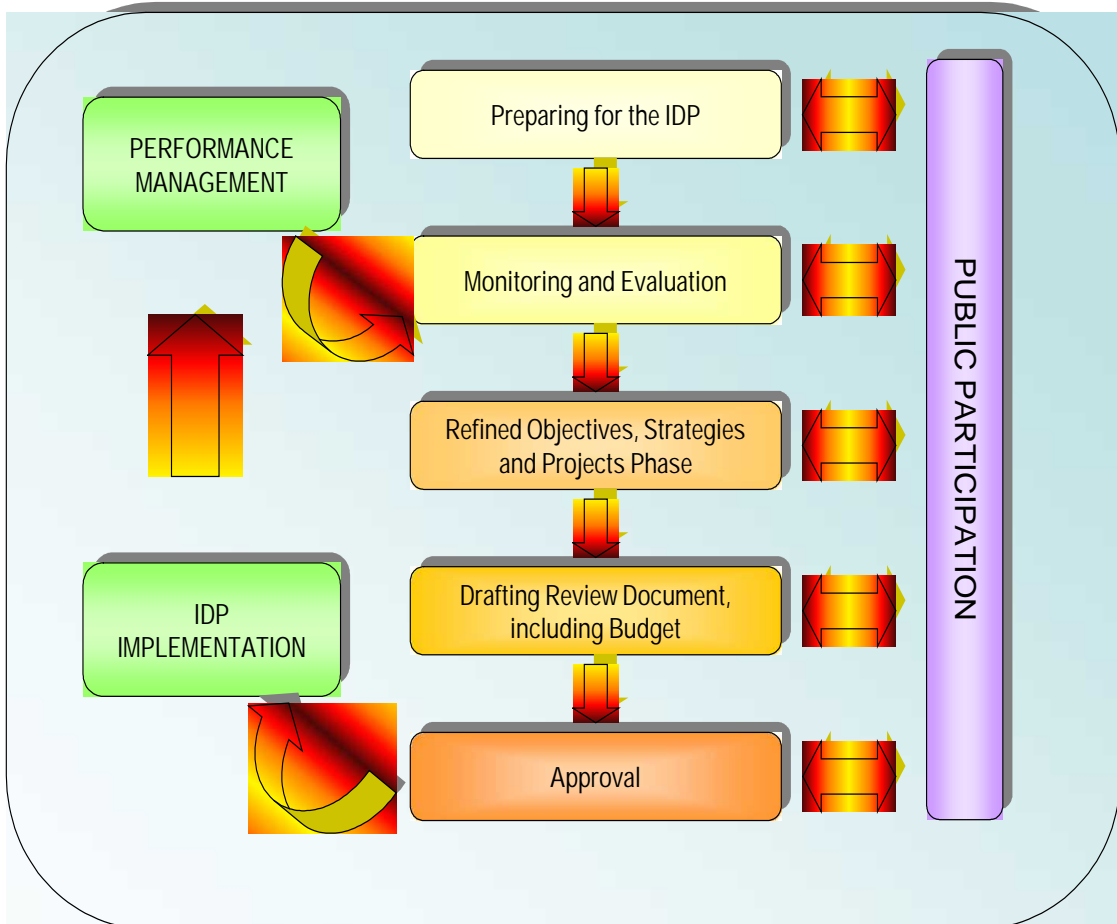
BEE	-	Black Economic Empowerment
CBD	-	Central Business District
CIF	-	Capital Investment Framework
DBSA	-	Development Bank of South Africa
DEAT	-	Department of Environment, Agriculture and Tourism
DLTGA	-	Department of Local Government and Traditional Affairs
DME	-	Department of Minerals and Energy
DOE	-	Department of Education
DOH	-	Department of Housing
DOT	-	Department of Transport
DWAF	-	Department of Water Affairs and Forestry
EIA	-	Environmental Impact Assessment
EPWP	-	Extended Public Works Programme
EXCO	-	Executive Committee
GGP	-	Gross Geographical Product
GIS	-	Geographical Information System
HIV/AIDS	-	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICT	-	Information Communication Technology
IDP	-	Integrated Development Plan
IWMP	-	Integrated Waste Management Plan
KZN	-	KwaZulu-Natal
LED	-	Local Economic Development
LRAD	-	Land Redistribution for Agricultural Development
LUMS	-	Land Use Management System
MEC	-	Member of the Executive Council (Local Government and Traditional Affairs)
MFMA	-	Municipal Finance Management Act No. 56 of 2003
MIG	-	Municipal Infrastructure Grant
MTCF	-	Medium-term Capital Framework
MTEF	-	Medium-Term Expenditure Framework
MTSF	-	Medium-Term Strategic Framework
NHBRC	-	National Home Builders Registration Council
NSDP	-	National Spatial Development Perspective
NWMS	-	National Waste Management Strategy
PGDS	-	Provincial Growth and Development Strategy
PIMS	-	Planning, Implementation and Management System
PMS	-	Performance Management System
PMU	-	Project Management Unit
PPP	-	Public-Private Partnership
PSEDS	-	Provincial Spatial Economic Development Strategy
PTP	-	Public Transport Plan
RDP	-	Reconstruction and Development Programme
RSC	-	Regional Service Centre
SADC	-	Southern Africa Development Community
SEA	-	Strategic Environmental Assessment
SDF	-	Spatial Development Framework
SDBIP	-	Service Delivery and Budget Implementation Plan
SDP	-	Site Development Plan
SMME	-	Small, Medium and Micro Enterprise
TA	-	Tribal Authority
TLC	-	Transitional Local Council
VTC	-	Voluntary Testing and Counselling
WSB	-	Water Services Backlog
WSDP	-	Water Services Development Plan

SECTION A: EXECUTIVE SUMMARY

The IDP has to be reviewed annually in order to:

- Ensure its relevance as the Municipality's Strategic Plan.
- Inform other components of the Municipal business process including institutional and financial planning and budgeting.
- Inform the cyclical inter-governmental planning and budgeting cycle.

For the IDP to remain relevant a Municipality must assess its performance and the achievement of its targets and strategic objectives. The IDP will therefore have to reflect the impact of successes as well as corrective measures to address challenges. The IDP process will address internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of integrated planning.



The IDP, as the Newcastle Municipality's strategic plan, informs municipal decision-making as well as all the business processes of the Municipality. The IDP must inform the Municipality's financial and institutional planning and most importantly, the drafting of the annual budget.

The IDP process and the budget process are two distinct but integrally linked processes which must be coordinated to ensure that the IDP and budget related policies and the tabled budget are mutually consistent and credible. (Municipal Finance Management Act, 2003; Local Government: Municipal Planning and Performance Management Regulations, 2001).

Key Elements to be addressed during this Process:-

During the process of deepening strategic influence of the IDP, consideration to the constantly changing environment impacting on the municipality needs to be considered too. In general terms the review then also addresses the following:

- **Incorporation of comments from various Role Players** - The extensive list of comments received during the previous IDP review as well as any other relevant comments received from roleplayers during this review will be recorded, considered and incorporated where appropriate to contribute to the incremental improvement of the strategic nature of the IDP.
- **Incorporate comments from Provincial MEC Panel** – Although the focus on the strategic influence of the IDP is in itself a direct result of the comments received from the Provincial MEC panel on the previous IDP review, the 2008/9 review will aim to address all the outstanding comments as far as possible.
- **Review & inclusion of new/additional information** – This refers to both historical information which might not have been available or accessible before as well as newly statistical, strategy and or research information available. As before the focus is not on generating a cumbersome volume of development information, but merely to evaluate and extract key information which will need to be considered during the prioritization process and formulation of IDP.
- **Weaknesses through self-assessment** – The Municipality will form part of pilot study by the Department of Provincial and Local Government and the CSIR by conducting a self assessment by means of a structured Municipal IDP Self Assessment Questionnaire during this review cycle. It will firstly influence the content of the current IDP review and secondly guide the process for the following year.
- **Alignment of Sector Plans** – The alignment of both district wide and municipal sector plans and other relevant research studies always forms part of the IDP review process and especially newly available plans will be considered and incorporated.
- **Alignment of IDP with Provincial Programmes & Policies** – Through especially the Provincial Spatial Economic Development Strategy (PSEDS), the co-ordination of provincial departmental strategic plans and budgets has been becoming increasingly important. The available Medium Term Expenditure Framework budgets from the various provincial departments will be incorporated within the IDP and budget as far as possible.

A1. Newcastle Municipality in Context

- Total Population in 2008 estimated at 423 600 (average growth rate of 3,5% pa)
- 54% Unemployment rate, but this could be higher considering the closure of factories over the past 4 years. This requires interventions to stimulate the local economy, and to retain existing business in Newcastle
- Decline in the Manufacturing sector (Specifically clothing & textile – attributed to global issues) – this re-affirms the increase in the unemployment rate
- Second Highest HIV prevalence rate in the Province as a Municipality
- Population dominated by youthful population (49%) – indicating interventions with regard to tertiary facilities, job creation, recreation, etc.
- Large portion of the employed population hold “elementary occupations” – thus the need for skills development
- 56% of households earn less than R800/month – thus a high number of households could be considered indigent and the increased need to subsidize basic services
- 19 000 Registered Indigent households (Customer base of 55 000)
- High Outstanding Debtors impacts on infrastructure development, capital works and an increase in tariffs

- The need to ensure coordinated, and targeted development between the different spheres of government
- Inadequate communication mechanisms with the Community
- Approved Organogram of approx. 2000 employees with only 780 filled, thus the shortage of staff impacts on service delivery

A2. The Challenges We Face

- Water¹ – 13% of the households do not have an adequate supply of water with 32% of households having access to a basic level of service (Standpipes within 200m)
- Sanitation – 28% of households do not have an adequate service with 16% have access to VIP's
- Electricity - 12% of households within the Newcastle Municipal area do not have electricity as a source of lighting. However, within the licensed area the backlog is 0.5%. The unlicensed area is serviced by ESKOM. A further concern is the impact that the transfer to RED's will have on Newcastle.
- Roads - In terms of the demand for the upgrading, rehabilitation and new roads development, the IDP Review presently estimates that the amount required for roads projects specifically is in excess of R400m.

A recent assessment of the most urgent requirements in Madadeni, Osizweni, KwaMathukuza and Newcastle West that impact of accessibility, (and where applicable), safety – indicate that an amount of R315m is required urgently.

The Public Road Transport Plan further indicates that that 56% of roads utilised for Public Transport is unsurfaced which results in high maintenance costs to vehicles and unsafe travel conditions for passengers.

- Refuse Removal - 33% of households within Newcastle do not have access to a Refuse Removal Service from Council
- Housing - 28% of the Newcastle population do not have formal housing units. This could however be higher, due to the influx of informal settlers into Newcastle since 2001. A Housing Sector Plan is being pursued to amongst other things, determine housing backlogs.
- Primary Health – the need for improved, additional, accessible primary Health Services
- Environmental Quality - the need to assess the environmental impact of existing and proposed development, with specific reference to industries and mining
- Community Safety and Security – the lack of adequate infrastructure and resources to ensure a safe community
- Asset Management – an audit of all municipal assets (infrastructure, plant, equipment, vehicles etc.) and the related operating costs is to be determined to enable Council to plan its operating requirements within available resources, and the impact this would have on levels of services. This would assist Council in determining its replacement options over short, medium and long terms
- Spatial Restructuring/integration – **backlogs exists in respect of the previously unserviced areas with specific reference to the :**
 - Establishment and Maintenance of effective Urban Management Systems
 - Provision of Housing Stock
 - Incremental upgrading of the existing infrastructure and services and environmental milieu
 - Integration of residential townships of Madadeni and Osizweni with Newcastle West(“East meets West”)
 - Land Use Management Systems

¹ As per Water Services Development Plan (WSDP) Review

- Environmental conservation
- Community facilities
- Open Space Management
- Agricultural Development
- Mining rehabilitation
- Land Reform

In summary the current weaknesses and threats to development within the municipality could be summarised as follow:

Weakness	Threats
<ul style="list-style-type: none"> • Resistance to Change • Communication channels ineffective • Lack of skills • Deteriorating infrastructure • Lack of focus on core functions • Lack of sufficient resources. • Lack of productivity • No innovation • Lack of Customer Care • Role conflict • Lack of Sector Plans 	<ul style="list-style-type: none"> • Lack of investments • Disinvestments • Interest rates (increasing) • Inflation • Political instability • Unemployment • Emigration & Immigration (rural-urban) • Health (TB, HIV) • Environmental issues • Competitive Edge • Invasion of land • Negative publicity • Geographical Location

A3. Opportunities that exist

In summary the current opportunities which exist as well as the strengths to be built upon towards development within the municipality could be summarised as follow:

Strengths	Opportunities
<ul style="list-style-type: none"> • Skilled Human resources • Financially Viable Municipality • Good Governance • Political Tolerance • Existing Infrastructure • Sustainable services • Water Services Authority • Land Availability 	<ul style="list-style-type: none"> • Geographical Location • Vibrant Economy • Growth • Relatively Low crime rate • Tourist attraction • Industrial Base • Regional Hub of Northern Natal • Grant/Donations • Organised Agricultural and Business sector

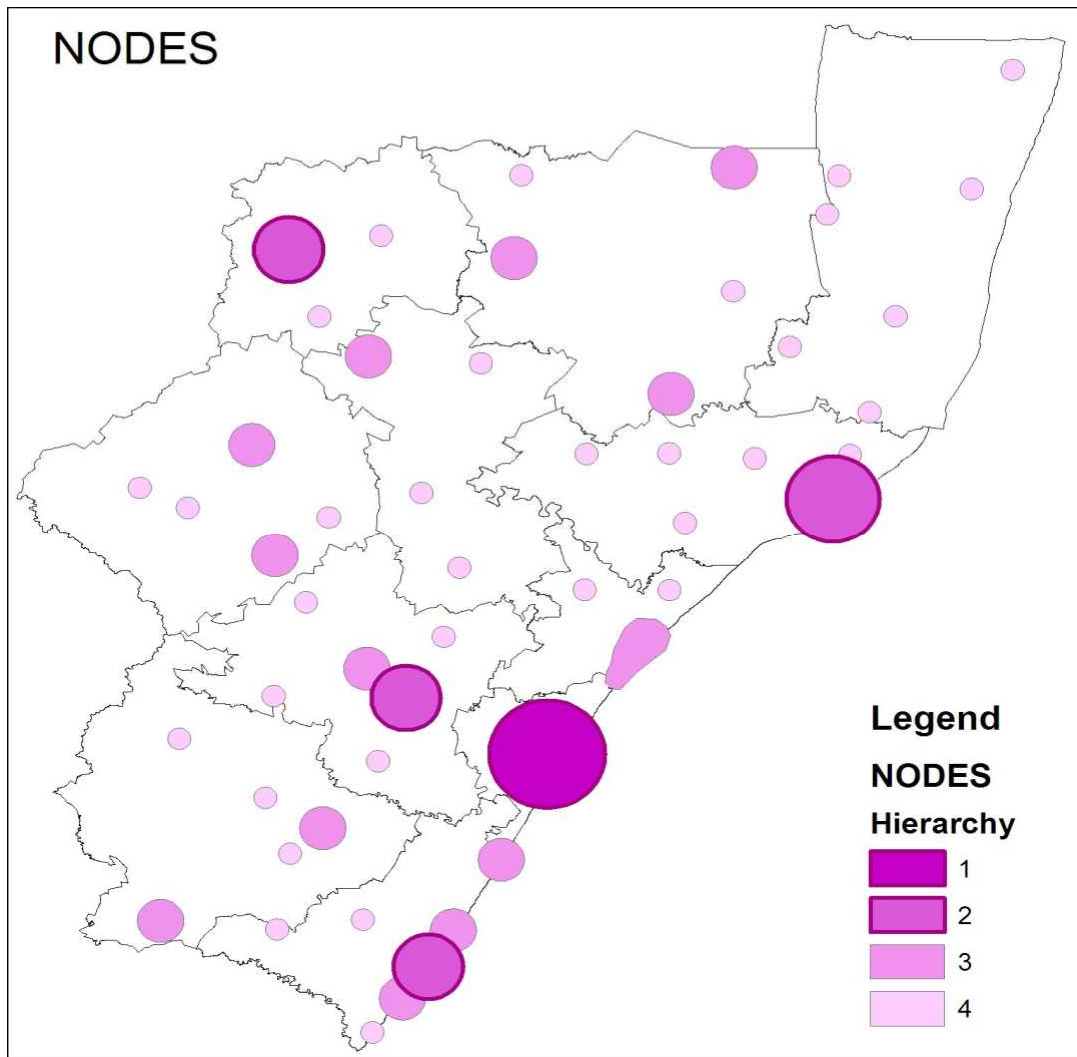
A4. Strategies for Improvement

The **Provincial Spatial Economic Development Strategy** was recently formulated to guide public spatial interventions towards economic development within KwaZulu-Natal. In terms of this strategy, the following should be highlighted:

- The highest densities of poverty are located in eThekweni, Msunduzi, Newcastle and Umhlatuze

- KwaDukuza, Mandeni, Msunduzi, Newcastle, Ladysmith, Umgeni, and Port Shepstone are important secondary nodes of industrial development potential.
- Newcastle and surrounds also important for agricultural and tourism promotion.
- PSEDS is used on provincial level to structure and guide departmental MTEFs.
- Opportunity and responsibility for Newcastle to act strategically in allocation of resources to areas of NEED and POTENTIAL.

Accordingly, the map below illustrates the locality of the primary and secondary nodes identified within the province. In terms of the PSEDS, Newcastle is identified as a secondary investment node, clearly with the potential to address some of the poverty concentrations found within the area.

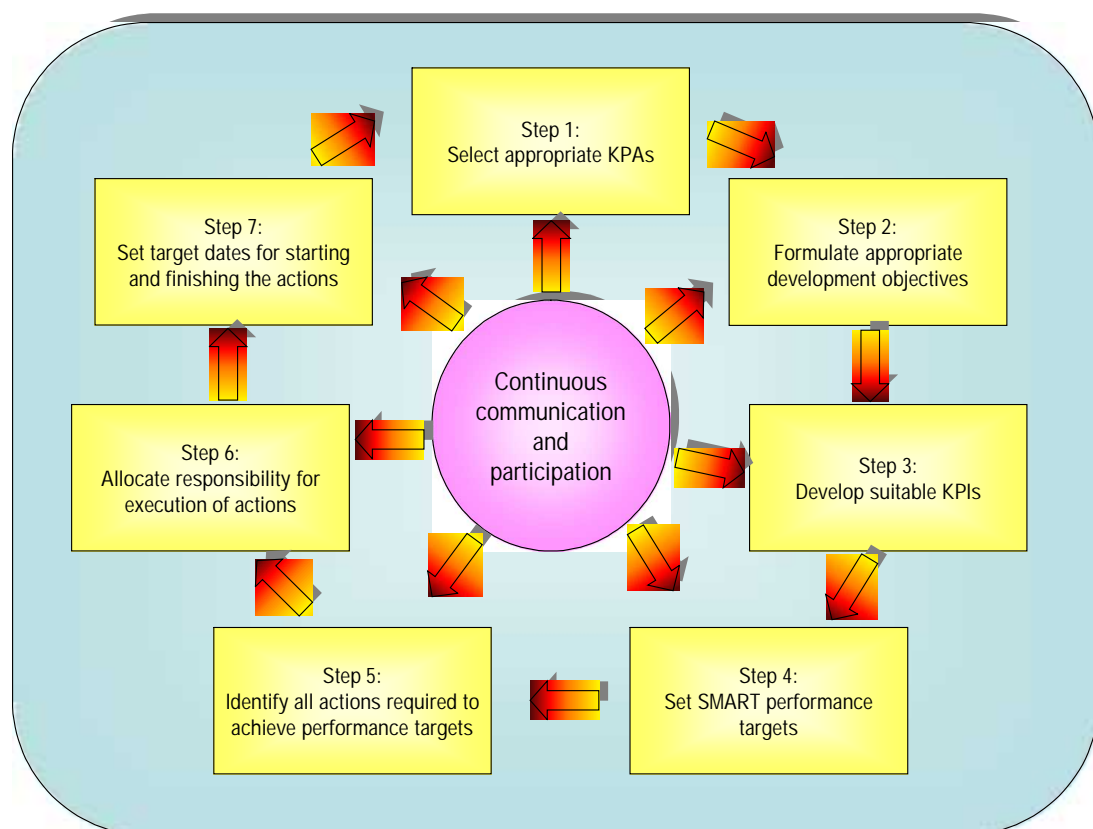


A5. Measuring Our Progress

The process of developing an organisational performance management system for the Newcastle Municipality was completed and is now focused on the development of the individual performance management system. The completion of the two phases marked the beginning of the consultation and the preparation for implementation of the system. Annual organisational performance reviews are conducted in line with the measures set, the results of which have been used in identifying areas requiring attention as well as in informing the 2008/9 IDP Review. This PMS is being applied and a monitoring, evaluation and review needs to be undertaken to establish the levels of performance and extent to which KPIs are met.

The components of the Newcastle PMS are:

The Newcastle IDP forms the basis of the PMS and provides the institutional analysis and assessment of the Municipality's capacity, ability, resources, systems and procedures in developing and implementing a PMS. Essentially developing the Newcastle PMS implies that a framework is developed that describes and represents how the Municipality's cycle and performance planning, monitoring, measurement, review and reporting will happen, be organised and be managed, whilst determining the roles of different role player. The following flow diagram shows a step-by-step approach to setting the performance measures of the Newcastle Organisational PMS:



The Newcastle PMS does the following:

- Demonstrates how it will operate and be managed from the planning stage up to the stages of performance review and reporting.

- Defines the roles and responsibilities of each role-player, including the local community, in the functioning of the system.
- Clarifies the process of implementing the system within the framework of the IDP process.
- Determines the frequency of reporting and the lines of accountability for performance.
- Links the organisational performance to employee performance.
- Provides for the procedure by which the system is linked with the municipality's IDP processes.
- Show how any general key performance indicators contained in the Municipal Planning and Performance Management Regulations, 2001, will be incorporated into the municipality's planning and monitoring processes.

A6. Developing the Newcastle IDP

A new comprehensive and updated Integrated Development Plan for the Newcastle Municipality, covering the period 2007 to 2011, was adopted in 2007 in terms of the Municipal Systems Act, Act 32 of 2000. This IDP now needs to be reviewed and for the purpose of this 2008/2009 Newcastle IDP Review the 2007 -2011 IDP shall be referred to as the "principal IDP".

The principal IDP undertook a comprehensive review and analysis of the Newcastle Municipality and specifically highlighted economic and infrastructural backlogs, together with the developmental challenges with which the Newcastle Municipality is faced. These serve as the baseline for municipal delivery, monitoring and performance and the principal IDP set out specific objectives and strategies to address these backlogs and challenges. In addition, these have been re-assessed on an annual basis within through the required IDP Review Process.

This Newcastle 2008/2009 IDP Review is also done within the context of newly formulated and revised guidelines of the KwaZulu-Natal Provincial Government's Department of Local Government and Traditional Affairs for the review and assessment of IDPs. These guidelines specifically provide clarification on the contents and format of reviewed IDPs for their subsequent assessment.

A Draft Process Plan to guide the 2008/2009 Newcastle IDP Review was considered and approved by the Newcastle Municipality. This Process Plan sets out comprehensively the process of Review, including timeframes for achieving certain milestones. It details responsibilities, methodology, mechanism for community participation and mechanism for alignment with other stakeholders. This Process Plan has also been aligned to the Process Plan of the Amajuba Municipality and it is attached hereto as Appendice K07.

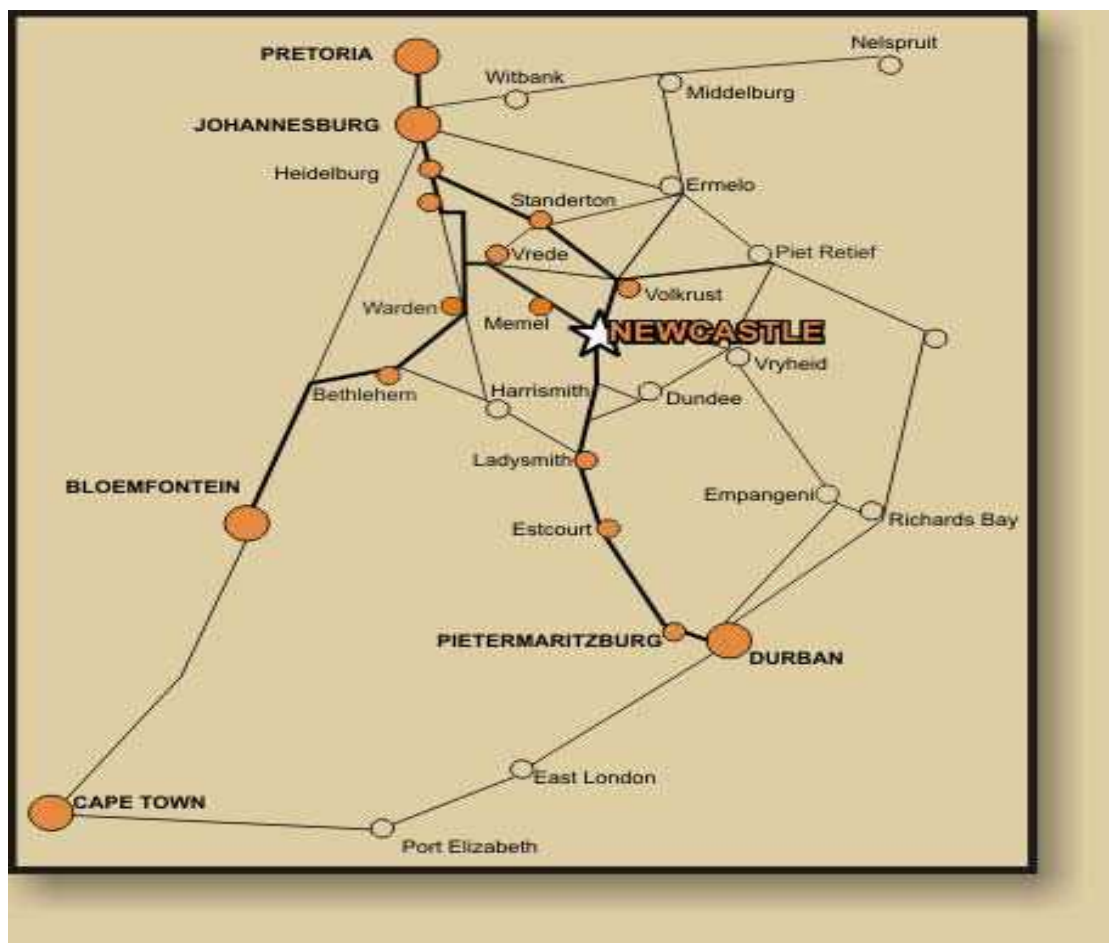
SECTION B: ANALYSIS OF CURRENT REALITIES

B1. Local/Regional Context

Location

Newcastle Municipality falls within Amajuba District (DC 25). It is located in the inland region on the Northwest corner of KwaZulu Natal, a few kilometres south of the Free State, Mpumalanga and Gauteng provincial borders, in the foothills of the Drakensberg. The municipality covers an area of 1855km² made up of 31 wards compared to 222km² prior to 1996

Figure 1 : Locality Map



B2. Demographic Realities

Gender Distribution

Newcastle is dominated by a female population of 175 809 (53%) over a male population of 157 170(47%).

This gender distribution conforms to the National norm, and in line with the historical subordination of females, it can therefore be presumed that the female population are the most affected by poverty. Thus the need for programmes specifically targeted to ensure poverty alleviation and gender equity.

Age Cohorts

The Census 2001 statistics indicates a relatively young population with 77% of the population falling below the age of 34. The population is dominated by a youthful population of 49%, signifying high potential for population growth in the future. However, it is also this part of the population that is most under the potential threat of HIV/AIDS.

This young population places a demand on education, social welfare and health services. The need to stimulate the economy for the promotion of job creation is also necessary as this population will contribute significantly to Economic growth.

The following Table reflects the Age Cohorts in Newcastle:

Table 1: Age cohorts

AGE GROUP	STATISTICS
0-4	35 466
5-14	77 367
15-34	124 820
35-64	82324
Over 65	13003

Household Size

The average household size of households living within the Municipal Area is 5.8. An average household size of **5.8** is found in the urban settlements and the rural areas of **4**.

Table 2: Household Size

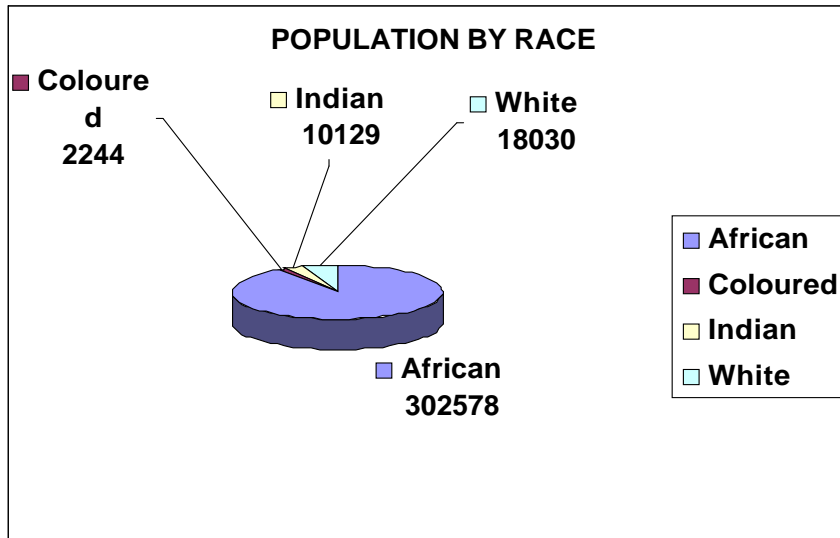
Area	Population 2001	Households 2001	Average Household Size
Municipal Settlements	317 889	54 339	5.8
Rural Areas	15 092	3 391	4
Total	332 981	57 730	5.8

Source: Derived from National Census 2001

The Newcastle Population

The 2001 Census indicates a total population of approximately **332 980**. A breakdown of the population distribution by Race Group is reflected in the Figure below:-

Figure 2: Population by Race

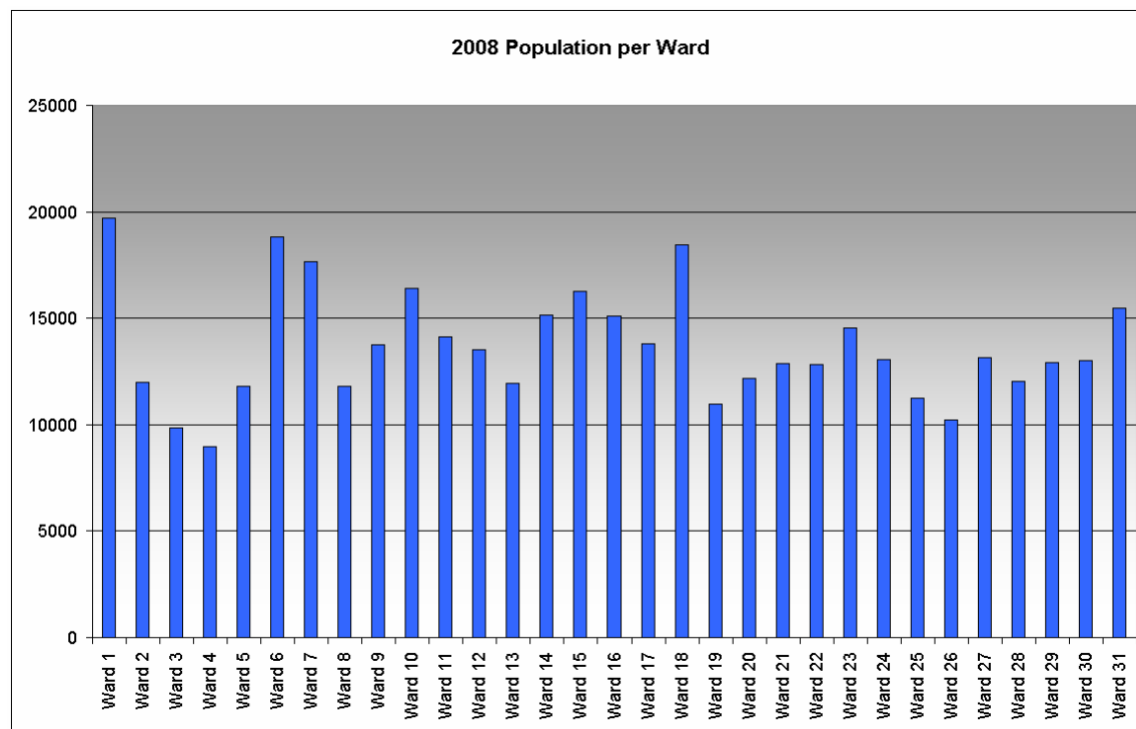


As highlighted in the Reviewed Spatial Development Framework **317 889** people live in formal settlements within the Municipal Area, whilst the remainder of the population (**15 092** people) lives on farms. In total, **95%** of the Municipal Area population is urbanized, either in urban or mining settlements. Only **5%** of the population lives on farms.

