
Annual Report

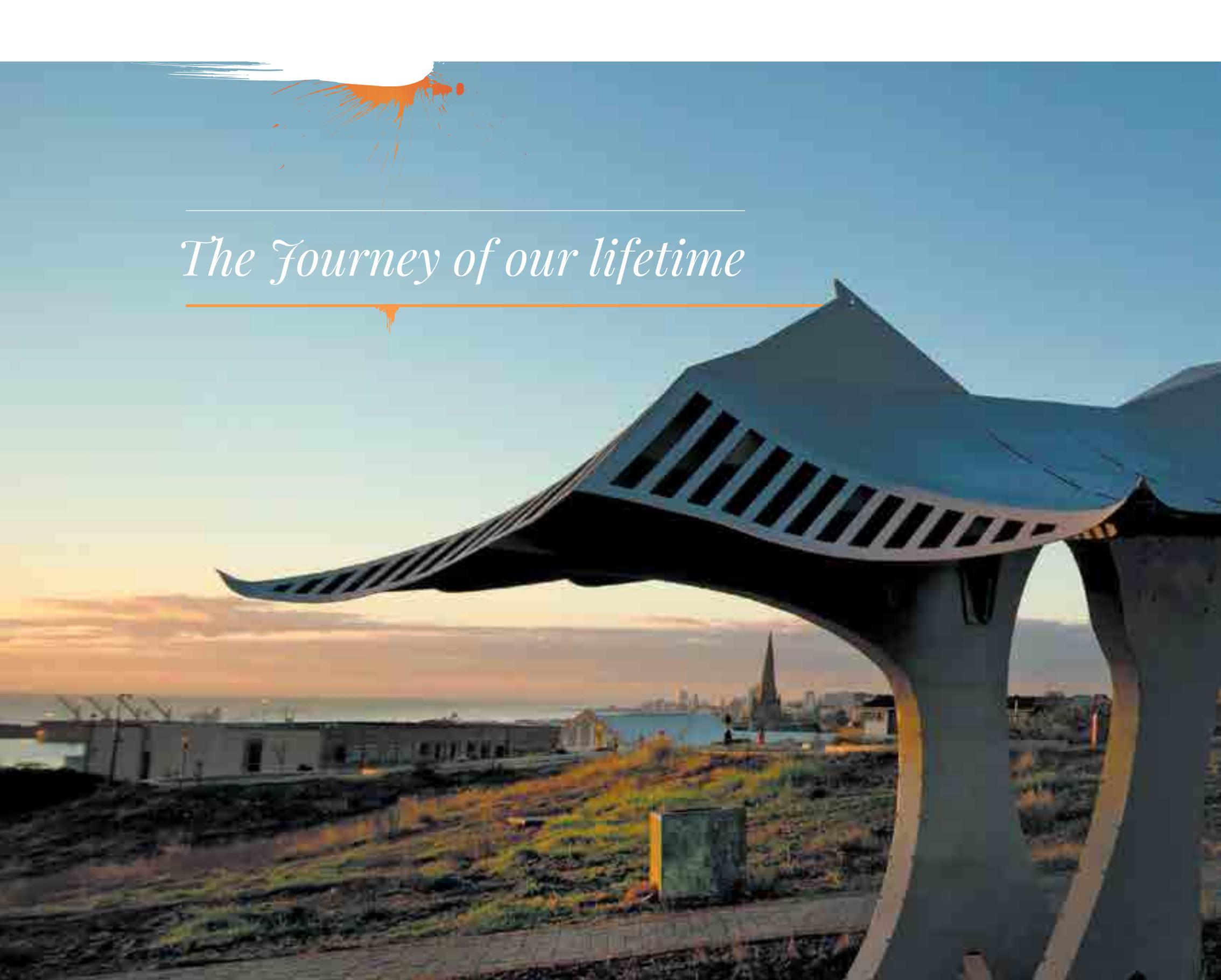
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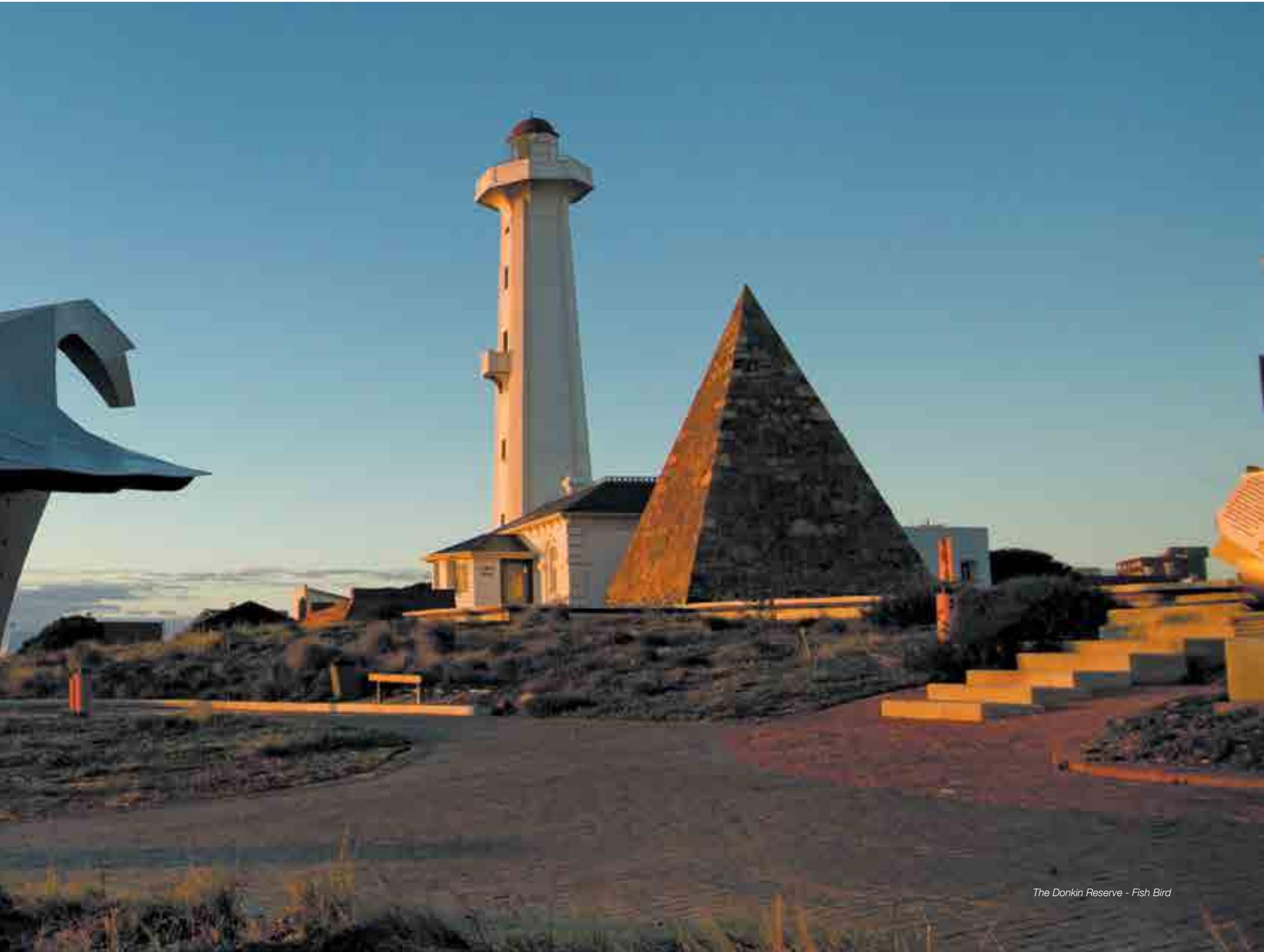


mandela bay
DEVELOPMENT AGENCY
RENEW • REVIVE • INSPIRE



The Journey of our lifetime







Foundations for success



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