The population settlement in specifically the urban areas raises the need for urban renewal interventions with specific strategies for the integration of the former townships of Madadeni, Osizweni and Blaaubosch with the erstwhile Newcastle Transitional Local Council area (East meets West).

The WSDP Review indicates **a growth of approximately 2.8% per annum.**

According to Stats SA, if the impact of HIV/AIDS is considered, a steady decline in the average annual population compound growth rates for KwaZulu-Natal can be expected, thus implying that the growth factor for Newcastle could also decline.

Figure 3: Social Profile: Population

The above figure illustrates the population distributions per ward and the following should be highlighted:

- Total population in 2008 estimated at 423 600.
- Average Growth rate of 3.5% per annum used.
- Influx of people experienced over the past few years.
- Population concentration within Wards 6, 7 & 18.

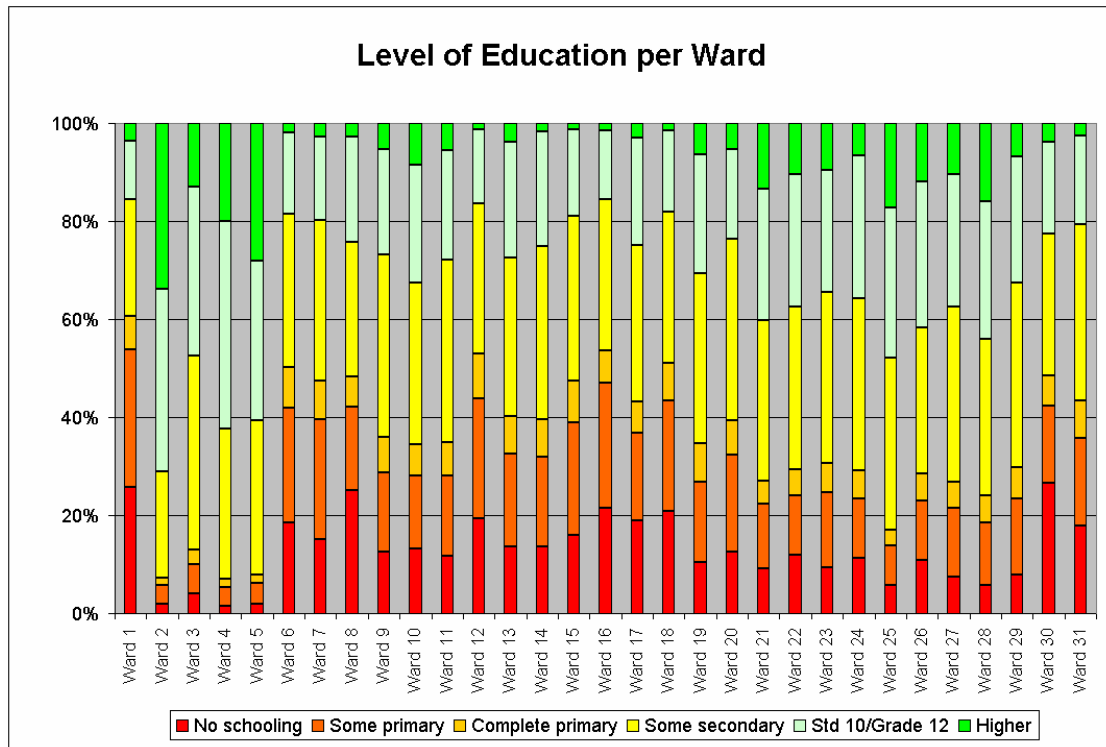
B3. Socio-economic Realities

Education levels

As per the Census 2001, 44% of Newcastle population is functionally illiterate, with 7% indicating that they have had no education at all. This has a significant impact on employability, the type of job opportunities that can be sought and the vocational distribution of the economically active population.

In order to understand the economic make-up of the community, the analysis of statistics relating to levels of education, employment/unemployment and income levels re-affirms the need for skills development, Adult Basic Education and Training, as well as Further Education and Training, poverty alleviation programmes and local economic development interventions.

Figure 4: Social Profile: Education Source: WSDP Review 2001



- Relatively good education facilities at all levels exist.
- Highest education levels recorded within Newcastle West (Wards 2,4 & 5) with Wards 20, 25 and 28 also showing higher education levels.
- Lowest education levels reported within Wards 16, 12, 6 and 30.

B4. Spatial Realities

Spatial Restructuring/Integration

In accordance with Chapter 5 of the Municipal Systems Act, 2000 every Local Municipality is required to engage in a process of Integrated Development Planning (IDP). One of the requirements of the said Act (Section 26(3)) is that an IDP should contain a Spatial Development Framework (SDF). The Newcastle Municipality is currently engaged in the formulation of such a detailed Spatial Development Framework for its area of jurisdiction.

The Spatial Development Framework is a **process** through which municipalities prepare a strategic spatial development plan for a five year period in order to assist in the execution the Integrated Development Plan (IDP). The SDF plan will act as principal spatial planning instrument which guides and informs all planning, land management, development and spatial decision-making in a municipality. It is important to note that the Newcastle SDF is a component of the Newcastle Integrated Development Plan (IDP) and aims to create a spatial interpretation of the strategies and projects already contained within the IDP. It should not be seen a separate planning process, but only aims to assist in the prioritisation of resources towards implementing the IDP.

Relevant Legislation

Newcastle Municipality, as every other municipality in South Africa, falls within a specific tier of government. Consequently, it is subject to higher government structures (National and Provincial Government) and the legislation they draft. National and Provincial legislation pertaining to spatial development, which affects Newcastle, is the following:

- a. Development Facilitation Act (1995)
- b. Local Government: Municipal Systems (2000)
- c. Local Government: Municipal Structures (1998)
- d. Housing Act (1997)
- e. Environment Conservation Act (1989)
- f. National Environmental Management Act (1998)
- g. Public Finance Management Act (1999)
- h. Town Planning and Townships Ordinance (27 OF 1949)
- i. Less Formal Township Establishment (1991)

District SDF'S

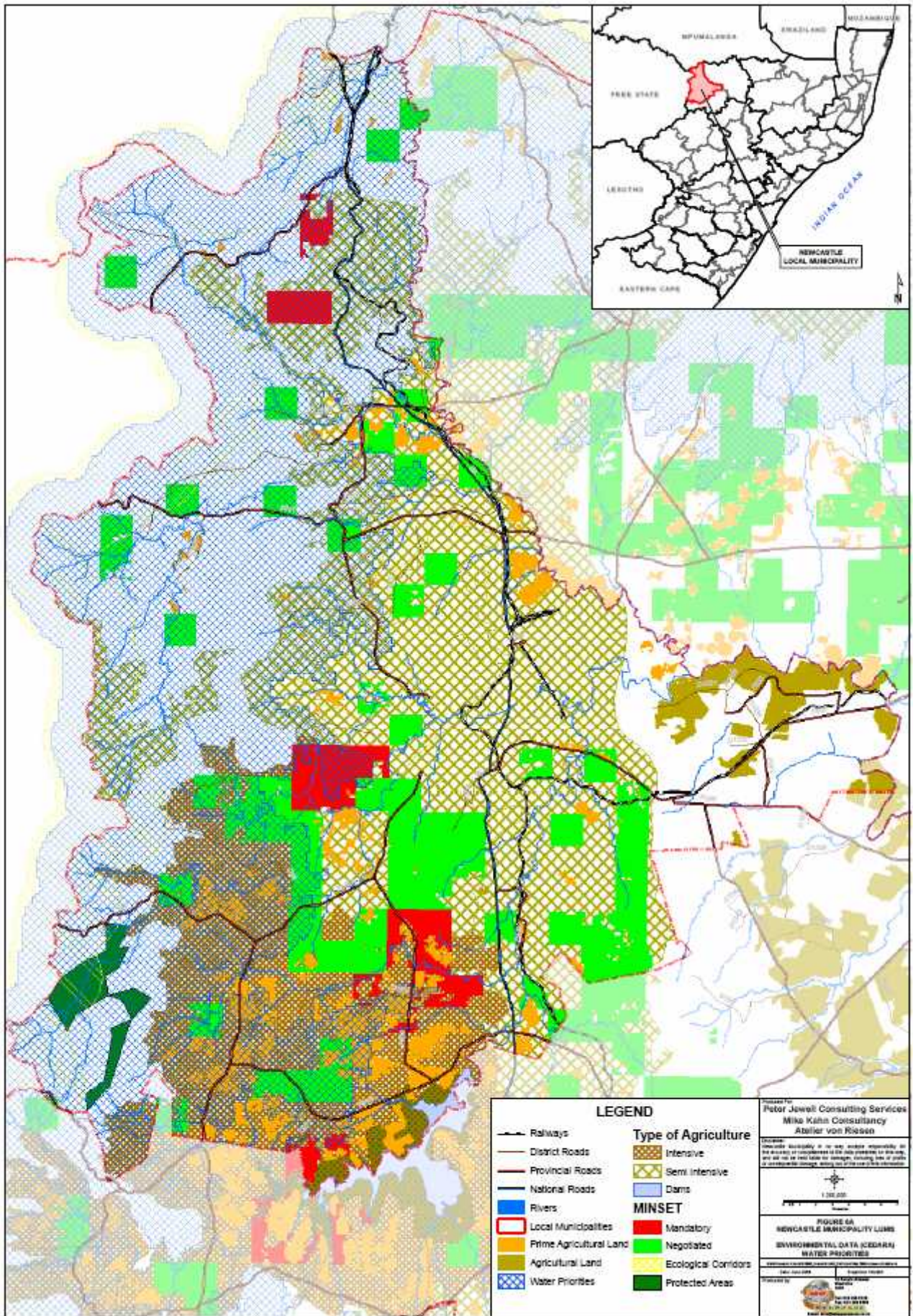
The Amajuba SDF affects the Newcastle Municipality and the compilation of the Amajuba SDF was informed by the first Municipal wide SDF compiled for Newcastle in 2003. The detailed SDF being compiled will reinforce the district wide SDF as far as locally relevant physically possible. However, as the actual implementing agent of spatial restructuring, the local SDF will again inform the district SDF in the case of any differences.

B5. Environmental Realities

The overall environmental assessment of the municipal area has not been conducted yet and it is anticipated that this will be dealt with during subsequent IDP Reviews. As a interim measure the overall municipal wide GIS based assessment of environmental conditions used in the analysis of the LUMS have been used to create a basic understanding of some of the environmental realities within the municipal area. The maps overleaf illustrates the areas of environmental importance and /or concern. A series of additional and more detailed environmental assessments are included as part of the LUMS as Appendix K01.

In general the areas towards the west of the municipality and the mountainous areas are more sensitive with various formally protected areas. The high value agricultural land are also found towards the west and south of the municipality and the various water runoff areas are the most important environmental areas of consideration during most of the developmental efforts within the municipality.

It is anticipated that a full State of the Environment Assessment will be conducted within the short term in order to gain a detailed insight into the environmental realities and incorporate it into future IDP Reviews.



B6. Economic Realities

Income levels

Census 2001 indicates that 56% of the households in Newcastle earn less than R800 per month. It is therefore clear that the annual individual income in Newcastle is very low. Low income levels are indicative of low affordability levels for basic services, housing and health services.

These low levels of income are re-affirmed by the high unemployment rate of 54% and by the increasing number of Indigent applications being received by the Municipality. As at February 2006, a total of 18 550 households were registered for indigent support.

The implications of little disposable income, coupled with low skill levels, include high dependency rates and the need for social and economic support for the very poor.

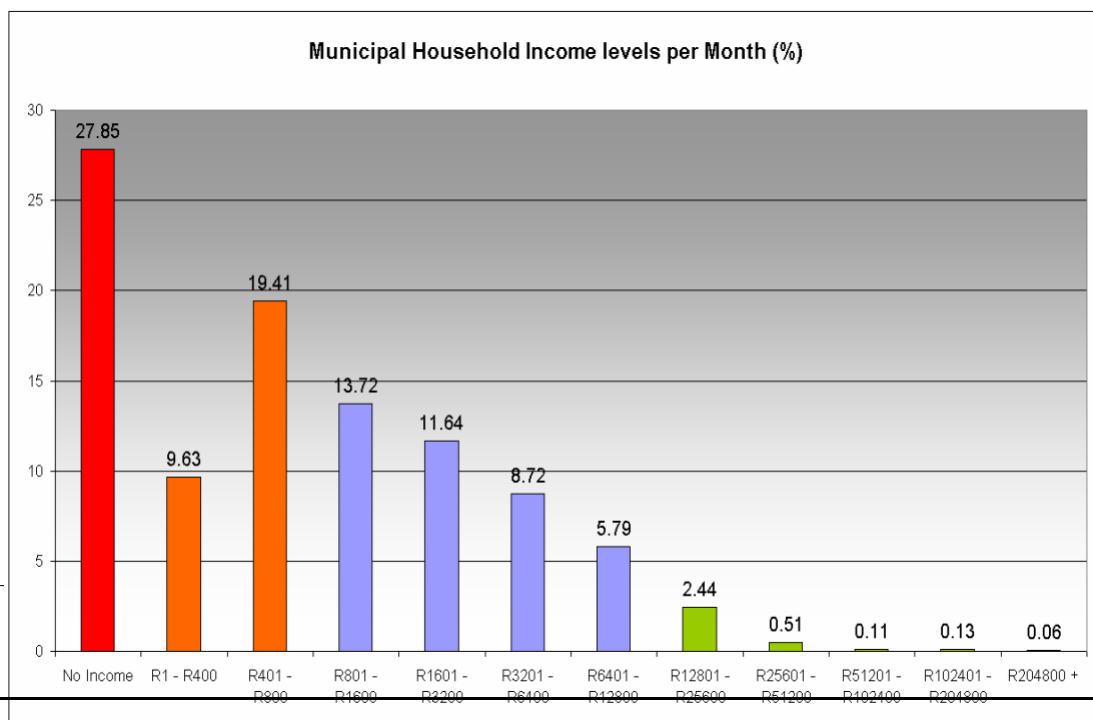
The low levels of income of more than half of the Newcastle population therefore calls for strategic economic development and poverty alleviation interventions.

These are addressed further under Socio-Economic issues

The current situation also paints a bleak picture in terms of the ability of the Newcastle community to meet their basic needs and improve their quality to life. Studies of low-income households have shown that only 20% to 40% of total income is derived from salaries and wages. A large portion of a low-income family's revenue comes from remittances and social grants, and there is therefore a need to supplement household income through poverty alleviation programmes and Local Economic Development Strategies.

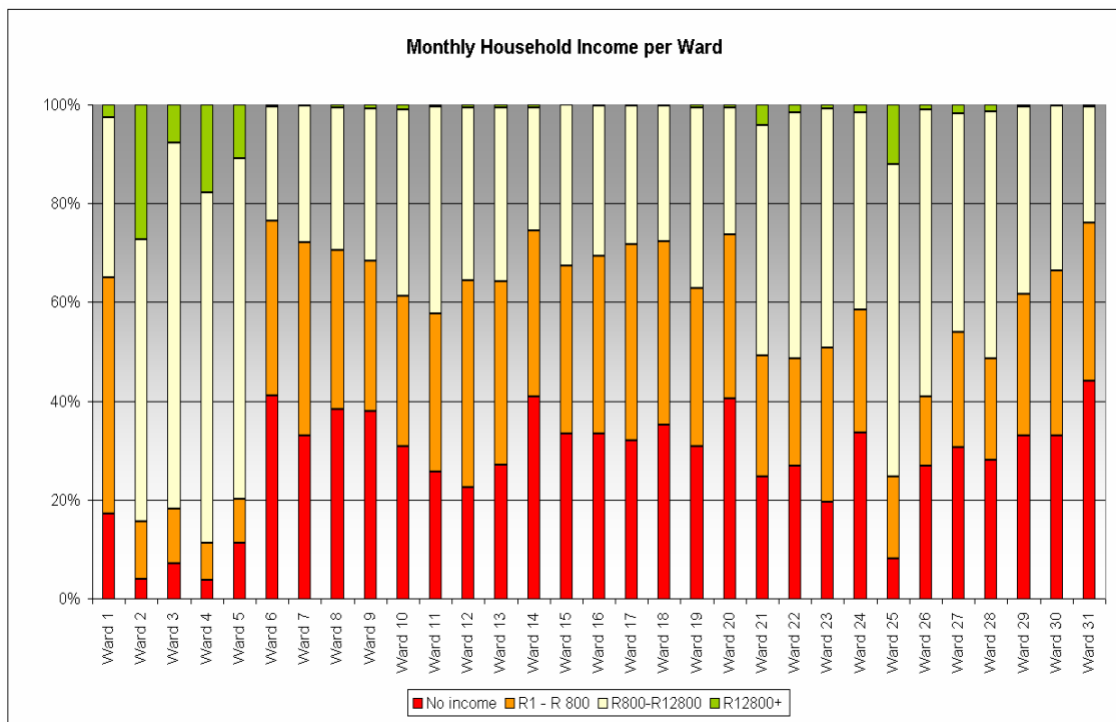
Most of the poverty-stricken households of Newcastle are located in the East as well as the Traditional Authority areas. The urbanized population is generally better off than the rural community where communities will more than likely not be able to afford housing and other services. The provision of sustainable basic and essential services to these communities is to be one of the greatest challenges of the Newcastle Municipality and innovative service delivery options is encouraged.

Figure 5: Economic Profile: Income Levels



- 27.85% of households reported no income and are viewed as dependents to other earners.
- Relative high percentage of Households (19% earn less that R800 per month.
- There is a small, but noticeable portion of households earning in the upper income bracket.

Figure 6: Economic Profile: Income Levels per Ward



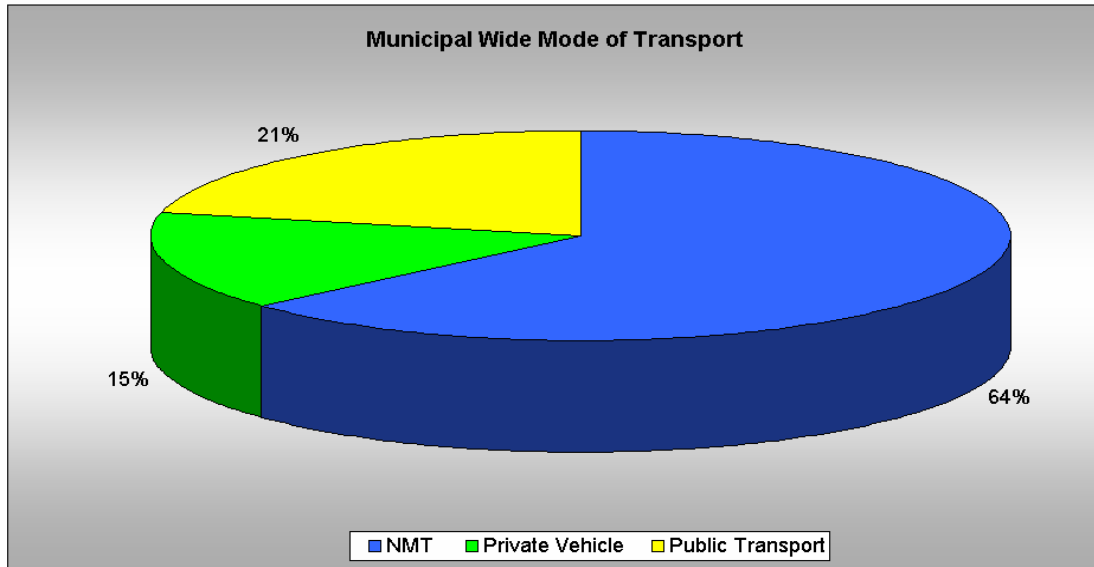
- The poorest Wards based on monthly household income is Ward 6, 14, 20 and 31, although a number of wards has poor income levels.
- Ward 6 has noticeably the lowest income rate of all wards and this corresponds to other developmental problems.
- The higher income levels in Ward 25 correspond to similar higher employment levels in the ward.

- Although the rural households (Ward 1) show low income levels, less households reported no income.

From the Amajuba District Growth and Development Summit, the main economic focus areas were identified and informed the Local Economic Development Plan attached hereto as Appendix K06. A summary of the outcomes and proposed interventions from the Amajuba GDS is attached hereto as Appendix K17.

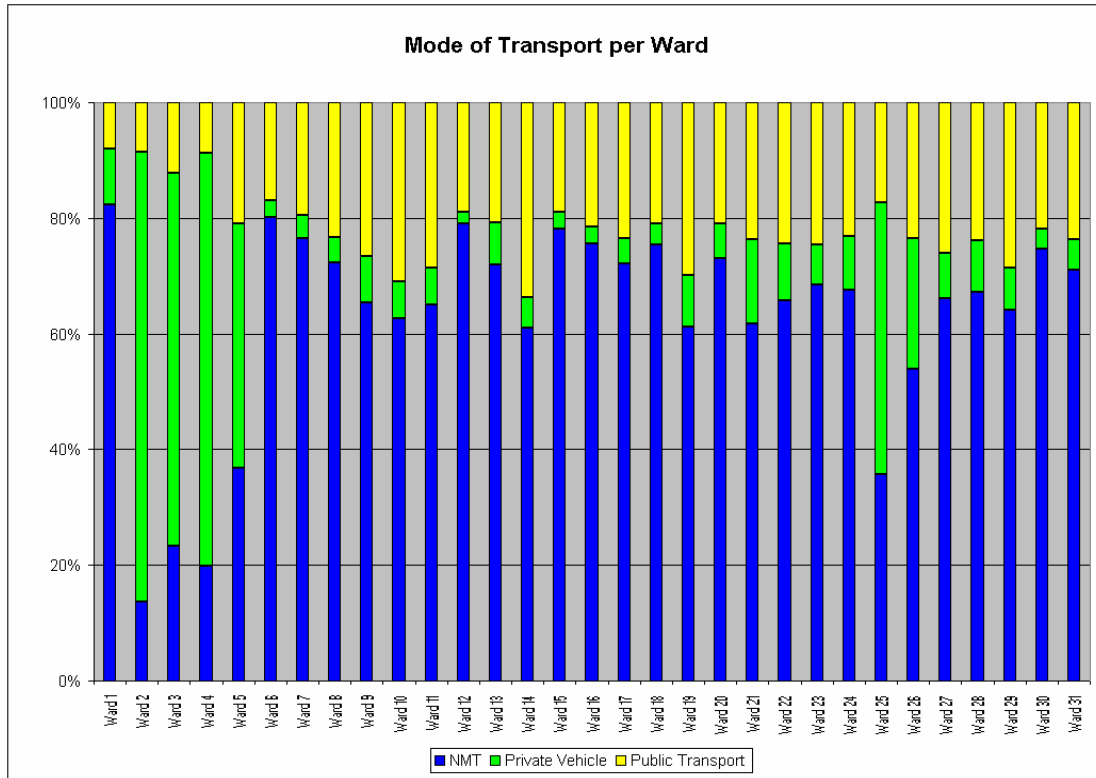
B7. Infrastructure Development Realities

Figure 7: Services Profile: Mode of Transport



- The large percentage (64%) of the population using bicycles or walking is mainly attributed to rural impoverished areas, school children, and a lack of public transport in some areas.
- The Public Road Transport Plan further indicates that 56% of roads utilised for Public Transport is unsurfaced which results in high maintenance costs to vehicles and unsafe travel conditions for passengers.

Figure 8: Services Profile: Mode of Transport per Ward



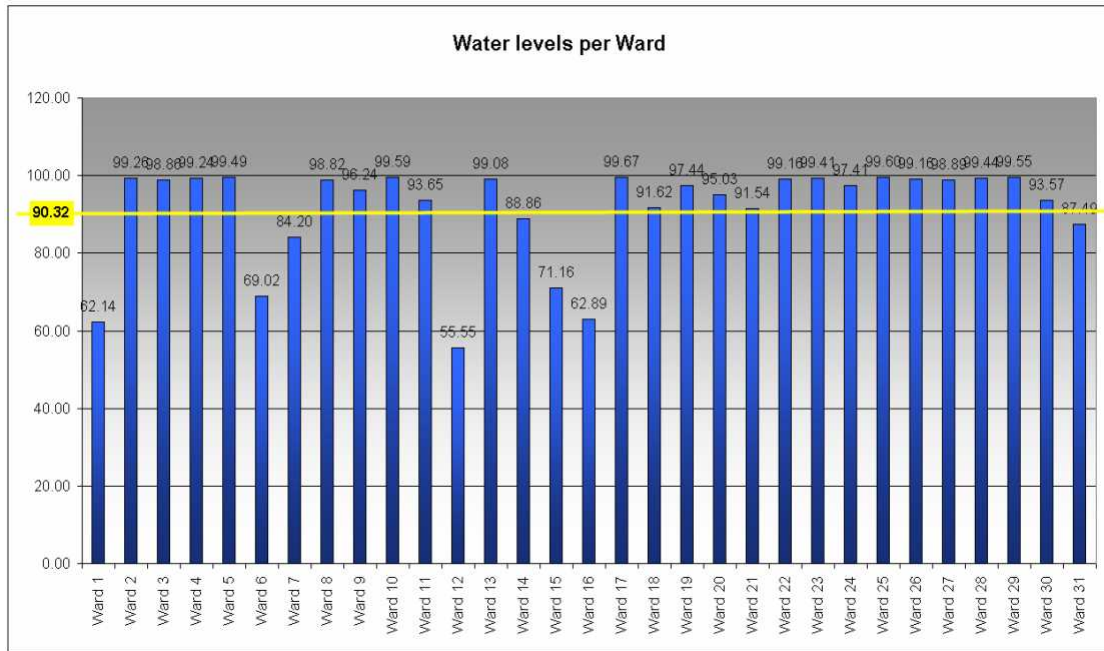
- Newcastle West as well as Ward 25 indicated the highest usage of private modes of transport, correlating with income levels.
- Highest levels of Non Motorised Transport and Public Transport is recorded in empowered areas of Ward 6, 12, 15, 16, 17, 18 and 30.

Water

The National minimum standard level of service according to the RDP is a stand pipe within 200m of the dwelling. It therefore means every household with water more than 200m away and those with no piped water service are below the standard and hence would constitute the backlogs.

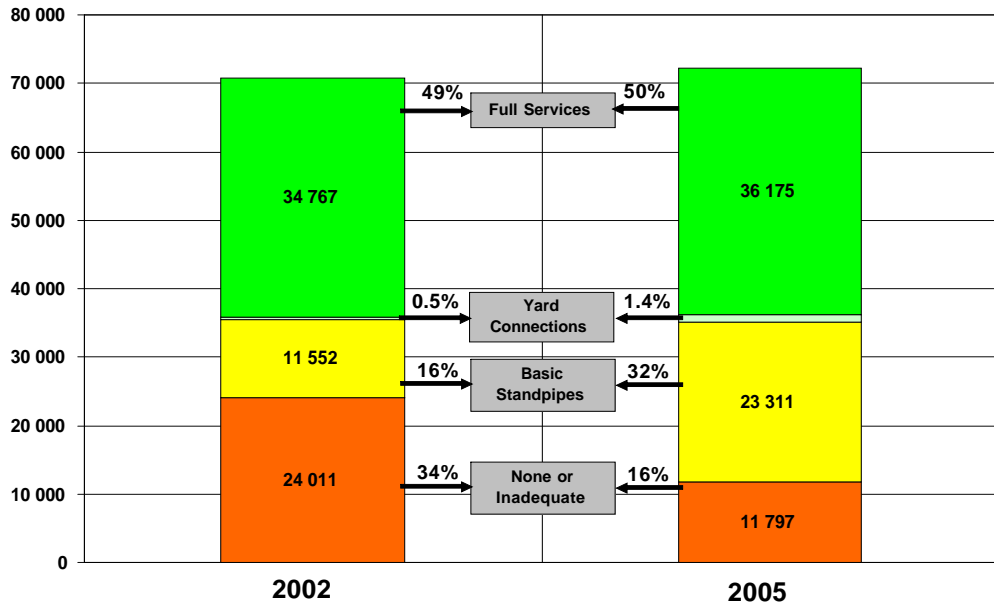
The Water Services Development Plan Review(2005/2006) (Annexure 4) indicates that there has been a reduction of 18% in water backlogs between the period 2002 to 2005 (3year period), with a further 2% reduction in 2006. Hence a water service backlog of 14%.

Figure 9: Services Profile: Water



- Recorded 2001 water levels indicated that 10% of households had inadequate water.
- According to the WSDP Review 14% of the households do not have an adequate supply of water with 32% of households having access to a basic level of service (Standpipes within 200m).
- It is anticipated that the increase in water backlog is due to an influx of people to the area in the past 7 years.
- Areas such as Wards 1, 6, 12, 15 & 16 urgently requires interventions to improve the water situation.

Figure 10: Water Services Backlogs Source: WSDP Review 2001



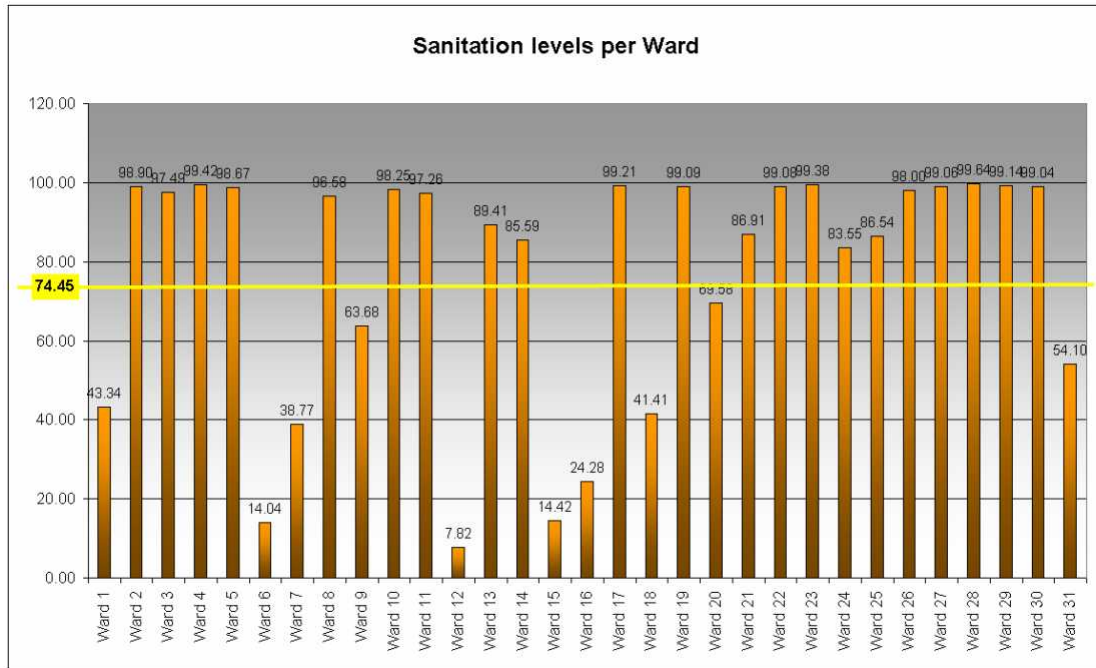
During the same period there has been an increase of 16% in the number of basic standpipes provided.

This indicates the Newcastle Municipalities commitment to eradicate service backlogs is in line with National and Provincial objectives.

However, it must be emphasized that the development of water infrastructure is also hampered by the steep terrain on most of the Newcastle area. Only 41% of the land is flat while 44% is rolling and 15% mountainous and hence posing limitations to water infrastructure. Furthermore, the sustainability of capital investment needs to be further examined in light of the increase in outstanding debtors and registered indigents which impact on the ability of Newcastle Municipality to maintain infrastructure. It is thus, that the provision for outstanding debtors and others will impact on the tariff increases which impact further on affordability by the paying consumer.

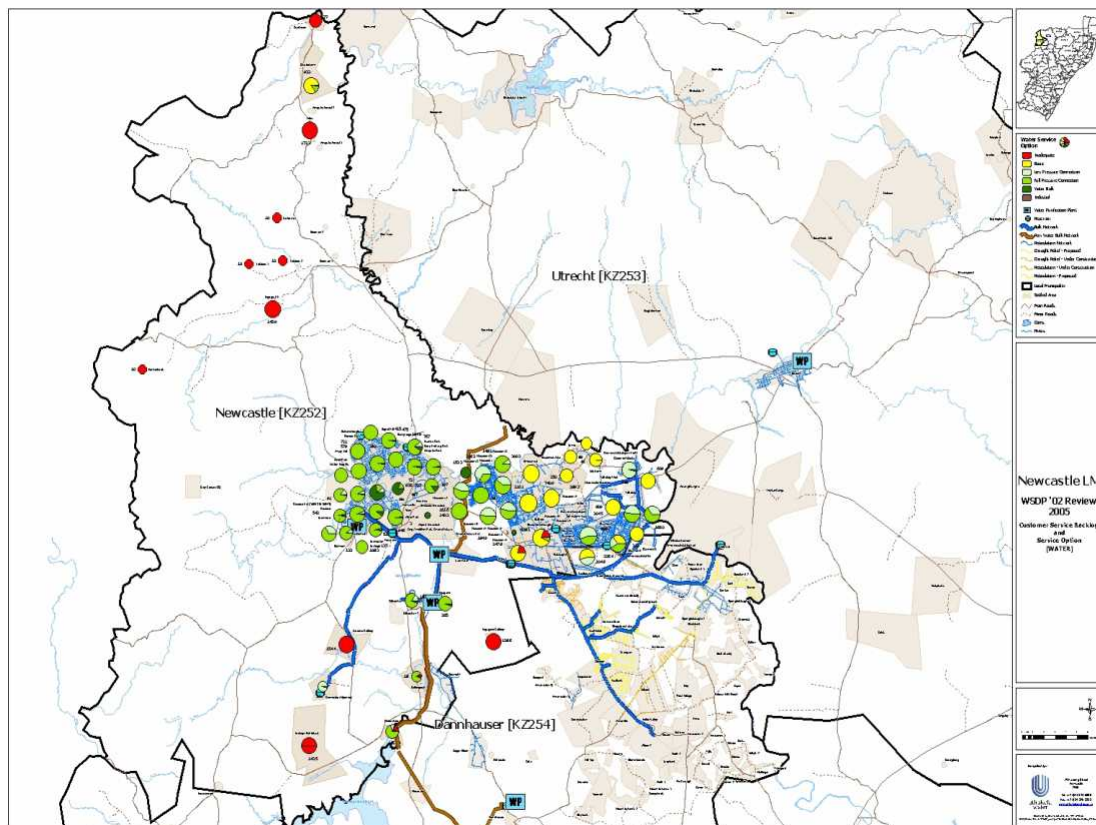
The following Map attached indicates areas with the different levels of services, with a reflection that the majority of backlogs are in the North (Charlestown/ Ingogo areas) and further to the South and South/East. The map further indicates that in the East whilst the services is dominated by a basic level of service through standpipes, the need to upgrade the level of services based on affordability will need to be further investigated.

Figure 11: Services Profile: Sanitation



- Recorded 2001 sanitation levels indicated that 25% of households had inadequate sanitation.
- According to the WSDP Review 32% of households do not have an adequate sanitation service and 16% have access to VIP's
- The most dire areas include Ward 1, 6, 7, 12, 15, 16 & 18.

Figure 12: Spatial indication of levels of service (Water) Source: WSDP Review 2001



Some of the burning issues identified in the WSDP Review (2006) are as follows:

- Services on Farmland: Provision for providing services on farmland will not be included in this review, since Newcastle will still be assessing the extent of services which are available to farm labourers
- Housing / Development Projects: The status of some proposed housing / development projects are still uncertain, specifically with regards to the level of service and proposed development
- Customer base in outlying areas: Insufficient information is available for determining the extent of the customer base and service levels for some of the outlying areas. Previous WSDP figures have been taken as correct in lieu of updated information

In line with the WSDP and the level of services recommended in the Spatial Development Framework, the Newcastle Municipality is in the process of prioritising water infrastructure over the following time-line/phased out to address existing developments, planned developments, eradication of backlogs and the rehabilitation of infrastructure:-

- Short- term (0-3years);
- Medium-term (4-6 years) ; and
- Long-term (7-10 years)

It must be emphasized that the provision of infrastructure is totally dependant on external funding (Municipal Infrastructure Grant) and other grant funds, and the prioritisation of projects will be guided by committed and available funds. The counter-funding obligation for MIG is now the responsibility of the appointed Water Services Provider.

A list of prioritised Water Projects is included in this Draft as Annexure 3 to be further prioritised to within available funding in consultation with relevant role-players and stakeholders.

The Newcastle Municipality is the Water Services Authority for its area of jurisdiction and since July 2004 has been using the services of an appointed Water Services Provider- Uthukela Water (Pty) Ltd. The Water Services Provider is a municipal entity established in conjunction with three neighbouring Water Services Authorities (viz. Uthukela, Amajuba and Umzinyathi District Municipalities). The Newcastle Municipality is the biggest shareholder of Company. During the 2004/2005 financial year, the withdrawal of the Uthukela District Municipality has had an impact on the existing financial viability of the entity, and the ability of the Entity to acquire funding for water and sanitation projects.

The Newcastle Municipality as Water Services Authority is also in the process of developing a monitoring mechanism to ensure that the objectives of the Water Services Provider Agreement are met. The Organisational Performance Management Score-card included in this review has accordingly identified indicators which will cascade into the Uthukela Water Service Delivery and Budget Implementation Plan to be implemented in the 2008/2009 Financial Year.

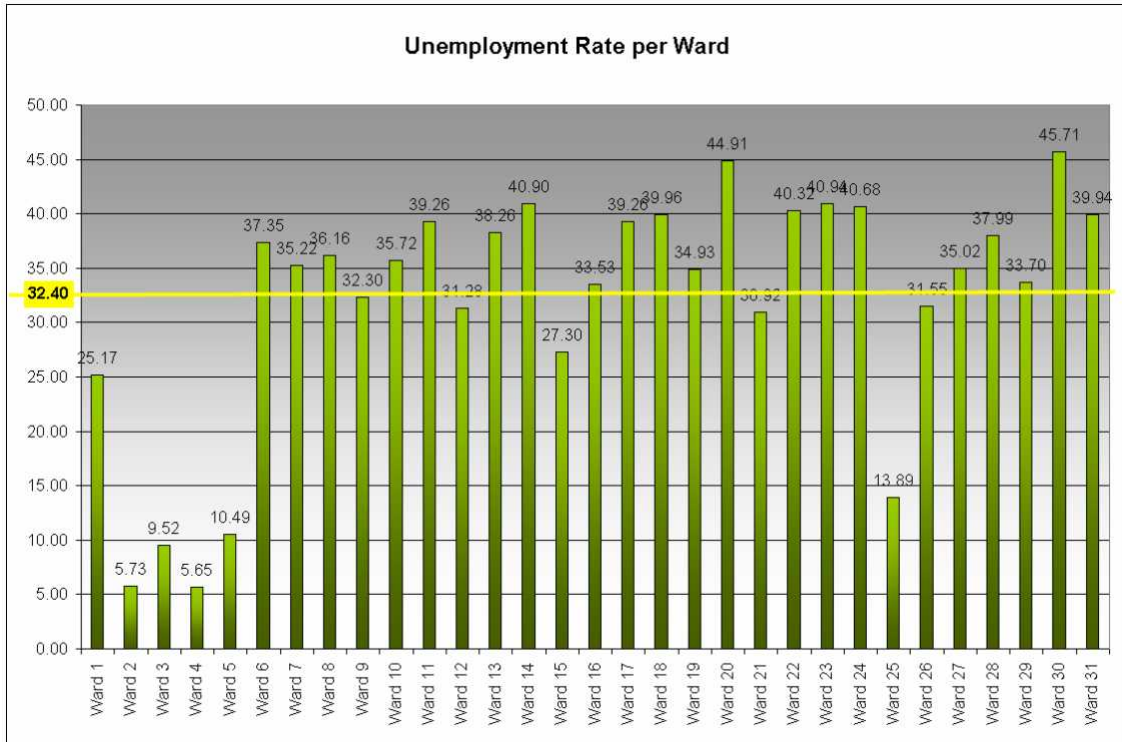
The approved WSDP is attached as Appendice K02

B8. Social Services Realities

Primary Health – the need for improved, additional, accessible primary Health Services
 Environmental Quality Management.

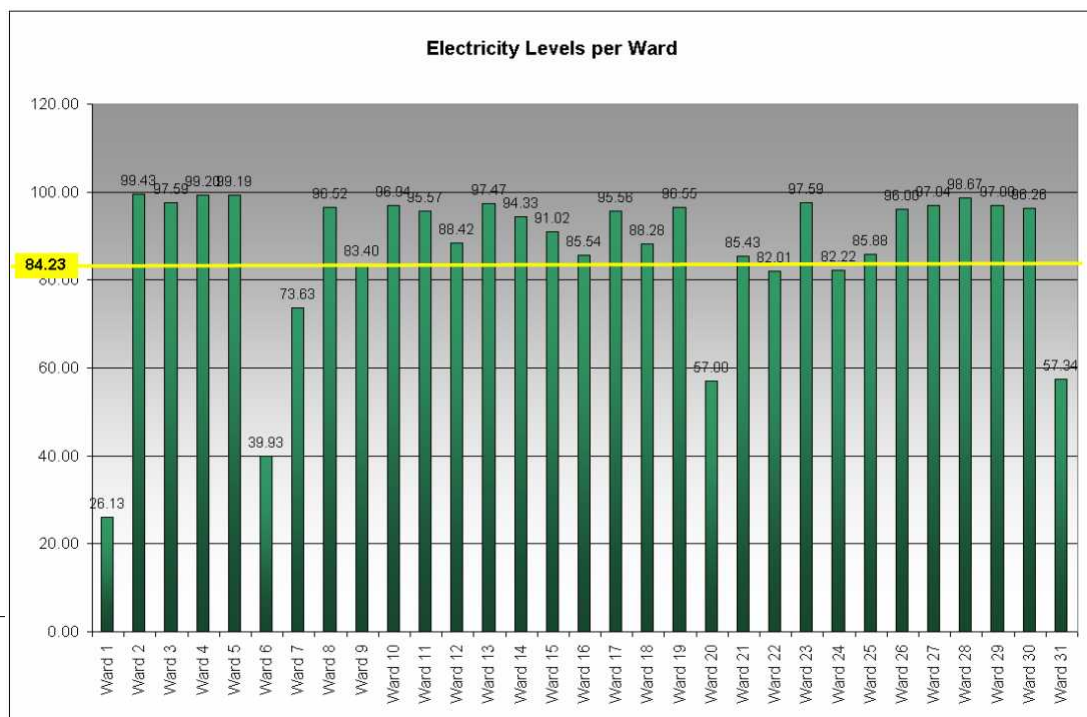
Community Safety and Security – the lack of adequate infrastructure and resources to ensure a safe community

Figure 13: Economic Profile: Unemployment



- Average Municipal unemployment rate estimated at 31.40 %.
- Some wards (2, 3, 4, 5 and 25) show relatively low unemployment rates below 15%
- 65% of the wards have an unemployment rate above the average and particularly Wards 20 and 30 have notably high unemployment rates.

Figure 14: Services Profile: Electricity



- An electricity backlog of 16% was recorded in 2001.
- 12% of households within the Newcastle Municipal area do not have electricity as a source of lighting. However, within the licensed area the backlog is 1%. The unlicensed area is serviced by ESKOM. A further concern is the impact that the transfer to RED's will have on Newcastle.
- The rural and peri-urban areas of Ward 1 and Ward 6 (as well as 20 and 31) show the lowest electricity levels.

B9. Housing Realities

Housing and Land

Housing development has increased substantially since 1996 due to the National Government Subsidy Policy. Newcastle Municipality has benefited from the programme although supply can not meet the rapid increase in demand especially in a secondary city such as Newcastle. A recent call for the re-development of the housing waiting list has resulted in approximately 32000 applications being received. These are in the process of being captured onto a data base to determine specific requirements and will be further highlighted in the Housing Sector Plan to be finalised by May 2007.

The issue of housing in an urban core is a complex one especially in a secondary city such as Newcastle. The city is growing at a fast rate with a lot of in migration from the surrounding rural hinterlands by people in search of employment while others are being chased away by rural poverty. The urban core is growing and hence can not cope with the demands of a fast growing city. The housing waiting list stands at 16000 and has been like this for the past three years. The influx of people into the city has resulted in the creation of various informal settlements or back-yard shacks.

The supply of housing cannot meet demand and as more people get houses, more people come into the city. Formal housing provision has grown considerable by more than 20% since 1996. Informal settlements growth has remained stagnant.

As people are provided with housing more people invade land with the hope of getting subsidised housing. Disused classroom blocks on a former training centre in Madadeni have been illegally converted into homes for the homeless and some of the classrooms are occupied by the working class who has hope of getting a site in the neighbouring upcoming housing project.

The housing problem has been compounded by the National Housing Strategy which seems to focus more on slums clearance programmes with little scope for green-field development. The municipality has not put in place a housing strategy to guide it in the provision of housing. Too much focus has been put in slums clearance at the expense of people on the waiting list. This has led to the enormous growth of informal settlements. Some prospective home owners book sites on the informal settlements to ensure they are catered for in the particular slums clearance project. The municipality has of late put a number of controls in place to discourage the growth of these settlements by putting security and working together with the community to control the growth of the settlements. Controls such as policing and controlled access points to the squatter camps have been put in place and seem to be very effective.

One of the more urgent priorities is the relocation of informal settlers from the Fairleigh – Siyahlalala settlement. However the development of approximately 1500 units is pending the upgrading of bulk water and sanitation infrastructure in Newcastle West in line with the WSDP. The Project has accordingly been given top priority on the MIG List.

Table 3: Services Profile: Housing

HOUSING TYPE	PERCENTAGE GROWTH	TOTAL FOR 2007
INADEQUATE HOUSING		
Informal Dwellings	5.3% (average)	12313
Traditional Dwellings	9.5%	7966
ADEQUATE HOUSING		
Dwellings on Separate Stands	3.8%	57151
Flats	17.9%	18275

Source: WSDP Review 2001

- Demand Analysis
- Backlog Estimated at between 19000 and 30000
- Housing Waiting list of 32 000
- Only 9000 units built over the past 10 years

The following schedule reflects current projects :

Table 4: Current Housing Projects

Current Project	Number of Units
Osizweni F Phase 2	260
KwaMathukuza Slum Clearance	1394
Madadeni/Osizweni Housing Upgrade	4000
Osizweni Section e Phase 3	670
Osizweni F Phase 2	130

The following schedule reflects Future projects and are subject to the upgrading of bulk infrastructure :

Table 5: Future Housing Projects

Future Project	Number of Units
Dry Cut/Nine Miles	1000
Emawozeni Housing Project	170
Fairleigh/Siyahlalala	1500
H39 Madadeni Housing Project	1000
Khathide Rural Housing Phase 2	1500
Osizweni Section E Phase 2	1000
Roypoint Informal settlement	1000
Charlestown Extension	1500
KwaMathukuza Extension	128

Tuam Farm	6550
Equarand	600
Paradise Extension	5027
Viljoen Park	991
Grey Goose	490
Ingogo Rural Village	
JBC Housing Project	1747

Rental Stock

The municipality owns and lets out a considerable amount of rental stock. However the management of the stock is done internally while rentals are not pegged at market rates. However, the Municipality is in the process of finalizing the transfer of rental stock to beneficiaries in line with the Expanded Extended Discount Benefit Scheme.

In an attempt to better co-ordinate and implement housing projects, with the assistance of the Department of Housing, the Newcastle Municipality has re-constituted its Housing Forum which meets bi-monthly.

As a way forward the municipality has proceeded to develop a Housing Sector Plan/Strategy, the main objectives of which is highlighted below :-

- The compilation of a housing waiting list together with the provision of the necessary hardware and software for the maintenance of the database
- The preparation of related housing policies to cater for housing allocation and management for the various categories of housing including policy to deal with informal settlements.

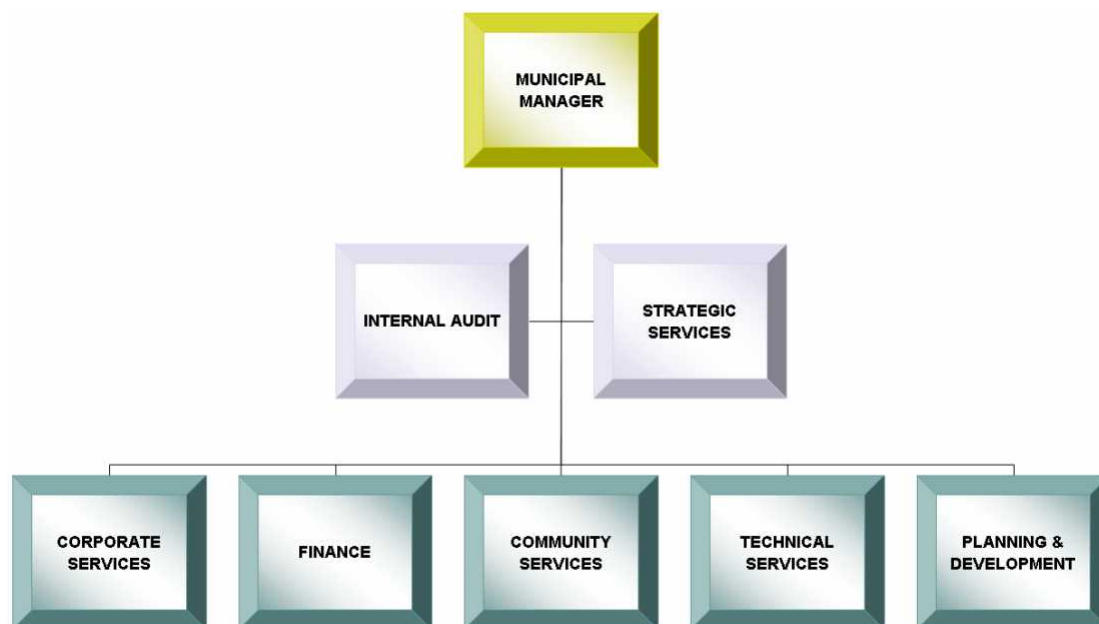
A detailed Draft Housing Sector Plan is attached as Appendice K04.

B10. Institutional Realities

Institutional Arrangements

The Municipality has a staff compliment of 780 people, servicing areas of Newcastle, Madadeni, Osizweni, Blaaubosch, Ngagane, Kilbarchan, and Charlestown. The total establishment should be 2000. The Newcastle Organogram (illustrated below), and as approved by Council, makes provision for a Municipal Manager, and 5 departments as illustrated below. In the Office of the Municipal Manager is placed an Internal Audit and Strategic Services sections. A more detailed organizational structure is attached as Annexure J05.

Figure 15: Organogram



Powers and Functions

Core Services Vs Non- Core Services

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

Table 6: Powers and Functions - Core functions

Core Functions	
Schedule 4 Part B	Schedule 5 Part B
Building Regulations	Cemeteries
Electricity and Gas Reticulation	Cleansing
Fire Fighting Services	Municipal Roads
Municipal Planning	Refuse Removal, refuse dumps and solid waste disposal
Stormwater Management systems in Built up areas	Street lighting
Water and Sanitation Services	Traffic and parking

Table 7: Powers and Functions (non-core)

Non-Core Functions	
Schedule 4 Part B	Schedule 5 Part B

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

Non-Core Functions	
Schedule 4 Part B	Schedule 5 Part B
Air Pollution	Beaches and Amusement Facilities
Child Care facilities	Billboards and the display of advertisements in public places
Municipal Airports	Control of undertakings that sell liquor to the public
Municipal Health Services	Facilities for the accommodation, care and burial of animals
Municipal Public Transport	Fencing and fences
Municipal Public Works	Licensing of dogs
Pontoons, ferries, jetties etc	Licensing and control of undertakings that sell food to the public
Trading Regulations	Markets
Local Tourism	Municipal Abattoirs
	Noise Pollution
	Pounds
	Public Places
	Street Trading
	Control of public nuisances
	Local Sports facilities
	Municipal parks and recreation
	Funeral parlours and crematoria

B11. Financial Realities

Financial Viability and Sustainability/Profile

This financial profile is based on the current situation pertaining to the Municipality where meetings take place on a regular basis, at various levels, with regard to the protection of the Council's viability and sustainability. A SWOT meeting resulted in a Financial Viability Group being constituted, which met to analyse the financial strengths and weaknesses of the Municipality. A Financial/Treasury Services Workgroup was thereafter set up, comprising of the Chief Financial Officer, the Mayor, the Municipal Manager, the IDP Manager and the Deputy Chief Financial Officer, to approve various strategies to maintain the financial viability of the Municipality.

The financial affairs of the Municipality are governed by the following legislation:

- Municipal Finance Management Act, No.56 of 2003
- Local Government: Municipal Property Rates Act, No. 6 of 2004
- Local Government: Municipal Systems Act, No. 32 of 2000
- Local Authorities Ordinance (1974) – Sections not yet repealed
- Annual Division of Revenue Act
- Treasury Regulations

The Newcastle Municipality has a series of financial policies, regulations and bylaws in place. Financial policies are reviewed annually in terms of the budget process to ensure compliance with the Municipal Finance Management Act and Regulations.

The financial policies address the following:

- **General Financial Policy**, which sets out the duties and functions of Council, the Executive Committee, Municipal Manager, consumers and Councillors and Political Parties in respect of the financial affairs of the Newcastle Municipality.
- **Tariffs**, which defines the services provided by the municipality, the principles on which tariffs are set, categories of customers, expenditure classification and cost elements, tariff types and the units of measurement to be utilised
- **Credit Control, Debt Collection and Customer Care**, which sets out the objectives and principles of the policy, customer assistance programmes including the household indigent support subsidy indicating who qualifies for the subsidy and the extent and application of the subsidy, enforcement mechanisms for debt collection and performance management for the implementation of the policy
- **Investment Policy** indicating how surplus funds should be invested.
- **Supply Chain management** providing guidelines for the procurement of goods and services for council including guidelines regarding the sale of Council assets.

The financial regulations provide financial management procedures and processes within the Municipality in respect of:

- Annual estimates on the revenue and capital account
- Expenditure
- Excess Expenditure
- Capital Expenditure
- Collection and Control of Revenue
- Tenders and Contracts
- Stores and Material
- Payments
- Capital Expenditure and Borrowing Powers
- Costing and Departmental Work
- Closing of Votes

- o Assets
- o Insurance
- o Investments
- o Internal Audit and Accounting
- o Custody of documents
- o Staff Administration
- o General

The Internal Audit section has recently been removed from Financial/ Treasury Services and currently reports directly to the Municipal Manager. An Audit Manager has been appointed and is in the process of setting up a completely new audit office as is required in terms of legislation.

The current financial bylaws of the Newcastle Municipality address the implementation and enforcement of the Credit Control, Debt Collection and Customer Care Policy.

Municipal Income - The municipality's main sources of revenue are:

- o Revenue from Tariffs, Service Charges & Sundry Revenue
- o Government, Provincial and Grants and Subsidies

Municipal Expenditure - The expenditure portion of the budget is split into the following main categories:

- o Salaries, wages and Allowance
- o General Expenditure
- o Repairs and Maintenance
- o Capital Charges (interest and depreciation)
- o Contribution to Funds and Reserves
- o Inventory Items
- o Contribution to Fixed Assets
- o Less Amounts re-allocated
- o Less Reserve Funds Contribution

Budget – 2008/2009

The budget process plan for the current year was approved by Council during August 2007. As the approved Operational Budget is to be based on a realistic income level, the financial viability of the Municipality is debated at length when obtaining Council's approval of the annual budget guidelines. The Budget for 2008/2009 was tabled at a Council meeting in March 2008 and was adopted in May 2008. This complies with the requirements of the Municipal Finance Management Act, No. 56 of 2004. The Budget document is attached as Annexure L03.

Executive Summary of 2008/9 Budget

A) OPERATING BUDGET

Revenue

Revenue increased by 28,61% overall with the proposed tariff increases and other allocations as indicated below:

Electricity	12 %
Assessment Rates and Service Charges	9 %
Refuse Removal	9 %
Water and Sanitation Services	9 %

The equitable share allocation received from National Government increased by ± R28,5 million (± 26,65%) to R135,6 million per annum. In terms of the conversion from fund accounting to GAMAP/GRAP the off-setting of depreciation in the amount of ± R14,9 million has also been included under revenue. In terms of the said conversion interest received on external investments also increased by R7,3 million or ± 710,8%. Revenue from water and sanitation has increased from ± R122,6 million to R152,6 million of which 9% is due to tariff increases and the balance due to higher anticipated sales based on the current reality, water leaks and the fact that indigents are not restricted to 6 kilolitres of water supply per month. Total revenue for the 2008/2009 financial year is estimated at R780,7 million inclusive of water and sanitation services.

Salary and Allowances : R166,7 million (21,44% of Total Expenditure)

Salary and allowances were increased by 8,3% in line with the national bargaining process. Salaries increased from R148,5 million to R166,7 million (12,27%). The following new positions added ± R5,179 million (3,49% increase) to the salaries budget:

- Strategic Executive Directors
- Personal assistants to the Strategic Executive Directors
- Chief of Operations
- Governance unit (Four new positions)
- Sports Development Officer

Notch increases and increases in medical and pension fund contributions represent the remaining ± 0,48% increase in the salary expenditure.

The following positions have been removed from the salary budget as a result of the restructuring of the macro structure:

- Director: Civil Services
- Director: Town planning
- Director: Human Resources

Council embarked on a restructuring exercise with the macro structure being approved and the micro structure in the process of being finalised. Only R2,0 million has been provided for such restructuring.

General Expenditure : R484,2 million (62,13% of Total Expenditure)

A property valuation of the entire area is currently being undertaken, the cost of which amounts to ± R14,8 million. In order to soften the impact on tariffs the cost of this valuation has been spread over three years:

2006/2007	R8,8 million
2007/2008	R3,0 million
2008/2009	R3,0 million

Included under general expenditure are the following items:

Bulk Purchase of Electricity	R139,5 million
Water Service Provider – uThukela Water	R 83,2 million
Indigent Support	R 61,6 million
Departmental Rates and Service Charges	R 24,8 million
Rates Rebates	R 18,5 million
Free Basic Electricity	R 7,6 million

The equitable share in the amounts of R135,6 million will be utilised as follows:

Indigent Support	R 61,6 million
Free Basic Electricity	R 7,6 million
Free Basic Water	R 9,5 million
Tariff Subsidisation (Newcastle East)	R 47,7 million
Property Valuations	R 3,0 million
Resealing of Roads	R 6,0 million

The monthly income ceiling to qualify as an indigent household was raised from R1 800 to R1 900 for the 2008/2009 financial year.

Repairs and Maintenance : R44,4 million (5,7% of Total Expenditure)

The provision for repairs and maintenance was increased by R16,8 million (60,7%) from R27,6 million to R44,4 million. This, however, needs to be viewed in conjunction with the 11,5 % cut in the 2006/2007 financial and the fact that Council is still spending only 5,7% of the total budget on repairs and maintenance. This is impacting on Council's ability to maintain the fast deteriorating infrastructure and will impact on service delivery. Poorly maintained assets will be required to be replaced much earlier at a huge additional cost. This could also result in the collapse of certain services. Service delivery is further hampered by the ageing vehicle fleet, with an average age of a large part of the fleet in excess of twenty years. Road maintenance was boosted by an increased provision of R7,1 million.

Capital Charges : R34,4 million (4,42% of Total Expenditure)

Provision has been made for an additional loan facility of R10,9 million of which R7,0 million is allocated to high mast lighting, R1,5 million towards the upgrading of storm water drainage and R0,8 million towards vehicle replacement.

Since 2004/2005 Council has become reliant on loans to finance the counter funding of grants and other new projects. Inclusive of the R10,9 million loan approved for the 2008/2009 financial year, Council has now approved a total loan facility of R123,9 million. Council needs to determine the impact of this on tariffs and affordability to the various communities prior to accepting further grants that requires counter funding, especially in the light of the high unemployment and large number of indigent households in the area. An amount of R8,08 million has been budgeted for interest payments on external loans for the 2008/2009 financial year. Proper provision for depreciation in terms of GAMAP/GRAP in the amount of R25,6 million has been included in the 2008/2009 budget under this category.

Contribution to Reserves : R120,94 million (15,52% of Total Expenditure)

Only statutory contributions to reserves have been provided for the 2008/2009 financial year, i.e.:

Government Grant Reserve	R 37,81 million
Provision for Bad Debt	R 79,19 million
Provision for Leave Reserve	R 3,79 million
Housing Repairs and Maintenance	R 0,12 million
Housing Rental Losses	R 0,02 million

The assumptions made with regard to the payment factors is supported by Council's commitment to embark on a revenue enhancement strategy for which grant funding in the amount of R2,0 million has been received from CMTP. The entire credit control and debt collection function will be reviewed as part of this strategy with the purpose of improving the payment factor and reducing the provision for bad debt.

B) WATER AND SANITATION BUDGET

The budget of the Water Service Provider, uThukela Water (Pty) Ltd was reduced from ± R100 million to R83,2 million, as was the case in the 2007/2008 financial year. This represents an increase of 3,68% from the 2007/2008 financial year. uThukela Water (Pty) Ltd has indicated in the past that certain serious service delivery problems are anticipated due to these reductions. In terms of Council's Tariff Policy, water is a trading service and accordingly an operating surplus of R13,5 million (6,7%) has been budgeted for.

C) CAPITAL BUDGET : R80,24 MILLION

The total capital budget amounts to R80,24 million that will be funded as follows:

External Loans	R17,580 million (R6,67 million rolled over from 2007/2008)
Grants: National Government	R54,900 million
Grants: Provincial Government	R 6,738 million
Grants: District Municipality	R 1,027 million

In terms of a survey conducted amongst all 31 wards the majority of wards indicated the following as high priorities:

Roads	: Budget allocation 2008/2009: R34,230 million (42,66% of total CAPEX)
Water and Sanitation:	Budget allocation 2008/2009: R22,650 million (28,23% of total CAPEX)
Housing	: No budget allocation has been made as this is not a competency of Local Government. Communities will, however, be assisted to access Provincial and National funding to address the issue of housing backlogs.

Since 2004/2005 Council has approved the following loan facilities:

2004/2005	R 12,5 million
2005/2006	R 41,5 million
2006/2007	R 36,4 million
2007/2008	R 22,6 million
2008/2009	R 10,9 million

A total loan facility of R123,9 million has been approved and it is the opinion of the Department of Financial Services that Council is in the process of over extending it's liabilities given the current levels of payment.

D) ISSUES NOT ADDRESSED IN THE 2008/2009 BUDGET

Operating Budget

- Filling of critical vacant positions and the recruiting/retention of skilled staff.
- Possible demands for higher salary increase than budgeted for due to the deteriorating economic climate.
- Insufficient provision to implement the new micro structure.
- Insufficient provision for maintenance.
- Incorporation of Waste Works into the Municipal service.
- Tariff increases are $\pm 1,5\%$ below the current CPIX.
- Potential cash outflow due to the under provision for non payment.

Water Budget

- Provision of funds to implement and monitor water restrictor system.
- Insufficient funds to monitor the Water Service Provider's performance.
- R1,5 million establishment levy for uThukela Water (Pty) Ltd.
- Insufficient provision for the maintenance of the rural VIP schemes in the uThukela Water (Pty) Ltd budget.
- Review of the uThukela Water (Pty) Ltd cost allocation model.
- Cost implication of the deviation from the SP2030 plan by other shareholders on Newcastle's share of the cost.
- Free basic water only to indigent households.

For a full breakdown of income and expenditure per vote, please refer to the attached Budget Document as Addendum L03.

Financial Strategies

The municipality is aware of the need to finalize strategies to improve, or at least maintain, the financial performance of the municipality.

The strategies to be considered include:

- Revenue Generating Strategies
- Asset Management
- Capital and Operational Financial Policies
- Cost effectiveness strategies
- Anti-corruption Strategies

Potential Risks

The key factors which constitute risks to the financial position of the Municipality are:

- Restructuring – with specific reference to Institutional arrangements and the finalisation of the Macro and Micro structures. The service delivery is being compromised.
- The costs of implementing indigent support programmes.
- The possible loss of revenue due to the restructuring of the electricity industry.
- The current low payment rates for services rendered and limited means of credit control through disconnections in the West.
- The loss of revenue with regard to the non-installation of the water restrictors for the indigent where the indigent household is to be limited to 6kl of water a month.
- The loss of revenue with regard to the non-installation of the water restrictors for purposes of debt collection and credit control.
- Lack of internal control relating to the water service provider uThukela Water (Pty) Ltd.
- Lack of internal control due to not having a fully capacitated Internal Audit office.
- Decline in cash and investments and possible cash flow problems due to the non-conversion of debtor's arrears into cash.
- Council's lack of ability to spend grants in terms of business plans and MIG timeframes.
- Lack of internal control due to lack of budget control.
- The agreement between the Council and the debt collection contractor ends during the 2007-2008 financial year and should Council not have a plan to continue with debt collection immediately thereafter, Council will face cash flow problems.

B12. Broad Based Community Needs

The Development Prioritisation process commenced with workshops with both the Newcastle IDP Representative Forum as well as all the ward structures within the entire municipality in early March 2008. During these workshops the known technical backlogs for various development sectors (based on StatsSA and WSDP statistical information) was presented to the attendees to create a better understanding of the developmental differences between various wards and the concept that the developmental needs are not spread evenly across the municipal landscaped.

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

The table below provides and comparative summary of the technical needs within key development sectors for the various Wards. Specifically the table illustrates the percentage of households within each ward with access to the specific development service and/or infrastructure:

Ward	Unemployed	Breadline	Water	Sanitation	Electricity	Transport
Ward 01	25.17	64.99	62.14	43.34	26.13	82.27
Ward 02	5.73	15.58	99.26	98.90	99.43	13.74
Ward 03	9.52	18.12	98.86	97.49	97.59	23.32
Ward 04	5.65	11.25	99.24	99.42	99.20	19.93
Ward 05	10.49	20.23	99.49	98.67	99.19	36.88
Ward 06	37.35	76.53	69.02	14.04	39.93	80.19
Ward 07	35.22	72.04	84.20	38.77	73.63	76.43
Ward 08	36.16	70.64	98.82	96.58	96.52	72.32
Ward 09	32.30	68.30	96.24	63.68	83.40	65.33
Ward 10	35.72	61.31	99.59	98.25	96.94	62.74
Ward 11	39.26	57.66	93.65	97.26	95.57	65.04
Ward 12	31.28	64.48	55.55	7.82	88.42	78.98
Ward 13	38.26	64.23	99.08	89.41	97.47	71.97
Ward 14	40.90	74.56	88.86	85.59	94.33	60.95
Ward 15	27.30	67.37	71.16	14.42	91.02	78.12
Ward 16	33.53	69.45	62.89	24.28	85.54	75.68
Ward 17	39.26	71.70	99.67	99.21	95.56	72.22
Ward 18	39.96	72.34	91.62	41.41	88.28	75.48
Ward 19	34.93	62.93	97.44	99.09	96.55	61.20
Ward 20	44.91	73.71	95.03	69.58	57.00	73.12
Ward 21	30.92	49.29	91.54	86.91	85.43	61.76
Ward 22	40.32	48.61	99.16	99.08	82.01	65.83
Ward 23	40.94	50.80	99.41	99.38	97.59	68.42
Ward 24	40.68	58.43	97.41	83.55	82.22	67.64
Ward 25	13.89	24.61	99.60	86.54	85.88	35.69
Ward 26	31.55	40.99	99.16	98.00	96.00	53.84
Ward 27	35.02	53.91	98.89	99.06	97.04	66.13
Ward 28	37.99	48.54	99.44	99.64	98.67	67.15
Ward 29	33.70	61.56	99.55	99.14	97.00	64.19
Ward 30	45.71	66.46	93.57	99.04	96.26	74.65
Ward 31	39.94	76.16	87.49	54.10	57.34	71.12
Municipal Ave.	32.40	56.89	90.32	74.45	84.23	63.21

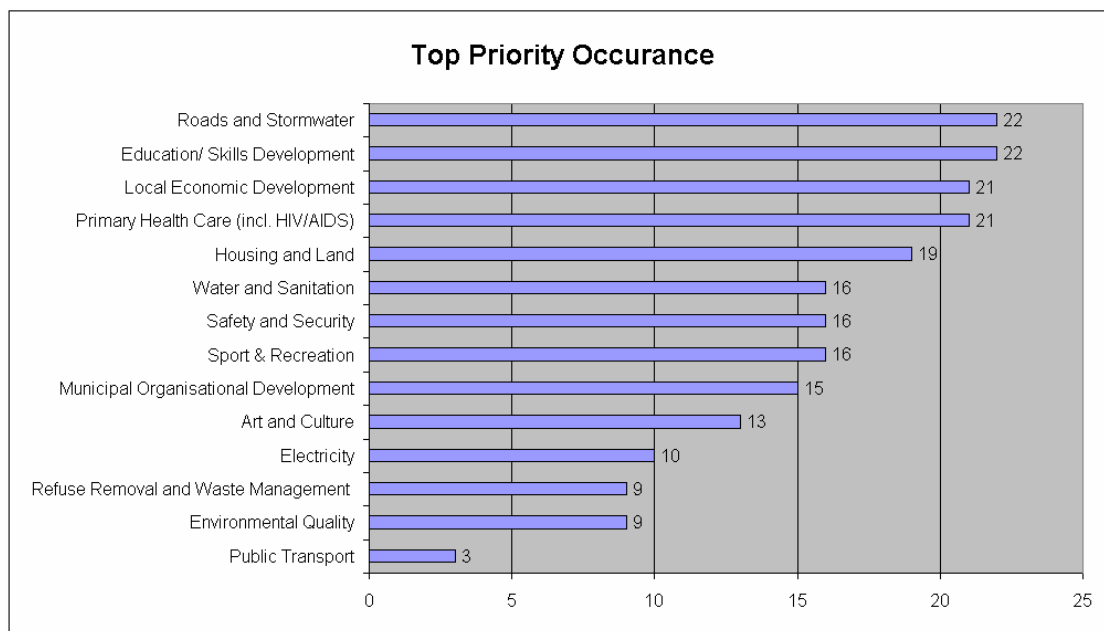
As part of this technical (statistical assessment) the various wards were then rearranged to identify those wards with the greatest apparent needs for development interventions. This started forming the bases of prioritizing where development attention should be focused. This table below then illustrates that especially Ward 6 and the mainly rural Ward 1 are in desperate need for development interventions. Wards associated with the JBC development area (e.g. Wards 14, 15 & 16) also clearly presented low currently development levels.

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

Ward	Unemployed	Breadline	Water	Sanitation	Electricity	Transport
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This statistical analysis only formed one component of the Development Prioritisation process and the information was workshopped with the Ward zones to “ground truth” the findings. In order to effectively compare the inputs from various wards, a structured questionnaire was also used to record the more specific qualitative needs for each sector within each ward. This record will both inform the strategic focus of the IDP as well as being included as public comment records.

The participants were also required to rank the importance of various development sectors of the IDP within their Ward. Where a sector required serious intervention and sever challenges and/or backlogs were experienced, the particular sector was ranked as 1 (high priority). Where a sector needed less intervention (mostly just maintenance) it received a ranking of 5 (low priority). When the sectors which were ranked 1 most often across all wards are calculated, the key development sectors requiring intervention within the municipality (as a whole) becomes apparent. The figure below illustrates the resulting priority sectors based on qualitative analysis from the questionnaires received from the various wards.



From the 14 development sectors prioritized by the various wards, Roads and Stormwater was ranked as high priority (requiring urgent intervention) by 22 of the 31 wards within the municipality. Although Education and Skills development and Primary Health Care are not direct functions of the municipality, it is important to highlight within the IDP to other departments that 22 wards also considered this as a high priority. Furthermore the high priority placed on Local Economic Development (21 Wards) highlights the need for poverty relief and economic investment within the area. From an infrastructural services point of view, the provision of Housing and Land as well as Water and Sanitation also seems to be priority intervention areas for the community.

Ward Priorities and Sector Priorities are accordingly attached as Annexures J03 and J 04 respectively.

SWOT (Strengths, Weaknesses, Opportunities, Threats)

The following Strengths, Weaknesses, Opportunities and Threats have been identified. Workgroups have been established to develop Action Plans to address the SWOT and will be finalised by end of November 2006.

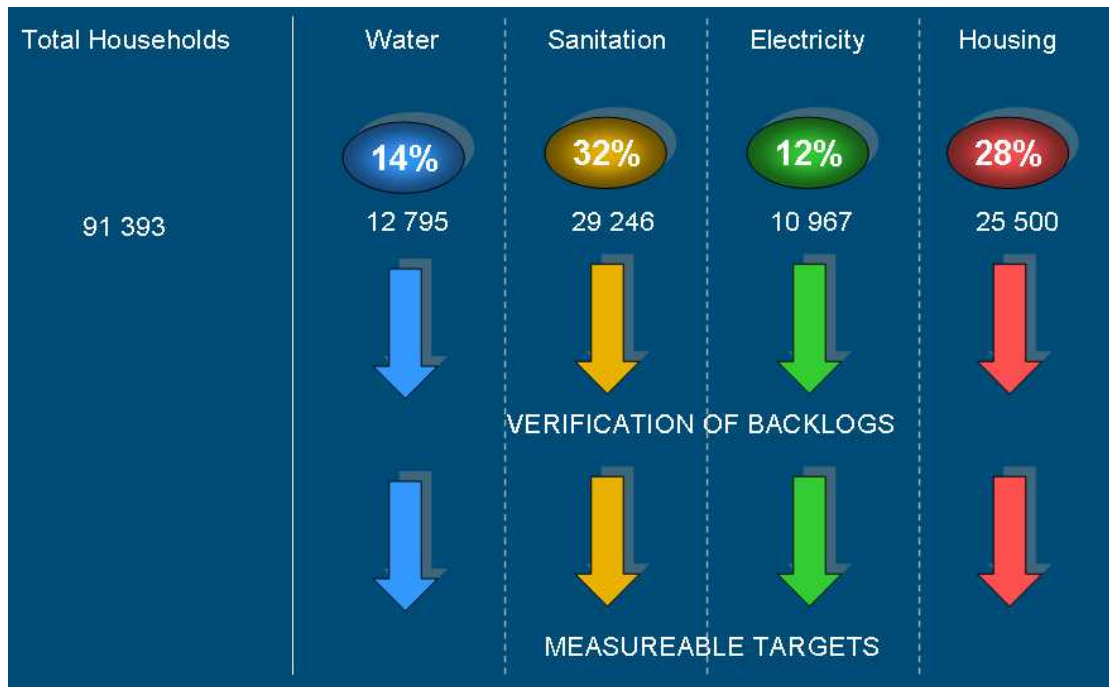
Table 8: SWOT

STRENGTH	WEAKNESS
<ul style="list-style-type: none"> • Skilled Human resources • Financially Viable Municipality • Good Governance • Political Tolerance • Existing Infrastructure • Sustainable services • Water Services Authority • Land Availability 	<ul style="list-style-type: none"> • Resistance to Change • Complacency • Structurally inefficient • Communication channels ineffective • Lack of skills administratively and politically • Deteriorating infrastructure • No unity and co-operation between officials and councillors • No respect/dividing walls

	<ul style="list-style-type: none"> • Lack of commitment by Politicians to understand council and Government policies • Lack of focus on core functions • Empire building • Lack of sufficient resources Financial, human and IT • Location of offices • Adherence to budget • Lack of productivity • No innovation • Lack of commitment of officials • Officials driving political agendas • Officials undermining Councillors • Lack of Customer Care/No Value System or organisational culture • Bureaucratic environment • Role conflict • Inadequate skills development • Lack of Sector Plans • Lack of an Asset Management Plan • Lack of Internal Audit function
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OPPORTUNITY	THREAT
<ul style="list-style-type: none"> • Geographical Location • Vibrant Economy • Growth • Relatively Low crime rate • Proposed Regional Stadium • Tourist attraction • N11 Extension/upgrade • Wetlands • Dunblane Development • Inkwelo Golf Estate • Upgrade Airport • Ferrum Pool • Newcastle Community Radio • Industrial Base • Re-opening of Ngagane Power Station • Proposed upgrading Madadeni Regional Hospital/ Police / Court • Proposed Osizweni Mall • Casino • Regional Hub of Northern Natal • Grant/Donations • Organised Agricultural and Business sector 	<ul style="list-style-type: none"> • Lack of investments • Disinvestments • Interest rates (increasing) • Inflation • Political instability • Unemployment • Emigration & Immigration (rural-urban) • Health (TB, HIV) • Environmental issues (climate change, global warming) • Competitive Edge • Invasion of land • Negative publicity • Geographical Location

B14. Summary of Backlogs



B15. Conclusion on IDP Challenges

Workshops with Ward zones

- Workshops held in zones on 28 February 2008.
- Presentation of development realities.
- Base document with development levels and previous priorities and projects per ward.
- Ward committees discuss and prioritise based on current realities.
- Council prioritise challenges in line with an approved prioritisation model during 2009/2010 IDP Review

SECTION C: THE IDP DEVELOPMENT STRATEGIES

C1. Position Statement

Mission Statement

The new Mission of the Newcastle Municipality is:

“Newcastle Municipality commits itself to render sustainable services, promote economic growth and achieve financial stability through Community Participation”

Value System

It was considered appropriate to develop and promote organisational culture as follows :

- ❖ NATION BUILDING
- ❖ EQUITY
- ❖ WELLBEING
- ❖ CUSTOMER SATISFACTION
- ❖ ACCOUNTABLE
- ❖ SUSTAINABLE
- ❖ TRANSPARENT
- ❖ LEADERSHIP
- ❖ EFFICIENT/EFFECTIVE/ECONOMICAL/EXCELLENCE

C2. Newcastle’s Development Vision Municipal Vision

The Vision of the Newcastle Municipality is

**“NEWCASTLE MUNICIPALITY –
Together We Can Do it Better”**

Translated into isiZulu, the Vision reads as follows:

“Sisonke – singenza okugcono”

Translated into Afrikaans, the Vision reads as follows :

“Saam doen ons dit beter”

C3. Newcastle's Development Priorities

Priority Issues

The Newcastle Municipality Priority Issues aligned to the National Key Performance Areas for local government were summarized as follows :

Socio- Economic and Financial Viability

- 54% Unemployment rate, but this could be higher considering the closure of factories over the past 4 years. This requires interventions to stimulate the local economy, and to retain existing business in Newcastle
- Decline in the Manufacturing sector (Specifically clothing & textile – attributed to global issues) – this re-affirms the increase in the unemployment rate
- Second Highest HIV prevalence rate in the Province as a District
- Population dominated by youthful population (49%) – indicating interventions with regard to tertiary facilities, job creation, recreation, etc.
- Large portion of the employed population hold “elementary occupations” – thus the need for skills development
- 56% of households earn less than R800/month – thus a high number of households could be considered Indigent and the increased need to subsidize basic services
- 19 000 Registered indigent households (Customer base of 55 000)
- High Outstanding Debtors impacts on infrastructure development, capital works and an increase in tariffs
- The need to ensure coordinated, and targeted development between the different spheres of government

Current IDP Priorities

This statistical analysis only formed one component of the Development Prioritisation process and the information was workshopped with the Ward zones to “ground truth” the findings. In order to effectively compare the inputs from various wards, a structured questionnaire was also used to record the more specific qualitative needs for each sector within each ward. This record will both inform the strategic focus of the IDP as well as being included as public comment records.

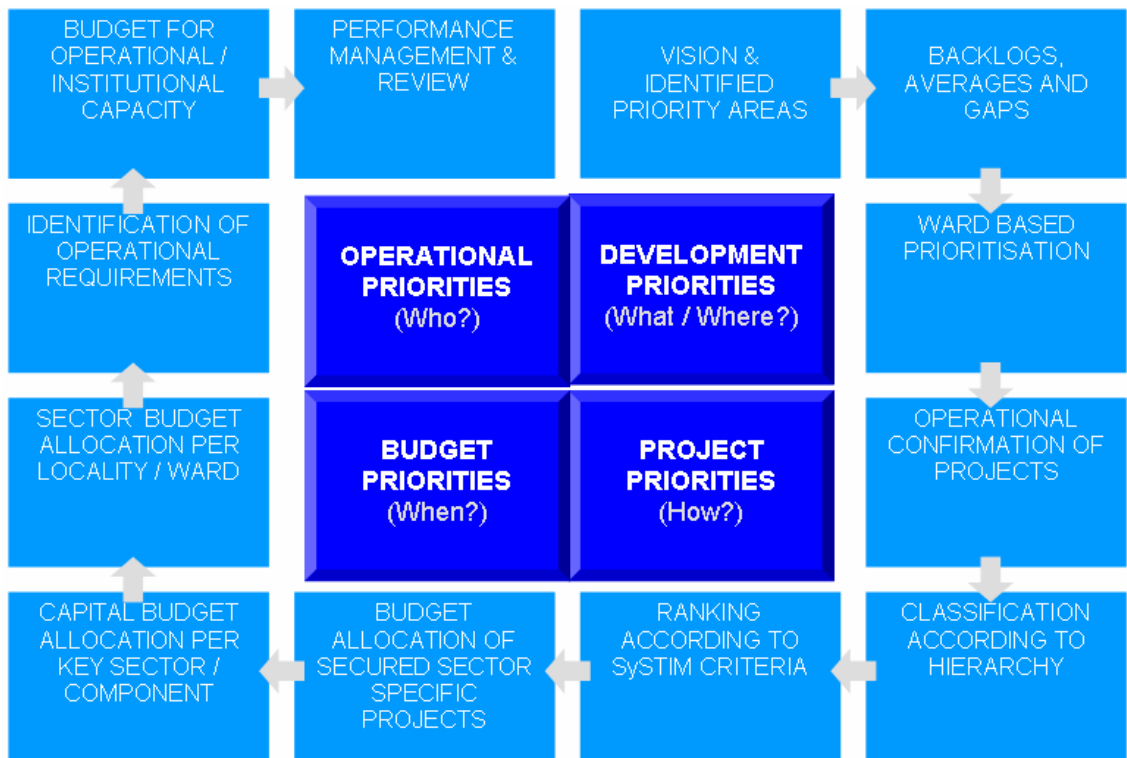
The participants were also required to rank the importance of various development sectors of the IDP within their Ward. Where a sector required serious intervention and sever challenges and/or backlogs were experienced, the particular sector was ranked as 1 (high priority). Where a sector needed less intervention (mostly just maintenance) it received a ranking of 5 (low priority). When the sectors which were ranked 1 most often across all wards are calculated, the key development sectors requiring intervention within the municipality (as a whole) becomes apparent. The figure below illustrates the resulting priority sectors based on qualitative analysis from the questionnaires received from the various wards.

- 1. Roads and Stormwater**
- 2. Education / Skills Development**
- 3. Local Economic Development**
- 4. Primary Health Care (Incl HIV/AIDS)**
- 5. Housing and Land**
- 6. Water and Sanitation**
- 7. Safety & Security**
- 8. Sport and Recreation**
- 9. Municipal Organisational Development**
- 10. Art and Culture**
- 11. Electricity**
- 12. Refuse Removal and Waste Management**
- 13. Environmental Quality**

14. Public Transport

From the 14 development sectors prioritized by the various wards, Roads and Stormwater was ranked as high priority (requiring urgent intervention) by 22 of the 31 wards within the municipality. Although Education and Skills development and Primary Health Care are not direct functions of the municipality, it is important to highlight within the IDP to other departments that 22 wards also considered this as a high priority. Furthermore the high priority placed on Local Economic Development (21 Wards) highlights the need for poverty relief and economic investment within the area. From an infrastructural services point of view, the provision of Housing and Land as well as Water and Sanitation also seems to be priority intervention areas for the community.

To this end the approach towards obtaining systematic priority alignment could be illustrated as follow:



From this illustration it should be evident that the prioritization approach will focus on determining the Development Priorities stemming from the development vision, known backlogs and ward based prioritization. Secondly the Project Priorities (strongly influenced by the Development Priorities) will follow and confirm the operational realities and requirements for identified projects, classification of the projects according to the core functions of the municipality and the ranking of the projects according to the SySTIM Criteria Approach, briefly explained below.

SySTIM Project Ranking Criteria:

- **Scale** – The scale and extent of the development benefits anticipated from the projects, where projects aimed at providing essential basic services and infrastructure delivery to a wide area score highest and projects addressing localized solutions to known problems lower.
- **Support** – As it is important to acknowledge political and civil will, policy and priorities, projects address national and /or provincial development priorities score highest together with projects already identified within the municipal IDP. Those project which has localized support or is a ward initiatives score lower.
- **Timing** – In areas of need the timing of visible and tangible projects are essential to create the needed confidence and momentum in a programme. Where projects would be immediately visible and implemented through internal capacities, a higher score is allocated. Projects dependent on external delivery or those which do not have tangible and /or visible deliverables score slightly lower.
- **Impact** – Project which will have a catalytic impact on the urban regeneration process an will lead to the critical path completion of a number of other projects scored higher that projects with have a nominal influence on the planning and design of other projects.
- **Money** – Where projects are either already fully or partially funded and being implemented, they are given a higher scoring while unfunded projects with funding potential score lower.

Although the Budget Priorities and Operational Priorities need to follow directly from the development and project priorities, it is envisaged that (due to the required integration of IDP and Budgetary cycles) this level of strategic prioritization will only truly be taken up in the municipal budgetary processes of 2009/2010.

Democracy and Governance

- Inadequate communication mechanisms with the Community

Institutional Transformation

- Approved Organigram of approx. 2000 employees with only 780 filled, thus the shortage of staff impacts on service delivery
- Inadequate investment into skills development
- Inability to attract suitable candidates to fulfil Employment Equity mandate
- Resistance to change within the organisation

Infrastructure and Services

- Water² – 14% of the households do not have an adequate supply of water with 32% of households having access to a basic level of service (Standpipes within 200m)
- Sanitation³ – 32% of households do not have an adequate service with 16% have access to VIP's
- Electricity – 12% of households within the Newcastle Municipal area do not have electricity as a source of lighting. However, within the licensed area the backlog is 1%. The unlicensed area is serviced by ESKOM. A further concern is the impact that the transfer to RED's will have on Newcastle.

² As per Water Services Development Plan (WSDP) Review

³ As per Water Services Development Plan (WSDP) Review

- Roads - In terms of the demand for the upgrading, rehabilitation and new roads development, the IDP Review presently estimates that the amount required for roads projects specifically is in excess of R400m.
- A recent assessment of the most urgent requirements in Madadeni, Osizweni, KwaMathukuza and Newcastle West that impact of accessibility, (and where applicable), safety – indicate that an amount of R315m is required urgently.
- The Public Road Transport Plan further indicates that that 56% of roads utilised for Public Transport is unsurfaced which results in high maintenance costs to vehicles and unsafe travel conditions for passengers.
- Refuse Removal - 33% of households within Newcastle do not have access to a Refuse Removal Service from Council
- Housing - 28% of the Newcastle population do not have formal housing units. This could however be higher, due to the influx of informal settlers into Newcastle since 2001. A Housing Sector Plan is being pursued to amongst other things, determine housing backlogs.
- Primary Health – the need for improved, additional, accessible primary Health Services
- Environmental Quality - the need to assess the environmental impact of existing and proposed development, with specific reference to industries and mining
- Community Safety and Security – the lack of adequate infrastructure and resources to ensure a safe community
- Asset Management – an audit of all municipal assets (infrastructure, plant, equipment, vehicles etc.) and the related operating costs is to be determined to enable Council to plan its operating requirements within available resources, and the impact this would have on levels of services. This would assist Council in determining its replacement options over short, medium and long terms
- Spatial Restructuring/integration – **backlogs exists in respect of the previously unserviced areas with specific reference to the :**
 - Establishment and Maintenance of effective Urban Management Systems
 - Provision of Housing Stock
 - Incremental upgrading of the existing infrastructure and services and environmental milieu
 - Integration of residential townships of Madadeni and Osizweni with Newcastle West(“East meets West”)
 - Land Use Management Systems
 - Environmental conservation
 - Community facilities
 - Open Space Management
 - Agricultural Development
 - Mining rehabilitation
 - Land Reform

C4. Newcastle’s Development Strategies

Key Intervention Areas

The following Key Intervention areas were identified to be addressed :

- Financial Stability
- Restructuring and Transformation
- Communication
- Alternative Service Delivery Options

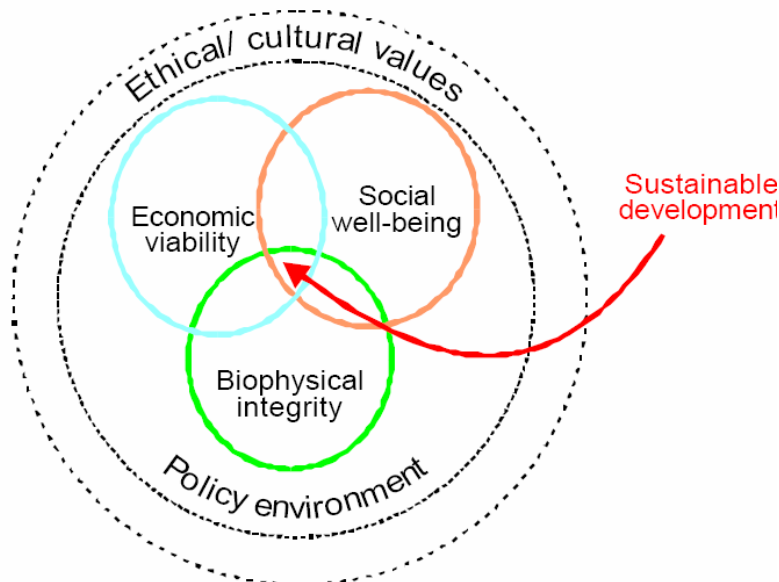
Strategies and Action Plans were accordingly developed with some interventions being recommended for immediate implementation are illustrated by table 13 below.

C5. Strengthening Sustainability within the IDP Process

Strengthening the concept of sustainability within the Newcastle IDP has become a key priority within this review and it was mainly incorporated within the process itself rather than a separate development issue. The actual role of the municipality towards sustainable development was considered and then the concept was incorporated within the key phases by asking key questions during each phase and adapting the process and / or outcomes where appropriate and required.

Sustainable development in Local Government

The concept of sustainable development has increasingly influenced international and specifically South Africa's policy development. It has become a core element of the policy documents of the South African government, international agencies and business organisations. This has led to a broad debate on the concept of sustainable development, leading to a wide variety of definitions and interpretations and it is important to note that the Newcastle Municipality abides by the model of sustainability illustrated below:



The development of Agenda 21 at the World Summit in Rio (1992) represented the first systematic global attempt to address sustainability issues and move towards sustainable development. Chapter 28 of the Agenda 21 document highlights the role of local government in economic, social and environmental development. Local Agenda 21 is the mechanism or process for promoting sustainable development strategies at the municipal level. Local government is responsible for developing local policies and regulations in alignment with provincial and national policies. As the level of government closest to communities, local government plays a vital role in educating and engaging with the public to promote sustainable development. In terms of its principles, goals and objectives, Local Agenda 21 is broadly similar to the IDP process and although the Newcastle Municipality envisage to in the future formulate a local Agenda 21 strategy, the IDP current serves a similar purpose. The following aspects of sustainability was considered during the key phases of the IDP review:

Sustainability within the Analysis Phase

The following questions were asked in the Analysis Phase:

- What are the existing social, economic and biophysical resources that either constrain or provide opportunities for development?;
- Which institutions, legislation, policies, plans and programmes will influence the maintenance and/or enhancement of these resources; and
- What are the social, economic and biophysical trends that will affect the maintenance and enhancement of these resources?

Collection and result of this information is contained in this document within especially the : Compilation of existing information; the municipality-wide analysis and the in-depth analysis of priority issues.

It was also important to note that the participatory processes included representatives from the social, economic and biophysical sectors and included authorities, Non-Governmental Organisations (NGOs), Community-Based Organisations (CBOs), Business, Social Groups, environmentalists, women, labour and the youth. These were all represented within either the Ward based structures or within the Municipal IDP Representative Forum.

Sustainability within the Strategies Phase

The concept of sustainable development was already considered in the formulation of the municipality's vision. Although not specifically mentioned, the discussions that lead to the formulation of the vision strongly emphasized the sustainability of all development. Central to this concept is meeting the needs of both current and future generations; and acceptance of the limitations imposed by society on the ability of the environment to meet those needs. Community workshops clearly highlighted that the resources required to address all development needs might not be available everywhere and/or at the same time and that initiatives will need to consider the sustainable tempo of delivery.

In terms of the developmental and organizational objectives, the following questions were asked in the formulation of the IDP working objectives for Key Performance Areas:

- Do the objectives developed incorporate the principles for sustainable development?
- Do the working objectives relate to the maintenance and /or enhancement of the resources identified in the Analysis Phase?
- What are the limits of acceptable change of the resources identified, that should be considered in the formulation of the objectives?

A practical outcome of the analysis of objectives and strategies against the the principles of sustainability is the identification of the need for an Environmental Management function within the municipality to focus on the co-ordination of sustainability monitoring within the municipality.

Sustainability within the Projects Phase

Although within the logical framework development, the projects were direct outcomes of the municipal objectives and strategies, the following were considered in the identification and formulation of the projects as well as the performance indicators:

- Are the projects relevant to the municipality and to the local community?
- Are the projects related clearly to the achievement of the IDP objectives?
- Are the projects generally understood?
- Are the indicators measurable on a practical and regular basis?
- Is it cost effective to collect and interpret data for the indicators identified?
- Were the indicators developed using a participatory approach?
- Is the process for collecting and processing of data for the indicators clear and transparent?
- Does the capacity exist for monitoring of the indicators?
- Are the indicators identified acceptable to decision-makers?

Furthermore it is believed that to ensure the incorporation of sustainability concerns into project and indicators, it is important that the factors of time and resource limitations are considered.

Challenges of strengthening Sustainable Development in the IDP process

As indicated, the concept of sustainability is newly incorporated within the process of IDP formulation and as such, there are a number of challenges to the strengthening of sustainability within the IDP process. These challenges include:

- Gaining a practical understanding of the meaning of sustainability amongst all sectors, that is applicable to the specific context of the municipality;
- Ensuring strong political support for the strengthening of sustainability in both the planning and implementation of the municipality's IDP;
- Developing the skills required to ensure the sustainability of strategies and projects within the IDP process;
- Ensuring that there is adequate human and financial capacity within the municipality to effectively plan, implement and manage interventions for the strengthening of sustainability;
- Developing the institutional structures required for a crosssectoral approach to addressing sustainability issues;
- Obtaining the baseline information concerning the current state of the environment and defining the limits of acceptable change of social, economic and biophysical resources;
- The identification of appropriate indicators and the development of an effective monitoring system;
- Making trade-offs between the various elements of sustainability (i.e. social, economic and biophysical concerns) that will lead the municipality towards its vision of a desirable future; and
- Developing and implementing strategies and projects that may not show short-term gains, but may assist the municipality in moving towards sustainability.

Meeting these challenges is likely to involve a process of continual improvement and will constantly be addressed within future IDP reviews.

Table 9 : Action Plans for Key Intervention Areas

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
STRATEGY REDEFINITION						
SED: PLANNING & DEVELOPMENT: TOWN PLANNING, HOUSING & LAND ADMINISTRATION, ECONOMIC DEVELOPMENT						
Processing times are too long.	✦ Develop Inter-Departmental Development Coordinating Forum to fast-track the comments from relevant municipal departments.	SED: Planning & Development	Internal resources	✓		
	✦ Skills development for Town Planning and other departmental officials.	SED: Planning & Development	Internal resources	✓		
	✦ Develop and implement a tracking system.	GIS Officer	Internal resources	✓		
	✦ Monitor compliance with set targets for turnaround times.	SED: Planning & Development	Internal resources	✓		
Lack of understanding by other departments with regard to Town Planning applications.	✦ Conduct ½ day workshops for other departmental officials.	SED: Planning & Development	Internal resources	✓		
	✦ Develop a service delivery charter for Town Planning Applications.	Communication All Departments	Internal resources	✓		
Management of open spaces.	✦ Conduct ½ day workshops for other departmental officials.	SED: Planning & Development	Internal resources	✓		
	✦ Make the policy available on the website.	SED: Planning & Development	Internal resources	✓		
Lack of Area Based Management Plans for the entire area.	✦ Preparation of Forward Planning documents including Area Based Management Plans. ✦ Develop an architectural theme for different areas/structures.	SED: Planning & Development	R1,500,000	✓	✓	✓
Lack of complete spatial data and integration of departmental data.	✦ Updating and maintaining GIS data set.	All Departments	Internal resources	✓		
	✦ Integrating GIS with other systems.	GIS Officer	Internal resources	✓		

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
Housing backlogs.	✦ Investigate options for fast-tracking delivery.	SED: Planning & Development	Internal resources	✓		
Capacity issues.	✦ Capacity building initiatives (Management of Housing applications and project management).	SED: Planning & Development	Funded by Provincial Department of Housing	✓	✓	✓
Non-availability of suitable land.	✦ Engage with specific stakeholders, especially Land Claims Commission.	SED: Planning & Development	Internal resources	✓		
Lack of professional LED expertise to undertake projects successfully.	✦ Develop capacity in LED.	SED: Planning & Development	Funded by Technical Assistance Grant from National Treasury	✓	✓	
	✦ Source funding to implement the LED Strategy.	All departments	To Be Advised	✓		
	✦ Identify comparative and competitive advantages.	Chief Operations Officer	Internal resources	✓		
	✦ Proper consultation with the District Municipality and other stakeholders.	SED: Planning & Development	Internal resources	✓		
Lack of a programme to develop SMME's.	✦ Conduct a workshop for all stakeholders to market LED opportunities through each department's programmes.	SED: Planning & Development	Internal resources	✓		
	✦ Design and implement a strategy to develop Small and Medium Enterprises.	SED: Planning & Development	Internal resources with the assistance of SEDA	✓	✓	
	✦ Engage with available National and Provincial programmes.	SED: Planning & Development	Internal resources	✓		
	✦ Learnerships and Recognised Prior Learning initiatives.	SED Technical Services SED: Corporate Services	In Progress 07/08 EPWP, DBSA and LGSETA funding	✓	✓	✓
SED: TECHNICAL SERVICES (CIVILS – PMU, ROADS AND STORMWATER, WATER SERVICES AUTHORITY); ELECTRICAL AND MECHANICAL						

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
Lack of technical expertise.	✦ Development of a Scarce Skills and Retention Policy.	SED: Corporate Services	In Progress 07/08 Internal resources	✓		
	✦ Implementation of Policy					
	✦ Learnerships and Recognised Prior Learning initiatives.	SED Technical Services SED: Corporate Services	In Progress 07/08 EPWP, DBSA and LGSETA funding	✓	✓	✓
	✦ Appointment of critical staff funded by MIG and internal budgets.	SED Technical Services SED: Corporate Services	Internal resources MIG Funding (5% = R2.1m)	✓		
	✦ Approach DBSA for assistance to source technicians/engineers with technical skills for 1 year. ✦ (Siyeza Manje)	SED Technical Services SED: Corporate Services	Internal resources DBSA Funding	✓		
Forward planning for new infrastructure.	✦ Appoint a technician with required expertise.	SED: Technical Services SED: Planning and Development	Internal resources	✓		
Lack of monitoring of WSP.	✦ Establish a WSA Unit.	SED: Technical Services	Internal resources	✓		
Maintenance and rehabilitation of existing infrastructure.	✦ Develop an Infrastructure Investment Plan aligned with the available budget and MIG funding.	SED: Technical Services Chief Financial Officer	Internal resources MIG Funding	✓		
Water leaks.	✦ Develop an implementation plan for the reduction of water losses. ✦ Fixing water leaks. ✦ Implement water restrictors.	SED: Technical Services	R3.0m of Internal resources R700 000 from the District for Indigents	✓		
Rollout of Free Basic electricity.	✦ Engage Eskom to fast-track universal access.	SED: Technical Services	Internal resources	✓		
SED: COMMUNITY SERVICES: PROTECTION SERVICES (TRAFFIC, FIRE AND SECURITY SERVICES), CULTURE AND AMENITIES (LIBRARIES, MUSEUMS, GALLERIES, HALLS), COMMUNITY FACILITIES (PARKS, SPORTS & RECREATION FACILITIES, CEMETERIES), WASTE COLLECTION						
Decline in law enforcement and provision of emergency services.	✦ Review by laws for law enforcement.	SED: Community Services	Internal resources	✓		
	✦ Investigate options for emergency services with the	SED: Community Services	Internal resources	✓		

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
	District. ✦ To implement and facilitate training and development in respect of law enforcement. ✦ Investigate options to increase law enforcement. ✦ Increasing visibility of traffic officers and promoting public image of the municipality.	SED: Community Services	Internal resources	✓		
Absence of an Environmental Unit.	✦ Fast-tracking the transfer of Municipal Health to the District and the Province.	SED: Community Services	Enviro Health – R2.4m Primary Health – R3.5m (This will be the budget that will be transferred if done in 2007/2008)	✓		
	✦ Considering a Shared Service approach for broader environmental management issues.	SED: Community Services	District Grant (IWMP) R350 000	✓		
	✦ Approaching the Department of Agriculture & Environmental Affairs for collaboration purposes to improve environmental processes.	SED: Community Services	Grant (Facilitated by the District) R600 000	✓		
Large span of control.	✦ Review of the organisational structure.	All departments	In Progress 07/08	✓		
Lack of effective upgrade and maintenance of public amenities.	✦ Source additional funding.	SED: Community Services Chief Financial Officer	Internal resources	✓	✓	✓
	✦ Consider PPP's.	SED: Community Services	Internal resources	✓		
	✦ Audit all lease agreements.	SED: Corporate Services	Internal resources	✓		
Ad hoc work stoppages at Cleansing and Parks Business Units.	✦ Urgently consider report and table recommended action for Council Resolution.	SED: Community Services SED: Corporate	To be dealt with administratively Internal resources	✓	✓	✓

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
		Services Chief Financial Officer Municipal Manager Council				
Backlogs in refuse removal.	✦ Assess level of backlogs and develop a strategy to address the backlogs.	SED: Community Services SED: Planning and Development	Internal resources	✓		
	✦ Closing of existing Landfill Site and establishment of a new Landfill Site.	SED: Community Services SED: Planning and Development	Internal resources	✓		
	✦ Establishment of transfer stations.	SED: Community Services	Internal resources	✓		
Decline in staff morale.	✦ Implement change management, diversity management and other interventions.	SED: Corporate Services All departments	In Progress Internal resources	✓		
Insufficient special programmes Forums.	✦ Establish effective Forums	Chief Operations Officer	Internal resources	✓	✓	✓
	✦ Ensure effective and functioning Forums					
	✦ Learnerships and Recognised Prior Learning initiatives.	SED Technical Services SED: Corporate Services	In Progress 07/08 EPWP, DBSA and LGSETA funding	✓	✓	✓
SED: FINANCE - BUDGET, COSTING AND EXPENDITURE, (SALARIES, LEAVE, CREDIT PAYMENTS) REVENUE AND DEBT MANAGEMENT, PROCUREMENT AND STOCK MANAGEMENT, FINANCIAL MANAGEMENT AND STATISTICS, FINANCIAL INFORMATION SYSTEMS AND RISK MANAGEMENT						
Outdated Financial Management System.	✦ Investigate and acquire a new system which meets all the needs of the Municipality.	Chief Financial Officer SED: Corporate Services	R 4,000,000	✓	✓	
Decentralised SCM.	✦ Centralise the SCM Unit.	Chief Financial Officer	Internal resources	✓		
	✦ Appoint/ second staff.	Chief Financial Officer SED: Corporate	Internal resources	✓		

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
		Services				
	✦ Conduct SCM training.	Chief Financial Officer	H/R to fund	✓		
	✦ Implement the SCM Framework/ Regulations.	Chief Financial Officer	Internal resources	✓		
	✦ Targeted procurement aligned with LED strategy. ✦ Supplier database.	Chief Financial Officer	Internal resources Grant for Budget Reform	✓		
Financial Reporting and Monitoring (Non-compliance with prescripts, access to financial information).	✦ Financial Management System fully operational and meeting all needs.	Chief Financial Officer SED: Corporate Services	Internal resources		✓	
	✦ Appoint staff.	Chief Financial Officer SED: Corporate Services	Internal resources		✓	
Low payment factor.	✦ Revenue enhancement strategies.	Chief Financial Officer	R2,800,000	✓		
Miscommunication between Finance and other Departments leading to work stoppages.	✦ Conduct meetings with each Department to communicate salary and contractor payment needs and procedures.	Chief Financial Officer All departments	Internal resources	✓		
	✦ Learnerships and Recognised Prior Learning initiatives.	SED Technical Services SED: Corporate Services	In Progress 07/08 EPWP, DBSA and LGSETA funding	✓	✓	✓
SED: CORPORATE SERVICES						
Re-alignment of organisational structure to IDP.	✦ Restructuring at macro and micro level.	SED: Corporate Services	Internal resources	✓		
	✦ Implementation of the approved structure.	All departments			✓	
Aligning organisational PMS with Individual PMS.	✦ Develop and implement IPMS for all staff below S57 Managers.	SED: Corporate Services	Internal resources	✓	✓	✓
Re-alignment of HR policies with legal prescripts.	✦ Review/ develop policies in line with legislative mandates and best practices.	SED: Corporate Services	Internal resources	✓	✓	✓

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
Outdated and conflicting by laws, policies, Council Resolutions, contracts, lease agreements, etc.	<ul style="list-style-type: none"> ✦ Review and update by laws, policies and Council Resolutions, contracts, lease agreements, etc. 	SED: Corporate Services	Internal resources	✓	✓	✓
Insufficient office accommodation.	<ul style="list-style-type: none"> ✦ Finalising the investigation into centralising office accommodation. ✦ Upgrade Council and EXCO Chambers. 	SED: Corporate Services	Internal resources	✓		
	<ul style="list-style-type: none"> ✦ Learnerships and Recognised Prior Learning initiatives. 	SED Technical Services SED: Corporate Services	In Progress 07/08 EPWP, DBSA and LGSETA funding	✓	✓	✓
OFFICE OF THE MM: COO, (IDP, IGR, SPECIAL PROJECTS, PMS AND PRO, GOVERNANCE) AND INTERNAL AUDIT						
Mainstreaming.	<ul style="list-style-type: none"> ✦ Identify projects/programmes for mainstreaming. ✦ CFO to engage with all departments to unlock potential budget requirements. 	All departments	To be advised	✓		
Lack of prioritisation model for aligning the budget to the IDP.	<ul style="list-style-type: none"> ✦ Develop a financial plan. 	Chief Operations Officer IDP Manager All SED's	Grant funding R 50,000	✓		
Aligning organisational PMS with Individual PMS.	<ul style="list-style-type: none"> ✦ Implement the National Treasury and DPLG Frameworks. 	Chief Operations Officer SED: Corporate Services	Internal resources	✓		
Poor Inter-Governmental Relations.	<ul style="list-style-type: none"> ✦ Initiate the District Forum. 	Chief Operations Officer Municipal Manager	Internal resources	✓	✓	✓

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
	<ul style="list-style-type: none"> ✦ Enforce compliance with the Protocol Agreement. 	Chief Operations Officer Municipal Manager	Internal resources	✓		
	<ul style="list-style-type: none"> ✦ Strengthen participation and representation at the IDP Representative Forum and Inter Governmental Relations Forum. 	Chief Operations Officer Municipal Manager	Internal resources	✓		
Ineffective functioning of Ward Committees.	<ul style="list-style-type: none"> ✦ Re-establishment of Ward Committees. ✦ Integration with other formal structures. ✦ Capacity Building. 	Chief Operations Officer Municipal Manager	R300,000 R 200,000	✓ ✓		✓
Lack of integration with internal departments on public participation matters.	<ul style="list-style-type: none"> ✦ Improve planning and co-ordination between departments. ✦ Develop internal protocol for public participation. 	Chief of Operations	Internal resources	✓	✓	✓
Risk management.	<ul style="list-style-type: none"> ✦ Formulate risk management Policy. ✦ Implementation of Risk Management strategies. ✦ Workshop the Anti-corruption strategy with all stakeholders. 	Municipal Manager Internal Auditor	Internal resources	✓		

NEWCASTLE INTEGRATED DEVELOPMENT PLAN REVIEW 2008/9

CHALLENGE	ACTION PLAN	RESPONSIBLE MANAGER	BUDGET	TIME FRAME		
				2008 / 2009	2009 / 2010	2010 / 2011
	✦ Learnerships and Recognised Prior Learning initiatives.	SED Technical Services SED: Corporate Services	In Progress 07/08 EPWP, DBSA and LGSETA funding	✓	✓	✓

SECTION D: THE SPATIAL DEVELOPMENT FRAMEWORK

D1. Spatial Development Vision

During the 2007/2008 review of the IDP, the *Vision* for Newcastle Municipality was revised to read as follow:

Newcastle - "Together We can Do it Better" to create a better life for all Newcastle citizens.

As the central future concept for development within the municipality, this vision needs to be translated spatially in order to ensure the development of land as well as the future management of all resources all work towards the achievement of this vision and does not contradict it.

D2. IDP Priorities that have spatial impact

The following IDP Priorities which have the spatial impact were identified, clustered and ranked against the National Key Performance Areas:

NATIONAL KPA	IDP PRIORITY
1. INFRASTRUCTURE	Water and Sanitation Road and Stormwater Housing and Land Electricity Spatial Restructuring/Integration
2. SOCIO-ECONOMIC	Local Economic Development Recreational Facilities
3. ENVIRONMENTAL QUALITY	Environmental Quality

D3. Spatial Development Challenges and Objectives

The core spatial challenges of the Spatial Development Framework would be to ensure spatial equity, efficiency and sustainability to address the above key IDP priorities that has the spatial impact. However, current practices do not always promote these concepts and it is therefore vital to identify in which manner current trends does not impact on the achievement of these responsibilities and the eventual realization of the Vision.

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

EQUITY	EFFECIENCY	SUSTAINABILITY
1. Provision, upgrading and maintenance of key distribution routes .	1. Provision, upgrading and maintenance of key distribution routes .	1. Plan service standards in line with economic and environmental affordability .
2. Promotion of economic activities in closer proximity to the unemployed .	2. Infill planning is required to make the delivery of services more cost effective.	2. Conservation and maintenance of infrastructure and resources are better than replacement.

<p>3. Clustering of social and community facilities at more accessible points.</p> <p>4. Promotion of private sector investment in disadvantaged areas.</p> <p>5. Spatial focus of resources to redress inequalities in services standards and quality of life.</p>	<p>3. Stimulation of economic districts and nodes to promote sufficient market thresholds.</p> <p>4. Planning around bulk capacities to ensure more cost effective developments.</p> <p>5. Promotion of economic opportunities in close proximity to residential functions (where sustainable).</p>	<p>3. Fragmented spatial structure causes sprawl and should be countered.</p> <p>4. Planning should promote the sustainable use of resources, rather than exclusion of use.</p> <p>5. Improved land management measures to control potential conflicts are required.</p>
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In order to address the above issues, a set of objectives have been formulated, based on a review of the objectives and strategies contained in the approved Newcastle Municipality SDF (2003) and represent a further refinement of the work set out in that report:

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

D4. Spatial Development Strategies

Although the current spatial pattern is inefficient and expensive, one has to admit that it is a fixed spatial pattern. Therefore, the aim should not be to alter the existing spatial structure, but one

should rather guide its future development towards a better, more efficient and more cost-effective urban structure. In short, one should start addressing the weaknesses of the spatial structure through the planning and development of its future growth. Five strategies can be adopted to achieve this:

Strategy 1: Urban integration

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

Strategy 2: Bulk infrastructure development

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

Strategy 3: Equitable access to social services

As was mentioned, the settlements located on the outskirts of the Municipal Area are located far from the social services provided in the Newcastle core area. This result is high public transportation cost for the poor living in these areas to access these services. It is imperative that a number of these social services be provided in these outlying settlements through the development of Service Delivery Centres. A hierarchy of such SDCs, containing facilities such as clinics and community centres, will place these facilities closer to these settlements, thus making them more accessible and achieving greater urban integration.

Strategy 4: Land use and transportation integration

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

Strategy 5: Protection of agriculture and open space

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

Strategy 6: Sustainable Human Settlements Development

D5. Service Development Nodes / Centres

Four types of SDCs (Service Development Centres) are proposed for Newcastle Municipality: 1st, 2nd, 3rd and 4th order SDCs, as well as Rural SDCs.

SDC Type	Threshold population	Access Intersection	SDC area
1 st order	> 100 000	Collector & commuter rail line	- Newcastle CBD. - Proposed JBC CBD
2 nd order	< 100 000	Distributor & collector	- Emerging Northern business Exten. -Emerging Southern Business Extens. -Madadeni business district. -Osizweni business district
3 rd order	< 20 000	Distributor & collector	- Lennoxton -Charlestown
4 th order (Rural)	< 10 000	Distributor & distributor	-Ingogo - Normandien -

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

D6. Development Corridors

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

- (a) Allen Street - Mixed-used corridor
- (b) P483 - Mixed-use Development Corridor
- (c) N11 - Primary Corridor
- (d) R34 - Secondary Corridor

D7. Newcastle Urban Open Space Framework

An open space system fulfils a number of functions. These functions include hazard avoidance, resource conservation, ensuring social well-being and educational. These functions of an open space system are listed in more detail in Table 6.

Table 6: Functions of an Open Space System

Hazard avoidance	Resource conservation	Recreational and psychological	Educational
Open spaces must reserve flood prone areas. Open spaces must reserve steep slopes and geologically unstable ground.	Open spaces must protect water sources. Open spaces must protect linked areas of conservable indigenous vegetation.	Developed and maintained open space must be provided for recreational purposes. Open space must be provided for social interaction and as symbols of community identity.	Open spaces must be protected for environmental education purposes. Well-equipped and designed open spaces must be provided for sport education.

Open spaces should protect drinking water sources from being contaminated.		Open spaces must be protected for psychological relief from the stresses of urban live.	
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As mentioned in the situational analysis, open space and recreation within the Municipal Area can be divided into 2 categories: passive and active open space. Proposals for Newcastle urban areas are made according to these categories.

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

a. Water Sources

The conservation of passive open spaces that contain watercourses is of specific importance. The natural drainage channels and banks of these rivers and dams must be protected up to the 100-year flood line. Sanitation systems must be provided in settlements located close to these water sources to avoid the pollution of these water sources by sewerage and other harmful effluents.

b. Mountainous Areas

The tail of the Drakensburg stretches in a north-south direction across the western area of Newcastle. This mountain range is also a primary visual and structuring element within the Municipal Area. For these reasons this mountain range must be protected and form part of the municipal wide passive open space system.

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

D8. The Urban Edge

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

- The containment of the urban sprawl and the promotion of infill and densification
- The creation of urban corridors along public transportation routes
- The future municipal housing need and associated land required, as calculated in the Land Use Budget.
- The cost implications of establishing new infrastructure for new township developments
- Taking into consideration unsafe geological conditions
- The conservation of environmentally sensitive areas
- The protection of high-potential agricultural land

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

Inside urban edge	Outside urban edge
Urban settlements Rural settlements Business and office nodes	Extensive and intensive agriculture areas Conservation areas and nature reserves Tourism facilities and related activities

Industrial and commercial areas Governmental uses Urban agriculture	Rural services (social & economic) Agricultural holdings Communal farms Mines
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The Urban Edge for Newcastle aims to contain urban development along the development corridors proposed in the Development Concept. In addition, it largely aims to prohibit urban sprawl into the intensive agricultural areas around Ncandu river and towards the productive agricultural land. A number of existing mining settlements are located within the urban edge and can be formalized through a township establishment procedure.

D9. Local Area-Based Development Plan

The main purpose of the Local Area-based Development Plan is to guide, facilitate and fast-track development of an area and focus on local needs to ensure that developmental needs are addressed at local level. The Plan is aimed at providing a useful framework for guiding investment by public, private sectors and they provide a sound basis for mobilising government resources in an integrated and coordinated manner at local level. Currently the Municipality is currently busy with Seven Local Area Based Development Plans and they are as follows:

1. JBC Development Plan

The JBC (Blauwbosch, Cavan and Johnstown) Development Plan project was initiated as early as 2001, and its main objective is to create a vibrant, formalized township which is economically active and integrated with the surrounding formally planned areas of Madadeni and Osizweni. JBC, is the third largest settlement in Newcastle East has **45 099 people (20.4%)** of the population of Newcastle East in 5 wards. A number of incremental programmes have been initiated and successfully executed and today JBC has access to clean water and public roads through this initiative of Local Area Based Development Plans. Since project inception, projects worth more than 45 million have be completed and approximately more than 2000 temporary job opportunities were created during these construction projects.

JBC is also identified as Primary Node, in terms of Newcastle SDF a first order Service Delivery Centre to complement Newcastle CBD and attract investment and additional economic opportunities closer to the majority of Newcastle residents. Currently, the department in-conjunction with other municipal department continues with the implementation of incremental projects planned for JBC in terms of the Development Plan. Funds are currently being sourced from Neighbourhood Development Partnership Grant for the development of the JBC Node.

2. Ingogo Rural Development Plan

Ingogo Rural Development Plan was finalized during 2004 and its main objective was to establish the prevailing status quo of the settlement of Ingogo and outline the development strategies to address current community needs by providing a more detailed planning in the settlement to ensure the provision of housing, appropriate infrastructure and essential services. Currently the department has finalized the Layout Plan and a DFA Application for Ingogo settlement. However, due to current land claims in the area, the Director: Housing and Land can not finalise the land acquisition process and the DFA application can not be lodged with the Tribunal if there are land claims.

3. Charlestown Development Plan

The project was initiated in July 2005, as a result of the identification of Charlestown in the Newcastle Integrated Development Plan (IDP) as one of the municipality's satellite services areas. The aim of the Development Plan is to identify the needs for development within the community of Charlestown as well as establishing the prevailing status quo of the settlements and outline development strategies to address current and future developmental needs of the area. The project in Charlestown has not been progressing well since 2005 due to the fact that Charlestown community has been experiencing problems over their land which made the KZN Legislature to

intervene in trying to find possible solutions to ensure that developmental initiatives continue in Charlestown.

4. Kilbarchan, Ingagane and Ballengeich areas Development Plan

The Process Plan and Steering Committee have been finalized. Project is currently at desktop data gathering and analysis stage. The survey questionnaire has been drafted. A formal meeting for the establishment of the Steering Committee was called on Sunday 5 August 2007 at Ingagane community hall. Field data gathering will commence January 2008 to have a comprehensive look at issues affecting the community including those raised at the Steering Committee meeting.

5. Soul City (Stafford Hill), Dicks and Mndonzo areas Development Plan

The Process Plan and Steering Committee have been finalized. Project is currently at desktop data gathering and analysis stage. The survey questionnaire has been drafted. GIS base information for the area has been secured and is being processed by the GIS section. The first Steering Committee meetings in the settlements are planned for January 2008. On-field data gathering will start soon after.

6. Newcastle Southern Areas Spatial Development Plan











Local Area-based Spatial Development Plan for Newcastle Southern areas which includes areas of Fairleigh, Lennoxton, Equarand and Hilldrop and was initiated in January 2007. Currently a draft development framework plan aimed towards the effective planning and development of the areas South of Newcastle West has been finalised.

7. CBD Development Plan

The main purpose of the CBD Development plan is to lay the foundation for the regeneration of the Newcastle CBD by achieving a more attractive urban environment with improved functionality, better urban management, creation of new investment and economic opportunities, efficient public transport system, improved safety and security etc. Of crucial importance in the development plan are the identified ten (10) catalytic projects which aim at initiating the regeneration process within the CBD. They are designed to stimulate further public and private sector investment and social upliftment of the people of Newcastle. The Development Plan was approved by Council during February 2007 and the department is currently busy facilitating the establishment of CBD Co-ordination Forum which will be a body responsible of overseeing the implementation process and coordinating the actions of all role-payers active in the development of the CBD. However, the commitment of Council is still required in implementing these catalytic projects to ensure that the goal of regenerating our CBD is achieved in the long run.

Map 3: CBD Development Plan



-  High density residential
-  Retail
-  Civic and cultural
-  Mixed use
-  Low density res and home offices
-  Institutional
-  Public transport interchange
-  Informal traders market
-  Tourism, retail and recreation
-  Public open space

D10. Implementing the SDF

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

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

- The Newcastle CBD;
- The Johnstown, Blaaubosch, Cavan area as a high order node;
- The Sport Precinct along the Ncandu River between the Amcor dam and Trimpark area.
- The Integration District along the area between Karbochem, Arborpark and the defined institutional district.

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

- Charlestown,
- Ingogo, and
- Normandien

SECTION E: SECTOR INVOLVEMENT

The Newcastle Development Vision is supported by various objectives and strategies to guide decision-making and the allocation of funds. Delivering on the expectations created through this can, however, only materialise if all efforts are focused on the implementation of those projects that would best serve in attaining the objectives.

SECTOR PROGRAMS

Introduction

The following Departmental Visions and Focus Areas for departments were obtained from the KwaZulu-Natal Citizen's Charter (15 November 2005) and provide a broad overview of the focuses and activities of each of the provincial departments.

The Office of the Premier	
Vision	Focus of the Department
<p>The Vision of the Office of the Premier is "to be the professionally vibrant centre of government in KwaZulu-Natal". It thus acts as the coordination centre of government.</p>	<ol style="list-style-type: none"> 1. Promote human rights in the province, focusing on: <ul style="list-style-type: none"> • The vulnerable groups, that is, women, the disabled, the aged, children, and the youth by establishing Human Rights Forums throughout the Province starting in February 2006; • The cultural, linguistic and religious rights of communities, as well as the conservation and management of cultural heritage resources. The steering committee to work on the issues of culture, language and religion will be formalised by the end of November 2005; and • Collating relevant information that will assist to streamline participation of the vulnerable groups into KwaZulu-Natal priorities, for example, the Extended Public Works Programme, cooperatives and learning programmes by the end of February 2006. 2. Continually facilitate and coordinate the strengthening of cooperative governance and service delivery at all levels in the province as well as monitor and evaluate the overall performance of government against set parameters; 3. Ensure that all departments produce quarterly reports which are then subjected to public scrutiny; 4. Constantly upgrade the Provincial Citizens' Charter, informed by developments in the province and in the country, so that the Charter continues to be a reliable tool for sensitizing the citizens of the province of their rights as well as avenues available to them in dealing with service delivery issues; 5. Monitor the training of public servants in 'Batho Pele' and the Citizens' Charter from October 2005. This will be an ongoing process, with continual assessments for improvement; 6. Ensure that annual client satisfaction surveys are conducted and a "public service" week is set aside yearly, during which public servants invite comments from the citizens about their performance. These activities are aimed at enhancing communication and understanding between government and the citizens as well as ensuring continual improvements in the delivery of services to the client;

7. Lead and guide the Fraud and Corruption Prevention campaign. The Provincial Fraud and Corruption Management Strategy will be in place by the end of March 2006. This will be coordinated as a joint campaign with the Internal Audit Unit at Provincial Treasury. Some of the activities related to fraud and corruption, such as updating the PERSAL System to purge the system of ghost workers, have commenced in earnest (since April 2005);
8. Develop and coordinate an expanded, integrated response to poverty, HIV / AIDS, working closely with the Departments of Health and Education;
9. Ensure that a Provincial Training Academy is in operation by the end of January 2006;
10. Ensure that the provincial Human Resources Development Strategy has been completed and is operating by the end of December 2005. Workshops have been held from September 2005 on the policy and strategy;
11. Work on upgrading the Provincial Geospatial Information System (GIS), E-GOVERNMENT and Information and Communication Technology (ICT) and policies that inform these systems. The Provincial Government Information Technology Council is in place. A GIS Office will be established in the department by February 2006. These systems will assist in locating fairly accurately the most vulnerable communities who must thus be given priority;
12. Coordinate the yearly African Renaissance/New Partnership for Africa's Development Conference, which seeks to assess the framework for the engagement of development initiatives and programmes in KwaZulu Natal. This is part of the broader, national and continental programme. This conference seeks to forge effective partnership between government and the people of KwaZulu Natal, with the cooperation of all sectors that have the interests of KwaZulu Natal, South Africa and Afrika at heart.
13. Monitoring the development of a Multi Media Centre, which initiative is part of a drive to rebuild the image of the Zulu Kingdom, has started in August 2005, and
14. Constantly ensure that all three official provincial languages (isiZulu, English and Afrikaans) receive equal status.

The Department of Agriculture and Environmental Affairs	
Vision	Focus of the Department
<p>The vision of the Department of Agriculture and Environmental Affairs is “To optimize the vast agricultural potential and enhance environmental stability” in KwaZulu Natal.</p> <p>This department will use its mandate to enhance the agricultural potential of the Province and oversee the protection of the environment. The department will continually assess its performance on a quarterly basis to determine its actual progress towards meeting the following objectives by the end of March 2006, within the parameters of the Balanced Scorecard.</p>	<p>The Agricultural component will:</p> <ul style="list-style-type: none"> a. Continually promote food security and ensure the production of food crops with a high nutritional value; b. Support and develop the capacity of at least 1925 farmers by the end of the 2005/2006 financial year; c. Support and develop an estimated 240 people in land husbandry, engineering and soil conservation by the end of the 2005/2006 financial year; d. Promote agri-business and empower communities in respect of agricultural development whilst supporting the development of Small Micro and Medium Enterprises (SMMEs) and promoting job creation; e. Enhance the health, production, development and welfare of animals to ensure the effective prevention, control and eradication of economically important and zoonotic animal diseases. f. Veterinary services will ensure that at least 1 000 slaughter facilities are inspected during the 2005/2006 financial year, and g. Strengthen governance in respect of agriculture and facilitate effective community participation. <p>The Environmental component will:</p> <ul style="list-style-type: none"> h. Ensure sustainable coastal livelihood in 6 areas by March 2006 as part of the marine and coastal management programme; i. Facilitate environmental impact mitigation that will promote sustainable development and a safe, healthy and sustainable environment; j. Implement the Provincial Alien Plant Control Programme during the financial year 2005/ 2006, which will continue for the following five years (a five year project); k. Ambient air quality monitors have been fully operational in five areas of the province since June 2005, and l. Strengthen environmental governance and facilitate effective community participation. m. Implementation of the Agrarian Revolution Programme

The Department of Arts, Culture and Tourism	
Vision	Focus of the Department
<p>The vision of the Department of Arts, Culture and Tourism is “To empower through arts, culture and tourism” and therefore has a mandate to promote and recognize cultural and artistic diversity.</p>	<p>The department commits itself to the strengthening of governance in respect of the services that it provides and facilitating effective community participation in meeting the following targets by March 2006:</p> <ol style="list-style-type: none"> 1. Providing training programmes and facilities for moral development through cultural participation initiatives which include youth, women and the physically challenged; 2. Assist arts and cultural organizations to promote, develop and preserve culture for the benefit of the citizens. This will be effected through such sustainable development programmes as recording art works, exhibitions and festivals; 3. Ensuring that all three official provincial languages (isiZulu, English and Afrikaans) are promoted 4. Improving public access in all communities by building, upgrading, equipping and automating public libraries and archives, and 5. Providing tourism development and support programmes to enable the previously disadvantaged communities and emerging entrepreneurs to penetrate the tourism industry.

The Department of Community Safety and Liaison	
Vision	Focus of the Department
<p>The vision of the Department of Community Safety and Liaison is “Transformed, dedicated and democratic police services towards a peaceful environment for the people in KwaZulu Natal”.</p>	<p>To this end, the department commits itself to the implementation of measures to ensure the safety and security of the citizens of KwaZulu Natal by:</p> <ol style="list-style-type: none"> 1. Providing effective civilian oversight on police services in KwaZulu Natal; 2. Monitoring service delivery and compliance with the national policy by the South African Police Services, by inviting, assessing and processing half yearly, complaints related to the delivery of services by the South African Police Service; 3. Facilitating interventions aimed at promoting community dialogue. 1679 police officers and 73 civilians will be employed by the SAPS by the end of the 2005/2006 financial year; 4. Establishing Community Policing Fora at all Community Service Centres in the province; 5. Developing and implementing social crime prevention programmes that respond to community safety priorities, and 6. Developing special support programmes for the vulnerable groups in the province as the contribution of the department to promote and effect empowerment of the victims.

The Department of Economic Development	
Vision	Focus of the Department
<p>The vision Of the Department of Economic Development is: "To ensure that KwaZulu Natal becomes a thriving, globally competitive economy that houses dynamic industrial and service sectors, characterized by excellent service standards, with a high level of employment, raising the quality of life, and an economic environment supporting empowerment and creating prosperity for all."</p>	<p>This department is committed to strengthening governance in respect of the services that it provides and facilitating effective community participation by:</p> <ol style="list-style-type: none"> i. Actively assisting emerging business and especially SMME's, by assisting at least 300 entrepreneurs to access loans from the banks within the 2005/2006 financial year; ii. Increasing the participation of the previously disadvantaged people through the development and promotion of cooperatives. During the 2005/2006 financial year, 2000 cooperatives will be established, thus creating approximately 20000 jobs; iii. Funding at least 30 projects in each district municipality through the Gijima KZN-Local Economic Development Programme; iv. Implementing four projects which support the marketing, product and business capacity in the wood product, clothing and textile and arts and craft sector, where 300 crafters will be supported, and v. Opening 20 Small Enterprise Development Agency branches during the 2005/2006 financial year, covering all areas of the province and giving direct support to emerging entrepreneurs.

The Department of Education	
Vision	Focus of the Department
<p>The vision of the Department of Education is of literate and skilled citizens capable of participating in all democratic processes and contributing to the growth and development of the people of KwaZulu Natal. The department seeks to ensure the effective management of a comprehensive system of education in order to expand education opportunities for all the citizens of the province. Access to quality education is the key to improving the socio-economic positions of the majority of the people of KwaZulu Natal.</p>	<p>In this regard, citizens can expect the department to:</p> <ol style="list-style-type: none"> 1. Provide effective teaching in all our schools and colleges; 2. Ensure effective and efficient management in all education institutions and offices; 3. Ensure professional and ethical conduct by all our educators, support staff and managers; 4. Progressively put adequate measures in place to ensure the safety and security of educators and learners in schools and colleges; 5. Lead and coordinate the campaign to deal decisively with illiteracy in our province by mid-2008; 6. Progressively provide learners with safe classrooms, toilets and clean water, beginning with 1 500 classrooms and 2 500 toilets in 2005 / 6; 7. Provide nutrition to children in all primary schools in the poorest 40% of schools from September 2005; 8. Relieve parents of children in the poorest 20% of schools from paying school fees from 2007 school year, and 9. Increase the number of Further Education and Training college sites in the poorest areas, beginning with the building of seven new sites in the 2005 / 6 financial year.

The Department of Health	
Vision	Focus of the Department
<p>The vision of the Department of Health is "To achieve optimum health status for all persons in KwaZulu Natal".</p>	<p>The department will continue to effectively manage a comprehensive health system for the Province. To further its mission to provide a caring, responsive and quality health service the department will:</p> <ol style="list-style-type: none"> i. Consistently monitor the implementation of the comprehensive plan for the management of HIV and AIDS, with the assistance and cooperation of other departments and stakeholders; ii. Continue to strengthen the provision of a quality and compassionate health service for all illnesses and diseases prevalent in the Province; iii. Effectively address the effects of poverty and health; iv. Effectively deal with emergencies and reduce response times, by increasing the number of ambulances by 100 units, emergency support vehicles by 121 and the number of ambulance bases by 11, by March 2006; v. Reduce Emergency Medical Rescue Services response times in urban areas to less than 60 minutes and in rural areas to less than 120 minutes by 31 March 2006. vi. Continually improve the patients' access to health services within the shortest possible time: <ol style="list-style-type: none"> a. By reducing patient waiting times which are within the norms that are publicly displayed at health facilities. b. By reducing traveling times to and from their places of residence: <ul style="list-style-type: none"> ▪ 4 hours to reach the central hospitals ▪ 3 hours to reach the tertiary hospitals ▪ 2 hours to reach the regional hospitals; and ▪ 1 hour to reach the district hospitals and / or Community Health Care Centres, and c. By commencing the building of 3 hospitals and the completion of the construction of 12 clinics by 31 March 2006.

The Department of Housing	
Vision	Focus of the Department
With a vision of "Together helping all people to house themselves" and a mandate to facilitate the provision of adequate housing for communities within the Province.	<p>The department commits itself to:</p> <ol style="list-style-type: none"> i. Clear slums in KwaZulu Natal as an urgent priority. This should be done within six years. ii. 15 informal settlements upgrade / slum clearance projects have been approved for the current financial year. eThekweni, Pietermaritzburg, Newcastle and kwaDukuza have been identified as starting points in this assignment; iii. Accelerate development of houses in rural areas with immediate effect. 10 rural housing projects will be finalized by March 2006; iv. Create rental-housing opportunities as a matter of urgent priority. 6 projects will be reported on by the end of March 2006, and v. Ensure that 3 AIDS Housing projects will be finalized during the course of the current financial year.

The Department of Provincial Treasury	
Vision	Focus of the Department
With a vision "By 2014 Provincial Treasury will be a hub of economic activity which empowers its people through sound financial and fiscal management".	<p>The department manages the fiscal affairs of the Province and commits itself to:</p> <ol style="list-style-type: none"> 1. Ensuring an equitable distribution of resources and management of centralized funds to: <ul style="list-style-type: none"> • Fight poverty • Create jobs, and • Narrow the gap between first and second economies. 2. Sound resource management through inter alia: <ul style="list-style-type: none"> • Elimination of over-expenditure and reduction of roll-overs; • Effective management of the provincial revenue fund inclusive of strategies to grow the provincial revenue base; • The implementation of a transversal performance budgeting system. 3. Economic growth through integrated planning for efficient and targeted government investment in service delivery and infrastructure; 4. Promoting sound financial management systems and practices to enable departments and municipalities to fully comply with the provisions of the PFMA and the MFMA; 5. Focus on the enhancement of broad-based BEE through effective supply chain management policies at provincial and municipal levels;

	<p>6. Provide guidance and assistance to departments and municipalities in the areas of corporate governance, internal audit and risk management;</p> <p>7. Implement a policy of zero tolerance on fraud and corruption and in conjunction with the Office of the Premier develop and implement the Provincial Fraud and Corruption Management strategy.</p>
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The Department of Public Works	
Vision	Focus of the Department
<p>With a vision "To remain market leaders in the provision of public property and facilities in KwaZulu Natal province.....ASISEBENZE, KUGUG' IFOSHOLO", the department facilitates the maintenance of government buildings and ensures the provision of official accommodation.</p>	<p>The department commits itself to:</p> <ul style="list-style-type: none"> i. Deliver 1500 classrooms before the end of the financial year 2005/2006; ii. Complete 4000 classrooms within the next 3 years; iii. Complete a fully functional fixed Property Asset Management System for this to be in operation by May 2006. The core database phase of the system has started in June 2005; this is the first phase of the process, and iv. The appointment of client relations managers has started in June 2005. The appointed managers will streamline the departmental service delivery change agenda

The Department of Social Welfare & Population Development	
Vision	Focus of the Department
<p>To "Promote self reliance, sustainable development and beat poverty".</p>	<p>Through an all-inclusive social welfare programme, the Department of Social Welfare and Population Development will:</p> <ul style="list-style-type: none"> 1. Provide care and support towards people affected and infected with HIV / AIDS. April 2006 will see the establishment of a dedicated staff component to deal with and specialize on HIV/ AIDS. The issue of HIV / AIDS will be integrated into all developmental and subsidized NGO programmes by March 2006; 2. Develop and implement comprehensive social welfare programmes and integrated community based services for children, youth, women, the disabled, the elderly, victims of crime and their families. By March 2006 other stakeholders involved with victim empowerment will have been consulted for the development of intersectoral victim empowerment strategy; 3. Build capacity among emerging welfare organizations with the aim of establishing new services in previously under-resourced areas. To this end, strong partnerships with the local authorities will be established by March 2006; 4. Give access to all customers who in terms of legislation qualify for social assistance. Quarterly report on sub-programmes under social security will be provided for public knowledge, and

	5. Strengthen good governance in respect of services it provides and facilitate effective community participation.
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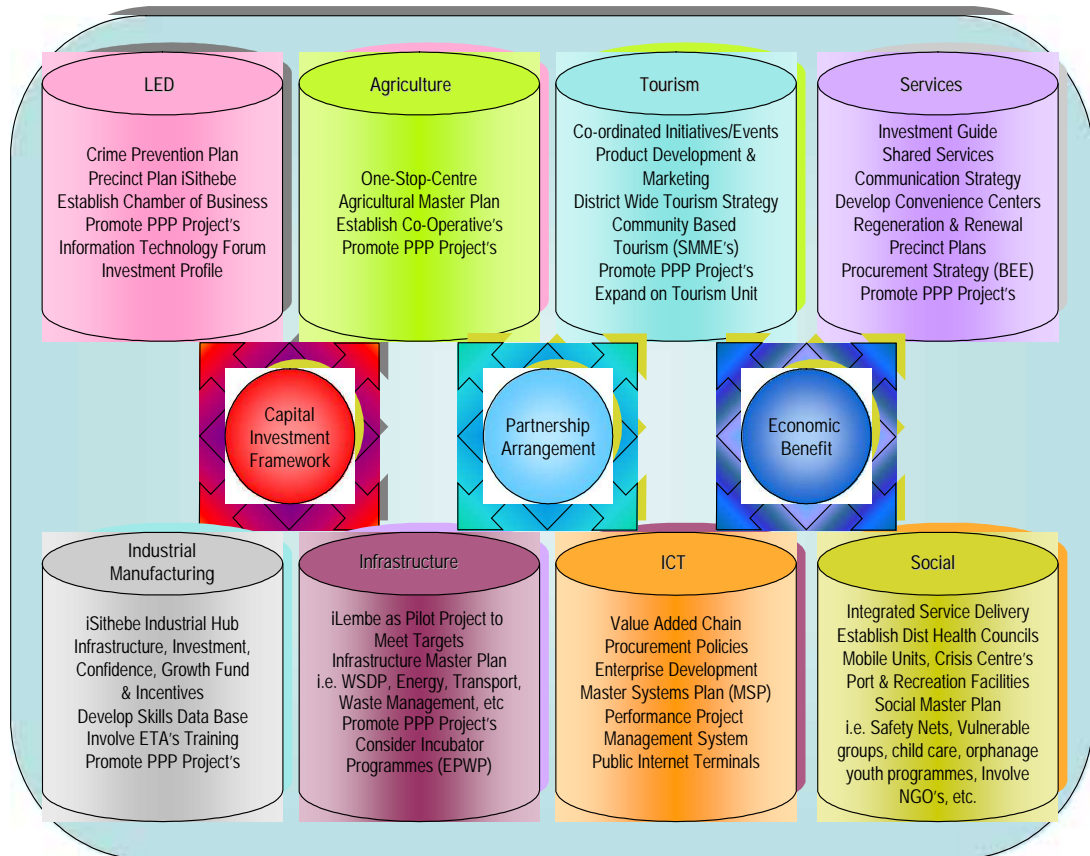
Sports and Recreation	
Vision	Focus of the Department
To "create a winning province through active participation in sport and recreation".	<p>The Department of Sports and Recreation will engage in the following services:</p> <ol style="list-style-type: none"> 1. Masidlale: sports and recreation for all games took place in August and others are scheduled for December 2005. Horse riding as an indigenous game took place in July / August 2005; senior citizen's recreation festivals took place in June. October has seen another festival of the same nature, in different regions of the province; during June 2005, there were junior sports festivals as part of the school holidays activities. Young Champions Sports Day that took place in June will be repeated in December 2005. The Premier's Sports Awards will take place in November 2005; 2. Revive games that have historical value to the South African community. This process has started in August 2005; 3. Develop recreation activities within juvenile correctional institutions and Correctional Services to rehabilitate the offenders. The plan is already in place; 4. Launched Women in Sports and Recreation Committee in August 2005. A Women's month programme took place in August 2005, and 5. Host the South African Games in September and the KwaNaLoGa games in December 2005.

The Department of Traditional and Local Government Affairs	
Vision	Focus of the Department
To promote people-centred sustainable local governance that accelerates service delivery and ensures sustainable local communities.	<p>The Department of Traditional and Local Government Affairs commits itself to the following during the current financial year:</p> <ol style="list-style-type: none"> 1. Facilitate the provision of free basic services to 20 municipalities and establish district disaster management centres in five district municipalities; 2. Develop and implement local governance capacity building programmes related to public participation, financial management, anti corruption and service delivery improvement; 3. Facilitate development and review of Integrated Development Plans, aligning them with the Provincial Growth and Development Strategy for all 61 municipalities within the Province; 4. Transform all existing traditional structures by aligning them with the new legislation of traditional institutions, and 5. Recruit 400 learners for Community Development Worker Programme and deploy them in presidential nodes, Project Consolidate Municipality and other critical poverty pocket areas.

The Department of Transport	
Vision	Focus of the Department
Prosperity through mobility	<p>The department develops and manages efficient, effective road infrastructure for the Province through building, maintaining, traffic policing, public transport and safety. It will engage in the following, amongst other services:</p> <ol style="list-style-type: none">i. Construction and maintenance of safe roads;ii. Encourage the safe use of road safety programmes, i.e. education, awareness campaigns, schools involvement, church involvement and stakeholders and public at large;iii. Ensure that all traffic laws are adhered to by efficiently deploying road traffic inspections;iv. Involve people in decision making processes through Rural Road Transport Forums, Community Road Safety Councils, commuter forums and taxi associations;v. Use transport to unlock the potential areas that have developmental potential e.g. agriculture, tourism etc;vi. Upgrade public transport systems to cater for the needs of the commuter through road safety vehicles, safe ranking facilities, revitalization of rail branch lines, andvii. Use all programmes and contracts to address the problem of poverty, economic development and social needs.

LOCAL ECONOMIC DEVELOPMENT

It is possible to detail projects as a long wish list. This is, however, not the intention of this IDP. There is a critical need to implement projects that would achieve the greatest benefits in the short, medium and longer term within the context of available resources and funding. Specific attention is given to addressing the most critical backlogs in the Newcastle Municipality. This IDP therefore identifies projects based on addressing the needs of the Newcastle community. One project may satisfy more than one objective and strategy. To fully integrate delivery on this IDP, projects are packaged to reflect their sectoral application and implications, i.e.:

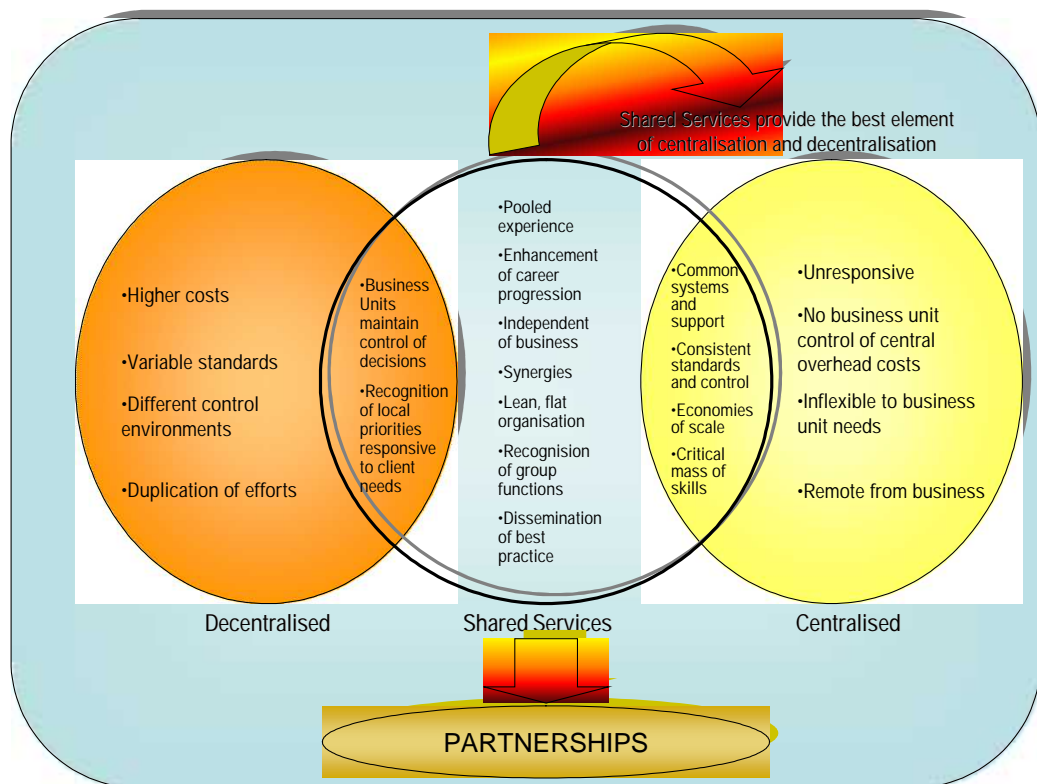


Development Package	Package Content
Infrastructure	<ul style="list-style-type: none"> • Newcastle as pilot project to meet targets • Infrastructure Master Plan, i.e. WSDP, transport, etc. • Promote PPP projects • Consider incubator programmes (EPWP)
Social Services	<ul style="list-style-type: none"> • Integrated service delivery • Establish Municipality health councils, mobile units, crisis centres, etc. • Sport and recreation facilities • Social Master Plan, i.e. safety nets, vulnerable groups, child care, orphanage youth programmes, involve NGOs
Tourism	<ul style="list-style-type: none"> • Coordinated initiatives and events • Product development and marketing • Municipality wide tourism strategy • Community based tourism (SMMEs) • Promote PPP projects • Expand on tourism unit
LED	<ul style="list-style-type: none"> • Crime Prevention Plan • Precinct plan for Isithebe • Establish Chamber of Business • Promote PPP projects • Information technology forum • Investment profile
ICT	<ul style="list-style-type: none"> • Value added chain • Procurement policies • Enterprise development • Master Systems Plan, i.e. performance project, management system, public internet terminals, etc.
Agriculture	<ul style="list-style-type: none"> • One-Stop centre • Agricultural Master Plan • Establish cooperatives • Promote PPP projects
Industrial/Manufacturing	<ul style="list-style-type: none"> • Isithebe Industrial Hub • Infrastructure, investment, growth fund and incentives • Develop skills database • Involve ETAs Training • Promote PPP projects
Services	<ul style="list-style-type: none"> • Investment guide • Shared services • Communication strategy • Develop convenience centres • Regeneration and renewal • Precinct plans • Procurement strategy (BEE) • Promote PPP projects

These packages satisfy one or more objective and strategy and guide the identification of specific projects. It is critical that projects are implemented to ensure the greatest benefit in the short, medium and long-term. Performance indicators for the Municipality are also linked to these programmes. It is also essential that these packages take due cognisance of current planning and developmental initiatives on a Municipality, provincial and national level.

Within these IDP packages capital projects are identified and prioritised for Newcastle. These capital projects are then linked to a budget and included in the Financial Plan, approved by Council and submitted to the MEC of the Department of Traditional and Local Government Affairs for approval.

An important component that links these development packages is the concept of partnerships and shared services.



The guiding principles of shared services are:

- It gives effective to framework for cooperative government.
- It promotes the coordination of activities.
- It ensures the optimal utilisation of resources.

With attributes being:

- It is a stand-alone entity.
- It is led by a senior executive.
- It is process orientated focusing on specific activities.
- It prevents duplication.
- It reduces costs.
- It leverages technological investments.
- It focuses on service and support to business partners.
- It results in the centralisation of certain databases, ensuring consistency of data across constituent municipalities.
- It provides for the standardisation of procedures.
- It improves management reporting.
- It improves efficiency and effectiveness in delivery of core functions, specifically municipal service delivery.
- It brings about IT system savings.
- It creates economies of scale.
- It changes the business context and mindset.
- It brings in the best elements of centralised and decentralised operations.
- It allows for municipalities to maintain control of decisions.

Within the context of this IDP it is evident that there are a number of interventions that the Municipality can provide assistance with at a local level. To this end, support to the Local

Municipalities has been identified as a cross-cutting activity that would be ideally facilitated within the concept of shared services with the objective of providing institutional capacity to Municipalities as the need arises.

Newcastle Municipality presently facilitates LED activities and/or projects via a District co-ordinated Forum (AFLED) which is fully representative of organisationed business, farmers and municipal representatives.

HIV/AIDS

The HIV and AIDS pandemic in Newcastle:

- HIV prevalence figures for Newcastle LM alone are not available. Amajuba District Municipality has the second highest HIV prevalence rate of DM's in KZN, at 40 percent (with eThekweni being highest at 41 percent).
- In a longitudinal survey conducted by HEARD under their ACHWRP project, from a sample of 637 households in Amajuba DM, it was found that nearly two thirds (62.9 percent) reported that they have a chronically ill adult member.
- There are reports of extensive sexual activity among school learners, including learners at primary school level.

The impact of HIV/AIDS on communities and families:

- PLHA are usually the breadwinners in the family and when they get sick, they are no longer able to work.
- This means that children are often put in the role of both provider and caregiver.
- This may mean that the oldest child drops out of school to find work to support the family and/or to take care of a sick mother or father.
- If the adult in the family dies, children may have to go to live with other relatives such as grandmothers or may have to care for younger brothers and sisters at home.
- If the parent died without registering a child's birth, the child may never be able to qualify for a child support grant, which is often the only income for the family.
- If there is no will, children may be dispossessed of their property as other family members come to take over the house and possessions.
- Family and community resources are increasingly taken up with funerals and care of those affected and infected by HIV and AIDS.

The impact of HIV/AIDS on municipalities is likely to arise in all aspects of the municipality's functions, but may lead in particular to:

- Increase in the need for poverty alleviation: e.g. an increased number of people need to access the municipal indigent policy; the municipality is likely to have less revenue through rates and taxes, which may lead to an increase in bad debts
- Increase in the number of orphans: If they are not assisted with staying in school and/or accessing social grants, this may result in an increase in the number of children living on the streets, and can potentially lead to increasing crime levels
- Increase in sick leave and mortalities among municipal employees: there are likely to be increased absenteeism at work, increased sick pay and leave, a high turnover rate and increased training costs (e.g. those that were trained are no longer able to work and new people need to be trained) and increased stress and

low morale for the staff that are left at work and have to cover for those who are not there

- Municipal planning and service delivery: Census data may be inaccurate due to demographic shifts and mortalities, leading to misallocation of resources. (Hence, for example, a school may be planned in the IDP for a particular village, however because of the number of people dying, children may be dislocated and/or not be able to afford to go to school and/or dropping out of school to look after sick parents and younger children. This means that the school is not going to be properly utilised.)

HIV/AIDS response management:

- Internal responses:
 - Newcastle LM established an Internal HIV/AIDS Workplace Steering Committee in 2005
 - A Draft HIV/AIDS Workplace policy was produced in March 2006
- External responses:
 - A Newcastle Local AIDS Council was established in March 2005
 - The Newcastle Local AIDS Council was revived in August 2006
 - Draft TORs have been developed for the LAC, and scheduling of regular meetings chaired by the mayor has been agreed on
- Overall responses:
 - An Inception Phase Report on Mainstreaming Responses to HIV and AIDS in Newcastle Local Municipality was produced by Umhlaba Development Services in April 2006
 - The Internal HIV/AIDS Workplace Steering Committee was reformulated into the Newcastle HIV and AIDS Steering Committee, embracing both internal and external aspects of the response, in May 2006; the Revised TORs of the Newcastle HIV and AIDS Steering Committee were adopted in July 2006. The Newcastle HIV and AIDS Steering Committee oversees and supports the LAC and integrates its strategy and activities under the overarching Newcastle HIV/AIDS Strategy.
 - A first draft HIV/AIDS strategy for Newcastle was produced in May 2006
 - Consultation and comments were sought from officials and Heads of Departments in the Municipality in June and July 2006, leading to the second and third drafts of the strategy
 - The third draft was workshopped with the Newcastle Municipality EXCO on 5th September 2006, leading to the production of the fourth draft of the strategy
 - Consultations with directors, officials and portfolio committee chairpersons in meetings on 28th September 2006 are incorporated in this fifth draft of the strategy
- HIV/AIDS has been coordinated within the municipality by the Manager for Community Services.
- There has been no dedicated HIV/AIDS Coordinator in the Newcastle Municipality.

Overall Goal:

- Reduce the HIV infection by 15-20% by 2010

- Those infected and affected by HIV and AIDS will have access to acceptable levels of care and treatment, and will have their dignity upheld
- The vision of the Newcastle Municipality, namely that “*Newcastle – Together we Can Do it Better*”, will be optimally realised through effective mitigation of the impact of the HIV/AIDS pandemic in Newcastle municipality’s area of jurisdiction.

Links to Broader Local Municipality mandates and functions

- Section 152 (1) and Section 153, of the Constitution, 1996: local government is to:
 - Give priority to the basic needs of the community
 - Provide safe and healthy environment, where communities and community organisations are involved in the matters of local government
- White Paper on Local Government (1998) states that the developmental mandate of local government is to maximise social development and economic growth by alleviating poverty, enhancing job creation and providing basic services.
- The Municipal Systems Act, No. 32 of 2000, elaborates the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to services that are affordable to all. The Act establishes a clear framework for the core processes of planning, performance management, resource mobilisation and organisational change, which underpin the notion of developmental local government.

Links to Broader policy and programmes on HIV/AIDS

- The 2000 – 2005 Government Strategy on HIV/AIDS and STIs. The priority areas in the Strategy include: Prevention; Treatment, care and support; Legal and human rights; and Monitoring, research and evaluation. The sphere of local government is identified as a key stakeholder in the fight against HIV/AIDS.
- Operational Plan for Comprehensive Care and Treatment was launched in 2004, aimed at (among other things) enhancing efforts in the prophylaxis and treatment of opportunistic infections, improved nutrition and lifestyle choices, and effective management of HIV-infected individuals who have developed AIDS-defining illnesses, through appropriate treatment of AIDS-related conditions including the possibility of using antiretroviral therapy and suitable palliative and terminal care where treatment has run its course.
- The Department of Provincial and Local Government has a special mandate to support local government in responding effectively to HIV/AIDS, and has in November 2005 launched its ‘Draft Framework for Development and Governance Responses to HIV and AIDS’.
- The Office of the Premier in KwaZulu-Natal has in November 2005 created a directorate for HIV/AIDS and appointed a director. A draft HIV and AIDS strategy was produced in January 2006, revised in March 2006. Five central pillars of the strategy are: enabling environment; prevention; treatment, care and support; impact mitigation; and managing the response.

The scope of this strategy

This five year strategy applies to the coordinated responses of the Newcastle Local Municipality in coordination and partnership with other government departments, the Amajuba District Municipality, the private sector and civil society, within the area of jurisdiction of the Newcastle Local Municipality, together with external partners and funders, for the period September 2006 to August 2011.

Target groups

Key target groups are:

- People living with HIV and AIDS (PLHA)
- Men:
 - Men's awareness and behaviour are major factors in decisions relating to safe sexual choices
- Women:
 - Women are more vulnerable to infection than men
 - Prevalence rates are significantly higher among women
- Young adults and adolescent children, especially adolescent girls and young women:
 - 35% of Newcastle's population is aged 5 to 19
 - Girls are most vulnerable
- Children:
 - Orphans and non-orphaned children are widely affected
- People with low socio-economic status:
 - Risky sexual behaviour is higher among adolescents and young adults with the lowest socio-economic status

Services

All of Newcastle's municipal departments have roles to play in responding to HIV/AIDS through mainstreaming, including:

- Community services
- Culture, Recreation and Amenities
- Finance
- LED
- Infrastructure
- Spatial, land use management, land development, and IDP
- Human Resources
- Housing and land
- Administration

Partners

Key partners in this strategic plan include:

- Government departments, including:

- Department of Health
- Department of Social Welfare
- Department of Education
- Department of Agriculture
- Amajuba District Municipality
- Private Sector, including larger corporate (e.g. MITTAL) and smaller business entities
- NGOs and research institutions, including:
 - In particular, the Amajuba Child Health and Well-being Research Project (ACHWRP), run by the Health Economics and HIV/AIDS Research Division (HEARD) of the University of KwaZulu-Natal

Priority areas and potential expected outcomes

Overall priority areas of strategic intervention are **prevention, treatment, and care**. The response of different structures incorporates these priority areas according to the normal mandates and functions of different municipal departments and role players.

There are four key areas in which mainstreaming HIV/AIDS is addressed in this strategy:

- **The internal municipal workplace**
- **The services and programmes delivered by the municipality**
- **The coordination of stakeholder responses within the municipal area; and**
- **How the response is managed within the municipality.**

The strategy addresses each priority area through the allocation of responsibilities and functions as set out in the table below.

The outcomes given below are based on consultations with directors, officials and portfolio committee chairpersons in the cases of: Human Resources; Community Services; Culture, Recreation and Amenities; Development Planning; and Administration. The outcomes listed under finance, Local Economic Development (LED), and Infrastructure and Housing, have not been discussed with the relevant directors, officials or portfolio committee chairpersons, and as such are suggestive and remain to be reviewed for possible responses to HIV/AIDS from these directorates.

Table 10 : HIV/AIDS Mainstreaming

Priority Areas	Responsibility/Line Functions	Outcomes and Budgetary Implications
1. Internal Municipal Workplace		
HIV/AIDS Workplace Policy: prevention and mitigation of HIV and AIDS	Human Resources	Outcomes: <ul style="list-style-type: none"> ● Workplace policy in place, adopted by Newcastle Local Council ● Buy-in of all internal stakeholders including staff and trade unions ● Rights of internal stakeholders are protected and upheld, including confidentiality ● A safe workplace is promoted, and there is

		<p>compensation for occupationally acquired HIV</p> <ul style="list-style-type: none">• Review all staff policies and procedures to ensure non-discrimination• Initiate prevention and management activities, including training for staff on HIV and AIDS• Ensure that all HR policies and systems incorporate implications of HIV and AIDS• Together with the Municipal Manager, identify critical positions and skills for supporting institutional knowledge management, skills succession and managing intermittent absenteeism• Health status of all employees is tracked, hence enabling appropriate employer and employee care responses• Train employees, management and union officials on HIV/AIDS and on their rights related to HIV and AIDS• Ensure that occupational health personnel has the capacity to implement policies and processes relating to the occupational exposure to HIV, and compensation requirements in the event of occupational infection• Ensure that non-discrimination policies are implemented and monitored in all areas of local government work <p>Budgetary Implications: Budget for training activities</p>
2. Municipal Services and Programmes		

<p>Prevention, treatment, care and mitigation of HIV and AIDS</p>	<p>Community services</p>	<p>Outcomes:</p> <ul style="list-style-type: none">• Initiate a discussion with department of Education to ascertain the extent of implementation of the fee waiver policy and the application of this for learners in the context of HIV/AIDS• Initiate a plan in consultation with the KZN Department of Health to make available to provide a mobile service to ensure that VCT services, PMTCT services and ART services are available to persons residing in peripheral settlements and farms.• Initiate steps to support women in situations of abuse and promote gender transformation in the community, in collaboration with the Newcastle Crisis Centre, and in further consultation with the relevant social workers, NGOs and CBOs, the SAPS, and support women in situations of abuse and promote gender transformation in the community ward councillors.• Extend the monitoring of water quality into the deep rural areas (currently water quality monitoring is being done in the developed areas, but not in many of the rural areas)• Monitor the hospitals, clinics, medical practitioners and veterinarians to ensure that hazardous medical waste is disposed in appropriate sealable and secure containers, with disposal carried out by an appointed service provider at the appropriate determined frequencies• Service Level Agreement with Amajuba District Municipality in regard to Municipal Health Services, which defines respective District and Local Municipal responsibilities in regard to health services <p>Budgetary Implications: Budget for maintenance costs of vehicle for mobile service (It is anticipated that the Newcastle municipality will make available a suitable vehicle, and the Department of Health will be approached to cover the running costs of the vehicle.)</p>
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Impact mitigation	Culture, Recreation and Amenities	<p>Outcomes:</p> <ul style="list-style-type: none"> • Monitor and assess the demand and supply of grave sites (noting, first, that the statistics do not reflect HIV/AIDS as the cause of death, and second, that statistics including the number of deaths and the number of graves allocated are reported to the Municipal Manager on a quarterly basis) • Get relevant and accurate information on the nature and extent of informal burials in the Newcastle Municipality area of jurisdiction (probably through contracting of the appropriately qualified research capacity) <p>Raise awareness of the risks related to practices of informal burials, referring to the research findings (preceding point)</p> <p>Budgetary Implications: Budget for research into informal burials</p>
Impact mitigation	Finance	<p>(Suggested potential outcomes):</p> <ul style="list-style-type: none"> • Extend application of the indigents policy and register to residents who are excluded through not being part of the rate-paying sector of the population • Working together with the HR manager and HIV co-ordinator, consider how HIV could impact on the salary burden of the municipal budget • Working together with community services, investigate how an increase in poor and destitute persons within the municipal area of jurisdiction may affect municipal finances • Utilise billing for communication about HIV, where to go for VCT, PMTCT, ART
Impact mitigation	LED	<p>(Suggested potential outcomes):</p> <ul style="list-style-type: none"> • Engage employers in the municipal area of jurisdiction about what impacts HIV and AIDS are having on their business and the local economy • Encourage employers to set up workplace interventions that include occupational safety • Encourage employers to support gender equity and the employment of women • Encourage local labour procurement • Consider how to mitigate risk and impact in the LED strategies • Use market infrastructure to display HIV/AIDS prevention strategies • Make by-laws and policies related to informal business easier to understand and fulfil

Impact mitigation	Infrastructure & Housing	<p>(Suggestive potential outcomes):</p> <ul style="list-style-type: none"> • Identify and assist in meeting the special housing needs that may result from HIV/AIDS (e.g. those taking in orphans and child headed households) • Take stock of unutilised facilities or buildings, assisting in renovating building, charging nominal rent to community HIV/AIDS organisations • Encourage local labour procurement • Engage provincial and national transport role-players as partners in addressing transport-related high risk areas (such as truck stops) • Contracts awarded for road building should include HIV/AIDS awareness activities for road builders • Prioritise services in settlements where services are limited or non-existent • Review assumptions about bulk and connector capacity requirements in the light of the various impacts of HIV and AIDS on household size and fluidity • Investigate alternative technologies (including low tech alternatives and group-based alternatives) for the provision of water, sanitation, and energy, as a means to fast-track access to services in areas where such services currently non-existent and limited
Impact mitigation	Development planning	<p>Outcomes:</p> <ul style="list-style-type: none"> • Investigate the implications of increased mortality rates, the demand for grave sites, and the projected closures of used cemeteries, within the municipal area of jurisdiction • Identify additional space for future cemeteries, in line with the findings of the investigation referred to in the preceding point <p>Budgetary Implications: Budget for land purchase for new cemeteries</p>
3. Municipal Stakeholder Response Coordination		
Overall stakeholder response coordination	Mayor and Newcastle HIV and AIDS Steering Committee	<ul style="list-style-type: none"> • LAC in place, enabled and empowered by municipal support and resources, and guided by this HIV/AIDS strategy • All relevant stakeholders are represented (including PLHA) • Stakeholders participate meaningfully and systematically • Continuum of care, so that service recipients experience continuity of care services across the different locations where care is provided. Services ranging from social grants to medical treatment to psychosocial support are knitted into an integrated framework for improvement of access to care • Functional integration at the points of delivery of the health services, recognising that integration must

		primarily be oriented around utility, with development of referral networks and consistency of norms and standards of practices across functionally related services.
Active participation of Ward Committees	Administration, Ward Committees	<p>Outcome:</p> <ul style="list-style-type: none"> Ward Committees are enabled and empowered to carry out communication and coordination roles in support of various prevention, treatment and care services and programmes <p>Budgetary Implication: Budget for further ward committees capacity building</p>
4. Managing the response within the Municipality		
Newcastle HIV and AIDS Steering Committee	Mayor	<ul style="list-style-type: none"> All relevant roleplayers within the municipality are represented The structure reports to the Mayor through a designated channel
Coordination & Implementation Resources	Municipal Manager, Administration	<p>Outcome:</p> <ul style="list-style-type: none"> HIV/AIDS Coordinator in place, with TORs directed towards mainstreaming HIV/AIDS in the municipality, reporting to the Municipal Manager <p>Budgetary Implication: Budget for HIV/AIDS Coordinator</p>
Monitoring, Evaluation and Review	Newcastle HIV and AIDS Steering Committee	<ul style="list-style-type: none"> A monitoring, evaluation and review system is in place, with interim and endpoint success indicators Responsibilities, frequencies of monitoring activities, and accountability lines are formalised

Planning Processes, Budgets and Resources

Strategic and detailed implementation planning takes place within the *external* and the *internal* dimensions of the municipality's response to HIV/AIDS, and at two levels: *coordination* level, and *implementation* level.

In regard to the **external** response:

- Planning **coordination** takes place through the Newcastle Local AIDS Council (NLAC.).
- Implementation** planning of projects and activities takes place through the NLAC Task Teams.
- The Newcastle LAC will utilise resources available through its stakeholders, and will access new resources and funding to implement its activities.
- Business plans will be formulated and presented to government and non-government sources, as appropriate, with assistance from the Municipality where feasible and appropriate. The time frame will depend on the nature of the intervention.
- Where appropriate, the NLAC projects are to be incorporated into the IDP.

In regard to the **internal** response:

- Planning **coordination** takes place through the HIV/AIDS Steering Committee, and is fully integrated with the Municipality's strategic and IDP planning.
- **Implementation** planning takes place through each Municipal Department, as part of the annual planning and budgeting cycle. The projects and activities planned and budgeted will relate to the outcomes in this strategy, which are prioritised or added to according to the specific challenges, opportunities and needs arising for the Municipal Department concerned. This planning is in line with the normal MTEF planning, and specifies outcomes and budget, for year 1, year 2, year 3, and so on, and is fully integrated into the IDP.

Sustainability

Sustainability of the response is underpinned on the one hand by the formal systems, procedures, and resourcing channels of the municipality. The strategy itself and posts, structures and resource allocations made in terms of the strategy are all subject to and supported by the formal approval by the Newcastle Municipal Council. Services and programmes are budgeted for and are reflected in the normal budget process and IDP planning and review cycles.

While the NLAC is based on voluntary participation from the civil society stakeholders, it is assumed that the motivation and benefits in terms of strengthened coordination and partnerships and rationalised and coordinated resource deployment will be sufficient to attract commitment and sustainable participation from these stakeholders.

DISASTER MANAGEMENT CONTINGENCY PLAN

The Disaster Management Contingency Plan as reviewed is annexed (**Annexure J02**)

GENDER EQUITY

In line with National Governments Commitment to gender equity as entrenched in the Constitution, it is necessary to the Newcastle Municipality to put in place interventions to address gender imbalances.

Some of the critical issues that need to be gender sensitive include amongst others:

- Accelerating economic growth
- Advancing social development
- Reducing levels of inequality⁴

Whilst gender equity is address at an institutional level through the Municipality's Employment Equity Plan, due rganizati must be taken of the cross cutting issues relating to gender from an Integrated development Planning perspective.

The cross cutting theme includes

- Basic human needs

⁴ National Treasury Budget Speech 2005:6

- Basic human rights
- Democratisation and good governance
- Budgeting and Finance
- Social development and assistance
- Access to land and land reform
- Poverty alleviation
- Health care
- HIV/AIDS
- Sustainable human development (Planning and development)
- Education and training
- Environmental management
- Disaster Management
- Infrastructure provision
- Housing and security of tenure
- Economic growth and access to employment

Some of the critical elements for intervention include amongst others

- Education and training
- Poverty eradication
- Violence against women
- Health
- Economy
- Power and decision-making
- Institutional mechanisms of gender equity
- Human rights
- The girl child

A gender equity plan will need to be developed taking into account the above issues.

POVERTY ALLEVIATION

Some of the Poverty Alleviation programmes initiated and facilitated by the Council includes the following:

- Free Basic Services (Indigents in line with the Indigent policy of Council)
- Food Parcels through relevant sector departments and private sector
- Gardening projects
- Hydroponics
- Poultry projects
- Piggery projects
- Soup Kitchens and self help projects
- Grants and donations in line with policy

The national debate about how best to ensure economic development whilst simultaneously addressing poverty is a challenge being faced by Newcastle as well. At present, the institutional capacity of the Municipality does not allow for interventions for poverty alleviation to be better co-ordinated and options are being investigated to address this matter.

ANTI-FRAUD AND CORRUPTION POLICY

A draft Anti-fraud and Corruption policy was developed and workshopped as follows :

Newcastle Local Municipality takes its duty to ensure stewardship of public money very seriously. The Council is therefore committed to the prevention, detection and investigation of all forms of fraud and corruption whether these are attempted from within or external to the organization.

Legislation that is aimed at preventing corruption is:

- Public Protector Act of 1998;
- Anti-corruption Act of 1994;
- Protected Disclosure Act of 2000;
- Promotion of Administrative Justice Act of 2000;and
- Promotion of Access of Information Act 2000

For the purpose of this document fraud and corruption are defined as follows:-

Fraud: 'The intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to conceal the misappropriation of assets or otherwise for gain.' Fraud is a deliberate act by an individual or group of individuals. Fraud is therefore always intentional and dishonest.

Corruption: "The offering, giving, soliciting or acceptance of an inducement or reward which may influence the action of any other person."

The Anti-fraud and Corruption policy consists of a series of procedures designed to deter any attempted fraudulent or corrupt act:-

- Culture
- Prevention
- Detection and investigation
- Training

CULTURE

Newcastle Local Municipality is committed to creating an environment that is based on the prevention of fraud and corruption. This is achieved by promoting openness and honesty in all Council activities.

The Council requires all individuals and organisations associated in whatever way with the Council to act with integrity and that Council Members and Employees, at all levels, will lead by example in these matters.

The Council's Members and Employees play an important part in creating, maintaining and promoting this culture. They are encouraged to voice any serious concerns about any aspect of the Council's activities. The Council has drafted a '*Whistleblowing*' policy,

which ensures that concerns raised will be properly investigated in a professional and confidential manner.

PREVENTION

Employees

The Council recognizes that a key preventative measure in the fight against fraud and corruption is to employ staff who has high standards in terms of propriety and integrity. The Council strives to achieve this through effective recruitment policies and procedures which include:-

- i) obtaining written references prior to appointing staff, including those employed on a temporary or contract basis
- ii) undertaking police checks for designated posts where the postholder may deal with vulnerable people or where the duties require the highest level of propriety.

Upon appointment all staff are issued with the Employee Code of Conduct and are required to sign a statement to the effect that this has been read and understood. The Employee Code of Conduct details the standards all employees must uphold to maintain the integrity of the Council's activities. The Code includes rules regarding relationships, personal interests, gifts and hospitality and confidentiality. The Code may be amended due to requirements from time to time and employees are expected to comply with the amended requirements from the date they are introduced. More particularly, all of the Council's contracts of employment will also incorporate mandatory requirements arising from any Employee Code of Conduct for local authority employees issued by the government.

All staff must operate and adhere to the Council's Financial Regulations and Standing Orders. These documents are introduced as part of the induction process and a formal training course is also provided for the MFMA for those requiring it. Staff are expected to comply with the Conditions of Service and the ethics and standards associated with the professional body to which they may belong.

The Council has Disciplinary Procedures, which will be used, where the outcome of an investigation indicates improper behaviour by staff.

Councillors

As elected representatives, all Members of the Council have a duty to all citizens of Newcastle to ensure that the Council uses its sources prudently and in accordance with the law. As such they are required to operate and adhere to the Council's Constitution incorporating the Code of Conduct for Members. The Code includes rules regarding relationships, personal interest, gifts and hospitality and confidentiality.

All members must operate and adhere to the Council's Financial Regulations and Standing Orders.

Chief Finance Officer

The Chief Finance Officer has key roles in providing advice to all members and staff about vires issues, maladministration, financial impropriety, probity and policy framework and budget issues. The Chief Finance Officer (The Head of Financial Management) undertakes the statutory responsibility under the Municipal Finance Management Act 2003 to ensure the proper arrangements for the administration of the Council's financial affairs. This role is supported by work undertaken by the Internal Audit

Systems

Each Head of Department is responsible for the successful implementation of controls designed to prevent and detect fraud within their Service. Management at all levels are responsible for ensuring that their staff are aware of the Council's Financial Regulations and Standing Order and that the requirements of each are being met. The Heads of Departments are responsible for ensuring that adequate and appropriate training is provided for staff and that checks are carried out from time to time to ensure that proper procedures are being followed.

Working with others

Arrangements are in place and continue to develop to encourage the exchange of information between the Council and other Agencies on national and local fraud and corruption activity in relation to Local Authorities. These include:-

- Audit Commission
- Police
- National and Provincial Anti-Fraud Initiatives

Internal Audit

The MFMA 2003 requires the Council to maintain an adequate and effective system of internal audit. Internal Audit Services independently review the adequacy, efficiency and effectiveness of internal controls within the Council's system by undertaking a comprehensive programme of work targeted at key risk areas.

Any weaknesses in internal control are reported to management with proposed recommendations to address the issues raised. It is the responsibility of management to ensure that corrective action is taken. The independent review of systems and the implementation of agreed recommendations contribute to the prevention and detection of fraud and corruption.

External Audit

Independent external audit is an essential safeguard of the stewardship of public money. All external auditors are required, under the MFMA, to carry out their audits in accordance with Code of Practice. This Code emphasizes management's role in preventing and detecting fraud and corruption. External Audit review the Council's arrangements in meeting this objective.

DETECTION AND INVESTIGATION

The preventative measures undertaken by the Council, particularly the implementation of sound control systems, have been designed to deter fraud and provide indicators of fraudulent activity. It is often the alertness of employees and the public to such indicators that enables detection to occur and the appropriate to take place when there is evidence that fraud or corruption may be in progress.

Despite the best effort of financial managers and audit many frauds are discovered by chance or 'tip-off' and the Council has in place arrangements to enable such information to be properly dealt with as set out at in Appendices A and B.

The investigation of any other suspected fraud or corruption is normally carried out by Internal Audit. Upon completion of the investigation, an audit report is issued to the Chief Finance Officer who with the Chief Executive Officer/Municipal Manager has joint responsibility for determining what further action to take. A copy of the report will also be issued to the Head of Department concerned.

The reporting procedure is essential as it ensures:-

- i) the consistent treatment of information regarding any suspected fraud and/or corruption
- ii) an effective investigation by an experienced audit team
- iii) the proper implementation of a structured response to any suspected act of fraud and/or corruption
- iv) that the investigation will be undertaken in accordance with the Prevention of Corrupt Activities Act of 2004

Depending on the nature and anticipated extent of the allegations, internal auditors will normally work closely with management and other agencies such as police to ensure that all allegations and evidence are properly investigated and reported upon.

The Council will request the Police to charge offenders where financial impropriety is discovered. The decision on impropriety is a matter for the Chief Finance Officer in consultation with the Chief Executive Officer/ Municipal Manager.

The Council's Disciplinary Procedures will be used where the outcome of the audit investigations indicated improper behaviour regardless of whether this has been referred to the Police.

TRAINING

The Council recognizes that the continuing success of the Anti-Fraud and Corruption Policy, and its credibility, will depend largely on the effectiveness of staff throughout the organization. Senior management will be responsible for ensuring that all staff are properly trained in the procedures that they should follow when undertaking their duties.

SECTION F: IMPLEMENTATION PLAN

Finance in general, and the availability of funding, both capital and operating, is viewed as the primary constraint for the Municipality in achieving its developmental mandate.

The Newcastle Municipality is acutely aware of the financial pressures on it and has instituted an entirely new approach to its budgeting, monitoring and financial control procedures. Its position in terms of increasing debt, creditors and unspent grant is considered a critical issue in the future cash management of the Municipality.

A 3 year Action Plan for the period 01 July 2008 – 30 June 2011 has been approved by the Newcastle Municipality.

The Action plan prepared under the theme *“Actions for Today and Tomorrow”* is a high level strategy document addressing turnaround Strategies for the Municipality. The need for this arose with the appointment of a brand new top management and the gaps that were identified that were considered to be hampering service delivery.

Thus the focus of the Action Plan incorporated into the Integrated Development Plan (IDP) Review 2008/2009, focuses on specific immediate challenges facing the municipality. These include amongst others:-

- Finalisation of a Micro Structure
- Departmental challenges
- Interdepartmental co-ordination
- Intergovernmental Relations
- Corporate Image
- Information Technology
- Service Delivery
- Organisational Key interventions such as
 - Financial Stability
 - Restructuring and Transformation
 - Communication
 - Alternative Service Delivery Options

The Service Delivery Budget Implementation Plan for 2008/09 has been mainly informed by the Action Plan. This will then be further cascaded into the Performance Agreements of the Municipal Manager and the Managers directly accountable to him to ensure that the management will be accountable for the implementation of the Action Plan attached as Addendum L10.

SKILLS DEVELOPMENT PLAN

The objective is to provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualifications framework contemplated in the South African Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for learnerships that lead to recognized occupational qualifications; to provide for the financing of skills development by means of a levy-financing scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.

In line with the legislative framework, the Newcastle Municipality compiles and submit the Workplace Skills Plan every year which sets out the courses and learnerships to be undertaken by the Municipality every year. These courses include, but not limited to : full time courses & part time courses.

Table 11 : Skills Training

Occupational Categories	Designated							Non-designated			TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
Legislators, senior officials and managers	3		1			1		1			6
Professionals		1	1	4	1	1	6	2			16
Technicians and associate professionals	9		3	3		1	4	16			36
Clerks	6			15	2	5	15	2			45
Service and sales workers	4	2		1				1			8
Skilled agricultural and fishery workers											
Craft and related trades workers	2		1					1			4
Plant and machine operators and assemblers	2										2
Elementary occupations	1		1								2
<i>TOTAL PERMANENT</i>											
Non – permanent employees											
GRAND TOTAL	27	3	7	23	3	8	25	23			119

The Skills Development Plan is in the process of being reviewed in line with the Job Description and Evaluation Process. It is expected that this will be finalised during 2008.

EMPLOYMENT EQUITY PLAN OF NEWCASTLE MUNICIPALITY

Recognising –

- That as a result of apartheid and other discriminatory laws and practices, there are disparities in employment, occupation and income within the national labour market; and
- That those disparities create such pronounced disadvantages for certain categories of people that they cannot be redressed simply by repealing discriminatory laws,

Therefore, in order to –

- Promote the constitutional right of equality and the exercise of true democracy;
- Eliminate unfair discrimination in employment;
- Ensure the implementation of employment equity to redress the effects of discrimination;
- Achieve a diverse workforce broadly representative of our people;
- Promote economic development and efficiency in the workforce; and
- Give effect to the obligations of the Republic as a member of the International Labour Organisation.

In line with the constitutional mandate, the Newcastle Municipality has adopted a plan setting out numerical goals to be achieved by 2008. This plan was approved on 16 May 2000.

The following table reflects the Employment Equity Status as at October 2006 :

Table 12 : Employment Equity Status

Occupational Levels	Designated								Non-Designated		TOTAL
	Male				Female				Foreign Nationals		
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	-	-	2	-	-	-	1	-	-	6
Senior management	-	1	1	1	-	-	-	-	-	-	3
Professionally qualified and experienced specialists and mid-management	6	-	3	5	4	-	1	5	-	-	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	42	6	15	42	32	3	5	11	-	-	156
Semi-skilled and discretionary decision making	105	4	7	3	32	6	7	9	-	-	173
Unskilled and defined decision making	241	2	10	-	55	-	1	-	-	-	309
<i>TOTAL PERMANENT</i>	397	13	36	53	123	9	14	26	-	-	671
Non – permanent employees	18	-	2	3	28	1	8	13	-	-	73
GRAND TOTAL	415	13	38	56	151	10	22	39	-	-	744

The Employment Equity is subject to review due to the restructuring process.

RECRUITMENT AND RETENTION

The Newcastle Municipality has in place a recruitment policy.

A retention policy does not exist formally. However, policies on long service and training do exist.

SECTION G: IDP PROJECTS

Various programmes and projects have been identified at a Municipality and local level and by the Newcastle Municipality itself to meet the challenges and to improve the quality of life for all resident communities. Detailed information on these programmes and project are included in the Schedule of Projects in Addendum L01. These programmes and projects also have financial implications and need to be budgeted for. Moreover, they need to be aligned to the allocation of governmental and provincial funds as well as to the allocation of funds by other external and non-governmental funding agencies.

It is, however, a reality that the needs of the Newcastle area and the requirements in terms of delivery of infrastructure, facilities and services far outweigh the availability of internal financial resources. Newcastle Municipality would therefore have to rely on external funding. It is therefore critical that projects be prioritised. The following principles need to guide such a prioritisation process:

- Carry over expenditure from committed projects, critical projects (e.g. implementing projects and actions identified by previous IDPs).
- Legal requirements (e.g. the IDP and Sector Plans).
- Importance versus urgency, i.e. focus on projects that are important rather than urgent (e.g. addressing service backlogs).
- Effective allocation of funds supporting the concept of nodality in service and infrastructure provision.
- Desirability versus sustainability, i.e. focus on projects that are sustainable rather than desirable.
- Investment versus benefit, i.e. greatest impact per Rand spent.
- Community request/need.

This prioritisation needs to be undertaken as a prerequisite for the Newcastle Financial Plan and the Capital Investment Programme and Framework. In the assessment of essential and necessary items, the following distinction was made to decide whether an item should be included in the first, second or third year:

- Consequence of doing nothing: e.g. the consequence of not providing water and sanitation to minimum standards in the short-term is deemed more severe than the consequence of not providing sport and recreational facilities.
- Importance and urgency: although the provision of social services and engineering infrastructure is rated as urgent, attention to important aspects, such as environmental management cannot be overseen.

Financial resources need to be allocated on an equitable basis and co-ordinate all sectoral input. It is also necessary that a participative process be followed in the prioritisation of projects to ensure transparency and general "buy-in" into the results of such a process. Finally, prioritisation and the allocation of resources must always be guided by the Objectives and Strategies of this IDP in striving to realise the vision of the Newcastle community.

To facilitate the day-to-day management of these IDP projects a Project Performance Management System (Excel Spreadsheet) has been adopted as a management tool. This Project Management System related to projects associated with a specific Development Objective, Development Package, Source of Funding and Implementing Agent, responsible Department within the Municipality, project budget and whether funding is internal or external funded within a financial year.

It is imperative that the IDP Projects form part of the Organisational Performance Management Framework / System with specific reference to the national KPAs. This will ultimately inform the SDBIP for the Newcastle Municipality.

Spatially it is inevitable that some identified and committed projects fall outside the extent of the IDP corridors and nodes that have been set as the primary strategic thrust areas for investment and development. At this point it is critical to take this matter forward, not by calling a halt to all such projects, but to caution on the potential danger of continuing on this basis and the potential damage this could cause in achieving a credible IDP for Newcastle Municipality. This matter must be taken forward and addressed fully in the annual reviews of this IDP to monitor developmental impact and change course, should it be necessary.

SECTION H: FINANCIAL PLAN

One of the biggest challenges of this Financial Plan is matching increased service demands with a relatively stagnant revenue basis. This is further aggravated by the challenges of joblessness and HIV-ravaged households where the latter, more than often, are child-headed households. The restructuring of electricity supply also had a severely negative impact on Municipal revenue generation. This process resulted in the loss of revenue and fiscal surpluses that the Municipality was relying on.

These challenges make the need for realistic and timeous financial planning even more critical. The Financial Plan is necessarily informed by available resources and therefore also victim of resource limits. This contradicts strongly with the demands of the Strategic Plan which is visionary and goal oriented, striving to achieve an improved quality of life for all the residents and communities in the Newcastle Municipality. However, a Strategic Plan without the support of a disciplined Financial Plan is ultimately doomed as unattainable and “pie in the sky”. The Financial Plan provides the framework within which human challenges can be addressed in a realistic and often incremental manner based on the available resources. It steers away from creating unrealistic expectations, frustrations and anger.

Newcastle Municipality is faced with the awesome task of eradicating its massive backlogs in service provision. This would require massive resources to address. It is now paramount to concentrate on the financial planning part of this IDP to determine how and when these backlogs can be addressed on a sustainable basis and within the context of available resources.

The Newcastle budget is MFMA compliant with principles of the MFMA now fully introduced and entrenched in the Municipality's financial affairs. Yet, the Municipality needs to address its financial challenges on the following basis:

- Further improving the Municipality's image by using the new procedures to enhance service delivery.
- Ensuring that the systems introduced continuously improve during the year.
- Preserving the Municipality's cash flow position.
- Introducing efficiency measures to provide resources to ensure value for money for taxpayers in line with developed 'golden rules'.
- Further enhancing public participation in the next budget cycle.
- Continuing to improve on information provided to decision makers.
- Ensuring that growth in services is more closely aligned with citizen's expectations.
- Adjusting the organisation in line with information produced from the performance management system.

The internal audit committee exists and functions directly under the office of the Municipal Manager. A full charter for the operations of the Audit Committee is attached hereto as Addendum L07 and the Internal Audit Charter as Addendum L05.

The municipal credit control policy was formulated in 2007 and is attached hereto as Addendum L08.

The municipal tariff policy has been adopted and is attached hereto as Addendum L09.

National Government Transfers

The allocations to Newcastle Municipality from National Government are contained in the 2008 Division of Revenue Act. They have not been incorporated into the budget due to late receipt thereof. This schedule will be updated for the final document, after the Division of Revenue Act, No. 1 of 2007 has been reviewed.

Table 13 : National Government Transfers

Category of National Grant	Allocation 2006/2007 R	Allocation 2007/2008 R	Indicative 2008/2009 R	Indicative 2009/2010 R	Indicative 2010/2011 R
Equitable Share	90,042,000	110,311,000	135,603,000	170,044,000	211,737,000
Municipal Infrastructure Grant	30,154,000	33,361,000	45,344,000	52,552,000	43,048,000
Financial Management Grant	500,000	500,000	500,000	750,000	1,000,000
Municipal Systems Improvement Grant			400,000	400,000	400,000
Neighbourhood Development Partnership Grant			800,000	941,000	271,000
National Electrification Programme			854,000	1,054,000	1,224,000
Total Allocation	120,696,000	144,172,000	183,501,000	225,741,000	257,680,000

Equitable Share

The equitable share is an unconditional grant and as such can be regarded as general revenue, however, it is a matter of co-operative governance that municipalities should prioritise its expenditure budget towards poor households and national priorities like free basic services.

Reform in the local government grants system for 2005/2006 saw the introduction of new equitable share formulae for local government. The change in formulae resulted in a substantial increase in equitable share allocation.

The R135,603 million equitable share and has been allocated as follows:

➤ Indigent Support million	R78,836
➤ General subsidization of tariffs in Newcastle East million	R45,967
➤ General Property Valuation million	R 3,000
➤ Resealing of Roads million	R 6,000
➤ Water Operating Subsidy million	R 1,800

Municipal Infrastructural Grant (MIG)

The Municipal Infrastructural Grant (MIG) is entering its fifth year of implementation in the 2008/2009 financial year. It resulted from the consolidation of various capital grants for municipal infrastructure (CMIP, Water Services Projects, CBPWP, LEDF, BSRP and the Urban Transport Fund) into a new funding arrangement.

The Municipal Infrastructural Grant is a conditional grant which gives effect to national objectives to:

- Expand the delivery of basic services to all households, including the delivery of free basic services to poor households and other poverty alleviating objectives.
- Stimulate local economic development and job creation over the medium term.

It should be noted that Council is required to counterfund some of the projects.

Finance Management Grant

The Finance Management Grant is a capacity building grant to assist municipalities in building management planning, technical and financial management skills and capacity for effective service delivery.

There are currently three vacancies due to the appointment of two Interns within the organisation and the resignation of an Intern during the first seven months of the current financial year. The posts were advertised and not filled due to the lack of a suitable candidate. The posts were re-advertised and are in the process of being filled.

Provincial Government Transfers

Table 14 : Provincial Government Transfers

Category of Provincial Government Transfers	Allocation 2006/2007 R	Allocation 2007/2008 R	Indicative 2008/2009 R	Indicative 2009/2010 R	Indicative 2010/2011 R
Museum Services	55	29	71	76	81
Health - Clinics	990	990	1,069	1,106	1,156
Environmental Health	80		90	97	104
Provincial Management Assistance Programme			100		
Synergistic Partnership			350	350	150
Property Rates			1,922	2,153	2,282
Total Allocation	1,132	1,019	3,602	3,782	3,773

Borrowing

Table 15 : Borrowings

New Borrowing	Preceding Year	Current Year			Medium Term Revenue and Expenditure Framework		
	2006/07	2007/08			2008/09	2009/10	2010/11
	Actual	Approved Budget	Adjusted Budget	Full Year Forecast	Budget	Budget	Budget
	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's	R 000's
Development Bank of Southern Africa	9,624	30,021	35,375	35,375	4,910	0	0
Total New Borrowing	9,624	30,021	35,375	35,375	4,910	0	0

H1. Operating Revenue and Expenditure Framework

The Table and graphs that follow indicate the expected operating revenue and expenditure for the Newcastle Municipality. It includes revenue that would actually flow into the Municipality as well as allowances for billed, but not collected income. The “bottom line” is the disposable operating revenue, i.e. the amount that the Municipality would have to allocate in terms of this Financial Plan.

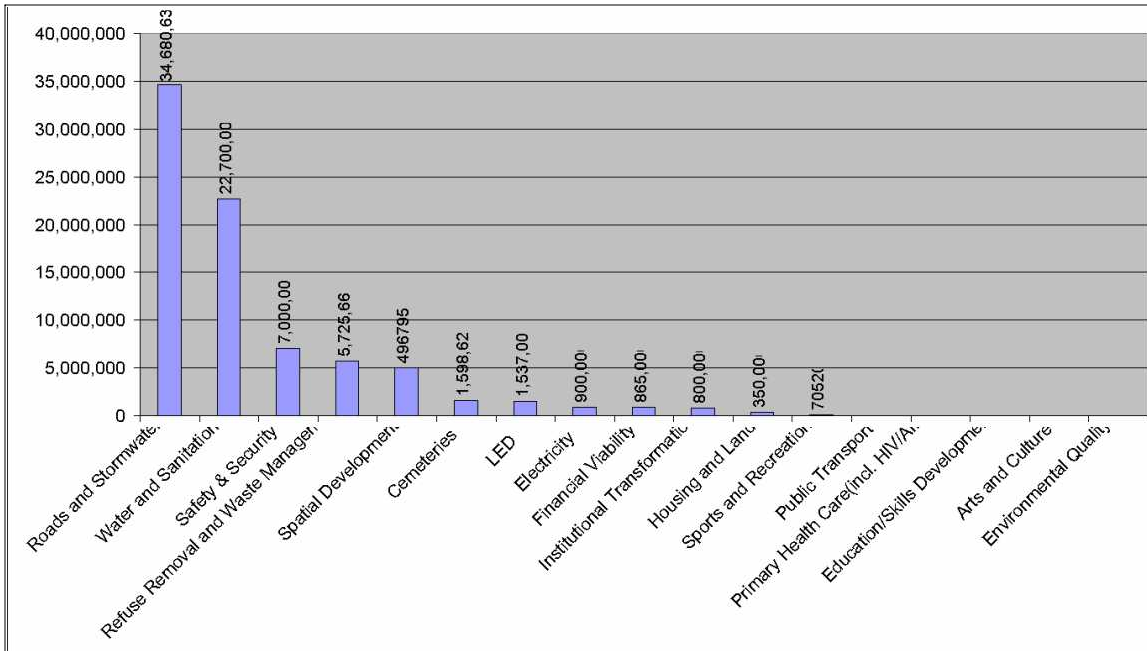
Table 16 : Revenue and Expenditure 2008-2011

	PROPOSED 2008/2009 BUDGET R 000'S	INDICATIVE 2009/2010 BUDGET R 000'S	INDICATIVE 2010/2011 BUDGET R 000'S
REVENUE	-780,755	-831,337	-890,529
EXPENDITURE			
Salaries, Wages and Allowances	167,131	181,338	194,938
General Expenditure	484,250	510,826	530,374
Repairs and Maintenance	44,411	55,516	76,642
Less: Contribution from Reserves	-130	-139	-149
Capital Charges (Interest and Depreciation)	34,415	35,846	37,997
Contribution to Reserves	120,942	121,544	127,036
Inventory Items	149	156	166
Contribution to Fixed Assets	0	0	0
Less: Allocated Elsewhere	-71,786	-76,393	-81,689
Total Expenditure	779,382	828,695	885,316
DEFICIT / SURPLUS	-1,373	-2,642	-5,213

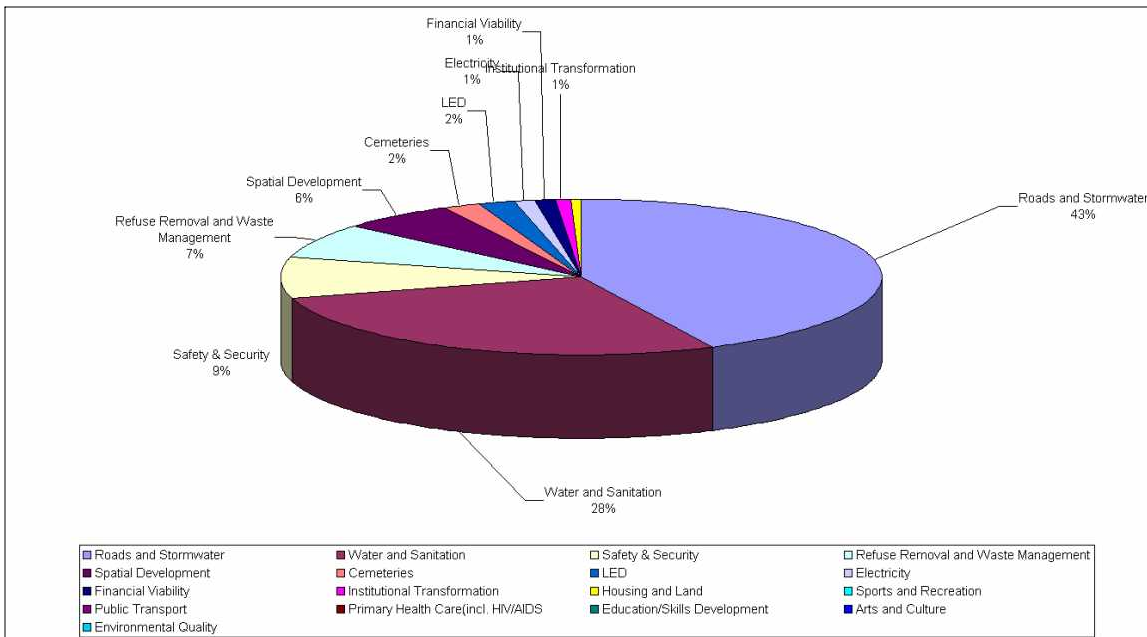
H2. Capital Investment Programme and Framework

The Capital Investment Programme and Framework focus on addressing backlogs and specifically the financial implications thereof. It provides a sense of both issues and costs. This allows the Newcastle Municipality and other spheres of government to come to grips with what needs to be done to address the backlogs in the area – in urgency and in financial terms.

The capital allocations within the 2008/9 budget to the IDP priorities are illustrated by the graph below:



In general the capital budget closely resembles the priority needs and weights as identified within the IDP, although this will be even more aligned during the next IDP review cycle. Similarly the capital budget allocations share to the IDP priorities can be illustrated as follow:



It should, however, be noted that the backlogs have not been spread over a 3 – 5 year timeframe as in the case of the MTCF. This is mainly due to the reluctance of both national and provincial government departments to participate in the IDP process or provide the necessary information. The Newcastle Municipality finds neither prudence nor diligence in creating false expectations.

To address these needs the Capital Investment Framework allocates funds to various Capital Investment Programmes. The following graphs illustrate these allocations as well as the allocation of external funding in respect of the 2008/2009 to 2011/2012 IDP budgets:

The bulk of capital investment goes towards high priority projects. This clearly indicates an alignment of capital investment with key areas of intervention, i.e. the provision of basic services which in the case of Newcastle is focused on water and sanitation as it should be in terms of national and provincial guidelines.

One of the most critical issues related to achieving what has been set out in this IDP and particularly in respect of its Capital Investment Programme and Framework is the availability of resources – financial and human resources. Financial and human resource constraints are of national significance and the question remains that, even if the Newcastle Municipality has access to sufficient financial resources to fund this Capital Investment Programme and Framework, does it have the human resource capacity to give effect to this Capital Investment Programme and Framework? The Municipality's Institutional Plan needs to consider this matter further and give particular consideration to human resource capacity and development.

SECTION I: ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM AND SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)

Performance Management Framework

In terms of the Municipal Systems Act (as amended), municipalities are required to prepare an Annual Performance Report that is to form part of the Annual Report to be prepared in terms of the Municipal Finance Management Act.

Purpose of a Performance Management System

The Department of Provincial and Local Government defines PMS as “ a strategic approach to management which equips leaders, managers, employees and stakeholders at different levels, with a set of tools and techniques to regularly plan, continuously monitor and periodically measure and review performance of the organization(municipality) in terms of indicators and targets for efficiency, effectiveness and impact.”

A PMS is also intended to assist the Council to improve service delivery by channeling its resources to meet performance targets and in doing so, ensure that the municipality achieves its strategic objectives as contained in its IDP.

A PMS should fulfill the following objectives:

- ➔ Facilitate increased accountability
- ➔ Facilitate learning and improvement
- ➔ Provide early warning signs
- ➔ Facilitate decision making

Background to Performance Management in Newcastle Municipality

During 2001 Newcastle Municipality was nominated by DPLG for piloting performance management system but due to unforeseen circumstances, the project was not completed, but a draft Framework was prepared in consultation with Senior Management

The Municipality has since the appointment of an IDP/PMS Manager in November 2003, pursued the development of a PMS. A service provider was appointed in December 2004 to assist in this regard.

For the 2005/2006 Financial Year, and in the absence of a PMS, an Interim Planning and Performance Reporting template was developed for specifically reporting of performance of the Capital budget. The intention of the template was to prepare officials for reporting once a PMS was in place. However, the process was suspended in January 2005, when the Council commenced with the development of the PMS.

Legislative Requirements

The legislative requirement for the development of PMS includes the Constitution, The Municipal Systems Act, the Municipal Finance Management Act, Municipal Planning and Performance Management Regulations, the White Paper on Local Government and the Batho Pele principles.

However, the main regulatory mechanism for Performance Management System is Chapter 6 of the Municipal Systems Act, (Act 32 of 2000) and the related Municipal Performance Management Regulations and Municipal Finance Management Act.

The MSA requires that all Municipalities:

- develop a Performance Management System,
- set target and monitor and review performance based on indicators linked to their IDP;
- Prepare an Annual Performance Report on the performance of a municipality forming part of its Annual Report as required in terms of the MFMA;
- Incorporate and report on a set of general/national indicators prescribed by the Minister responsible for local government
- Conduct on a continuous basis, an internal audit of all performance measures
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators, targets and reviewing of municipal performance

The Municipal Planning and Performance Management Regulations further details the requirements of a PMS.

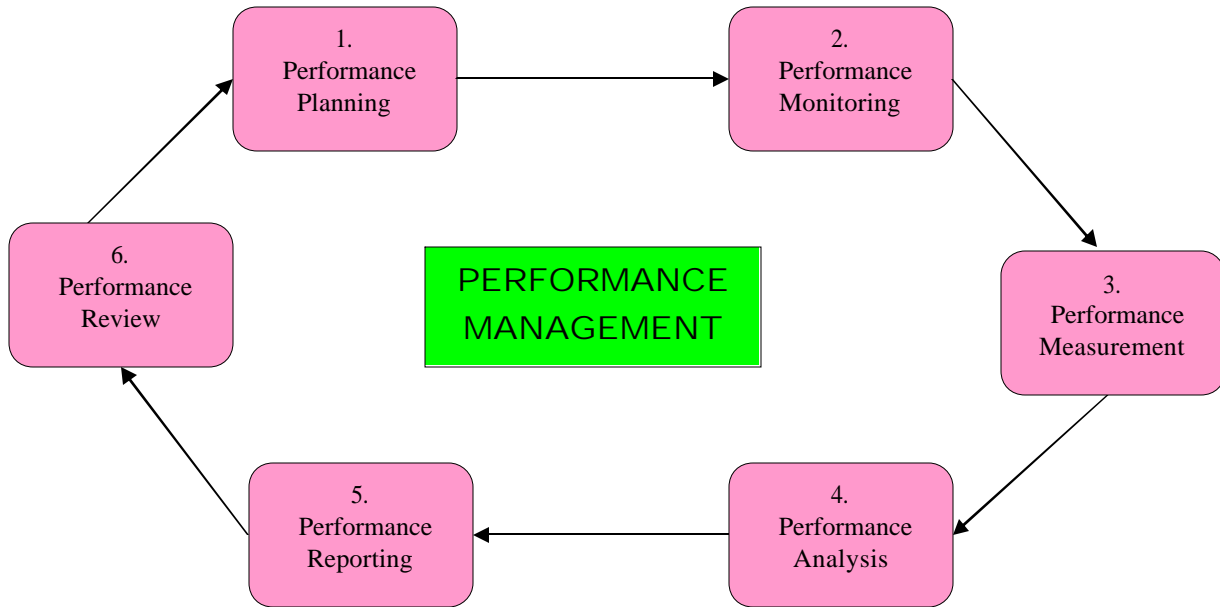
Development of Performance Management Framework

In compliance with Municipal Systems Act (Act 32,2000) as well as the Municipal, Planning and Performance Regulations, 2001, and in consultation with the community and community stakeholders a Performance Management Framework was developed and approved by Council.

The framework describes how the municipality's performance cycle in respect of planning, monitoring, measurement, review, reporting and improvement will be conducted. It also specifies the institutional arrangements for the management of PMS, and includes the roles and responsibilities of the respective role-players. The framework was approved by council and was advertised in the press for community input.

The following figure illustrates the PMS cycle as specified in the approved Framework :

Figure 16 : Framework Cycle



IDP, Budget, PMS integration through SDBIP's

At a strategic level, the IDP Priorities are aligned to the National Key Performance Areas.

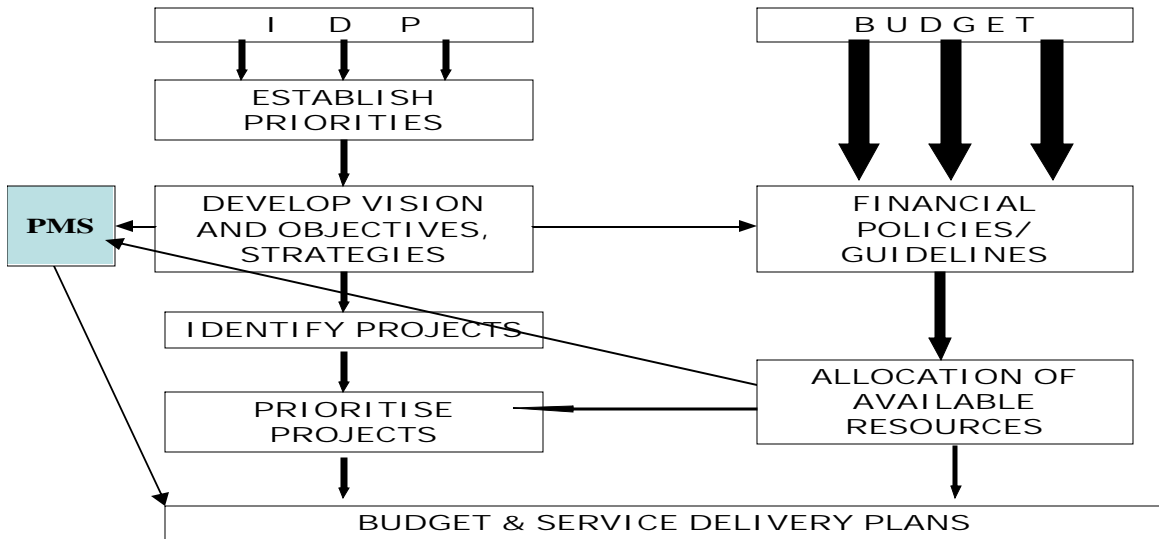
Organisational objectives in terms of the IDP, is incorporated into the Organisational PMS by developing applicable indicators for measuring of performance and then setting of targets(within the available resources as specified in the Budget). All of this is consolidated into an Organisational Score-card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

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

The Service Delivery Budget Implementation plan is then cascaded into Section 57 Performance Agreements.

All of these performance reports are then consolidated into the Annual Performance Report that forms a component of the Annual Report as prescribed in the MFMA.

Table 17 : IDP/Budget/PMS Link



Monitoring, Evaluation and Review

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

The above process is intended to allow the municipality to monitor, evaluate and review its performance based on the National and its own IDP key performance areas.

The following table, derived from both the legislative framework for performance management and PMS framework, summarizes for ease of reference and understanding the various performance reporting deadlines as it applies to the Municipality:

Table 18 : PMS Reporting requirements

Report	Frequency	Submitted for consideration and/or review to		Remarks
1. SDBIPs	Quarterly	Executive Committee		See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)		See sections 71 and 54 of the MFMA
3. Organisational Scorecard	Quarterly	Executive Committee		This PMS framework (see section 7.5.1 above)
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)		See sections 72 and 54 of the MFMA
5. Performance report	Annually	Council		See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report (see 7 below)
6. Annual report	Annually	Council		See chapter 12 of the MFMA

The present process is as follows:

1. A planning template is approved as part of the Budget Process (i.e Organisational score-card and SDBIP as per the Framework)
2. A reporting template per departmental SDBIP for each quarter is developed by the IDP/PMS office and forwarded to all departments for completion and submission by the 07th of the month after the end of the quarter
3. The Actuals on the SDBIP is then captured into the Organisational Score-card for reporting, monitoring, evaluation and review purposes
4. SDBIP meetings are arranged for each department for evaluation by the Municipal Manager within the month after the end of the quarter
5. The final reviewed score-cards are forwarded to the Audit Committee
6. At Mid-year a mid-year assessment and review is carried out on organization n and departmental performance
7. The S57 score-cards are accordingly updated and evaluated either by the Municipal Manager or in the case of the Municipal Manager the appointed Evaluation Committee
8. The Annual Performance Report is prepared based on the evaluated and reviewed 4th quarter score-cards

P.S. Presently Internal Audit is not functional, but this must be complied with in line with legislation and provision for internal audit must form part of the automated performance management process.

Annual Performance Report 2006/2007

An Annual Performance Report was compiled and formed a component of the Annual Report for 2006/2007 and is Annexed and Addendum L04.

The Audit Report is being awaited to be incorporated as part of the Annual Report process as specified in the MFMA.

The following table reflects the performance of the Municipality against National KPI's as at June 2007:

Table 19 : Status against NKPI's 06'07

Development objective	Key Performance Indicator	Baseline	Status
		July-06	June-07
Access to Water Provision	% of households with access to at least a basic level	84%	87%
A c c e s s t o Sanitation	% of households with access to at least a VIP level of sanitation service.	69%	72%
A c c e s s t o Electricity	% of households with electricity within the Newcastle licensed area	99.5%	99.8%
Access to Solid Waste Removal	% of households with access to refuse removal services	67%	67%
Access to free basic services	% of households with access to free basic services(licensed area only as per indigent register)	100%	100%
To improve capital budget spending by the municipality	% capital budget spent within budgeted financial year	50,13	73,92%
<i>T o c r e a t e temporary employment through LED initiatives</i>	<i>No. of temporary jobs created</i>	800	380

Development objective	Key Performance Indicator	Baseline	Status
		July-06	June-07
<i>To improve investment on workplace skills development by the municipality</i>	<i>% of SDL claimed/received from SETA</i>	60%	0%
<i>Implementation of skills development plan and employment equity</i>	<i>Percentage of staff in three highest levels of management who are from the designated groups (race and gender)</i>	62%	68%
<i>To ensure adequate funds are available to meet external loan financing charges</i>	<i>Debt coverage</i>	26,42	<i>Awaiting finalisation of Financial statements</i>
<i>To improve revenue collection and service payment levels within the Newcastle municipal areas currently receiving service.</i>	<i>Outstanding service debtors to revenue –</i>	0,52	<i>Did not calculate (pending finalisation of Financial Statements)</i>

Notes to Table

Please note that where possible the 2001 statistics have been used as baseline information as no performance baselines were available between the period 2001 to 2005 due there being no PMS in place. In respect of Water and Sanitation, information as per the WSDP has been used.

SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN 2008/2009

Service Delivery Budget Implementation Plans (SDBIP's) form the link between the IDP, the Performance Management System and the Municipal Budget. It is also a management tool that encourages introspection on why and how services are rendered. This therefore ensures

understanding of organisational and operational performance, which will be used to evaluate and review planning for the future.

The Newcastle Service Delivery and Budget Implementation Plan capture the key programme, projects and milestones for the 2008/09 financial year. It has been informed by the IDP Review (more specifically the 3 year Action Plan) and the approved budget for the 2008/2009 financial year.

The SDBIP also serves as the kernel of the annual performance contracts for the Municipal Manager and the Managers reporting directly to him. It provides also the foundation for the overall quarterly and annual organisational performance of the Municipality.

The approved SDBIP seeks to create a semblance of coordination of the developmental activities undertaken by the municipality and clear service targets. It sets targets on how we will progressively respond to the service delivery targets for the year , whilst simultaneously responding to the local government service requirements of our communities. This is measured by determining specific key performance indicators for each departmental objective as outlined in the SDBIP, linked to specific organisational objectives. It should be noted that each organisational objective is linked to any one of the five (5) National Key Performance Areas(KPA's) as defined as municipal objectives in terms of the Constitution. The National KPA's are :

- Basic Services
- Institutional Transformation and Development
- Financial Viability
- Good Governance and Public Participation
- Local Economic Development

Monitoring, reporting and evaluation of the SDBIP's will be carried out through monthly, quarterly and mid year performance reporting in line with the approved Performance Management Framework and relevant legislation. This will then culminate into an Annual Performance Report for 2008/2009.

Detailed SDBIP's is attached as Addendum L07.

Automated PMS

The Newcastle Municipality presently uses a Score-card on an EXCEL Spread Sheet to plan and report on Performance (refer to Framework). All of the information is captured manually for reporting purposes from various sources.

For the purposes of ensuring integrity with reporting and true alignment with other municipal processes, it became necessary to investigate the automation of the PMS integrated to other IT solutions within the rganization – specific to Newcastle the Financial Management System and GIS.

Funding was allocated to Newcastle Municipality through the CMTF program to realize the above and the Municipality is presently in the process of requesting BIDS in line with the following :-

Key Objectives for the automation of the PMS

1. To provide a practical automated PMS solution for Organisational Performance cascading to SDBIP's and Individual Performance which must amongst others :
 - a) Integrate the Integrated Development Plan to the PMS

- b) Track project status/progress
- c) Integrate Financial Management System and to later link/interface with new FMS to be acquired
- d) Allow for a monitoring, evaluation and review mechanism
- e) Produce quarterly and annual performance reports in compliance with relevant legislation
- f) Enhance performance planning
- g) Enhance tracking of audit trails
- h) Enhance Performance communication between internal role-players
- i) Link to Municipal Website

2. To provide training and support to the Newcastle Municipality staff utilizing the system.

CONCLUSION

This 2008 Newcastle IDP Review builds on the foundation of the 2007 – 2012 principal IDP. It reiterates the development rationale with supporting objectives and strategies to guide the development of the Newcastle Municipality area. These are ultimately aimed at achieving the development wish for the Newcastle area and all its inhabitants, i.e.:

- Creating economic growth and jobs.
- Eradicating backlogs in service delivery
- Providing for housing and socio-economic development (including the impact of HIV/AIDS).
- Positioning the Newcastle area as a prime tourist destination.
- Making the area of Newcastle a safe and vibrant meeting place of rural, traditional and urban life-styles.
- Integrating the first and second economies to benefit from investment.
- Achieving a sustainable settlement pattern where people could meet all their needs to provide for a better quality of life and maintain sustainable livelihoods.
- Creating functional and institutional harmony with upstream and downstream spheres of government.

A large portion of this IDP Review is dedicated to the financial implications and challenges facing the Municipality in meeting its mandate as caretakers, managers and developers of their judicial area. The demands far outweigh the resources and it is critical that the Municipality:

- Prioritize projects and programmes for implementation in addressing the needs.
- Do proper financial planning which is also based on sound financial and business principles.
- Source appropriate external funds to supplement their own resources.
- Improve and sustain the Municipal income generation.
- Stimulate and grow the economic base of the Newcastle area.
- Enter into partnerships to facilitate effective implementation.

This IDP Review also provides feedback on many of the issues that were highlighted as shortcomings in the principal IDP, including progress made in respect of the Newcastle Land Use Management Framework, Strategic Environmental Assessment and various Sector Plans that support the IDP.

The necessary actions and projects to achieve the objectives and implement strategies are deliberated with financial implications and requirements set out in detail. The culmination of this entire process is the development of a Spatial Development Framework which is supported by the projects, programmes and a Financial Plan for implementation and guiding the development

and future growth of the Newcastle area in the strive to improve the quality of life, providing a higher standard of services to the entire community ensuring that this area become as a prime economic generator for tourist development, farming, mining and timber and a service centre for its rural and urban communities.

Ultimately, the Newcastle Municipality needs to integrate and align all its efforts with those of its four constituent Local Municipalities as well as national and provincial stakeholders. The effort made in this IDP to align the council budget with those of line function departments goes a long way to addressing the weaknesses of previous development plans. Even though the implementation process may take a number of years and at times seem difficult, the advantages of this process are numerous. Policy makers (councilors) gain clear information about the impact of spending, aiding them in making informed choices.

The results of policy decisions become evident as performance is measured and resource usage is directly related to services produced. Programme managers will work within well-defined expectations and have the flexibility to reform processes and increase efficiency as long as goals are met. The Newcastle communities also benefit by being able to determine a clear connection between money spent and services provided.

In conclusion, the Newcastle Municipality IDP is aligned with and incorporates the Millennium Goals as well as the National and Provincial Development Perspectives and Targets. In an attempt to meet these goals and deliver on the set targets as part of addressing the backlogs and future growth within Newcastle Municipality, the Capital Investment Framework puts forward a consolidated financial framework that spans over a five year period differentiating between committed and non-committed funds per year. A total of R4,597 billion is required and will be invested over the next five years. It is important to note that only some Provincial Sector Departments participated in the Sector Alignment Session's which influenced the said budget allocation.

Of note is that most of the Provincial Sector Department's Medium Term Expenditure Frameworks with reference to Programmes, Projects and Priorities are as yet non-aligned to any of the IDPs Key Areas of Intervention (Strategic Objectives) within Newcastle Municipality. It is our understanding that the Provincial MTEF should deliver on quantifiable Service Delivery Plans. This raises a question whether the Provincial Sector Departments do have a "Plan"?

Financial and human resource constraints are of national significance and the question remains that, even if the Newcastle Municipality has access to sufficient financial resources to fund its Capital Investment Programme and Framework, does it have the skilled human resource capacity to give effect thereto?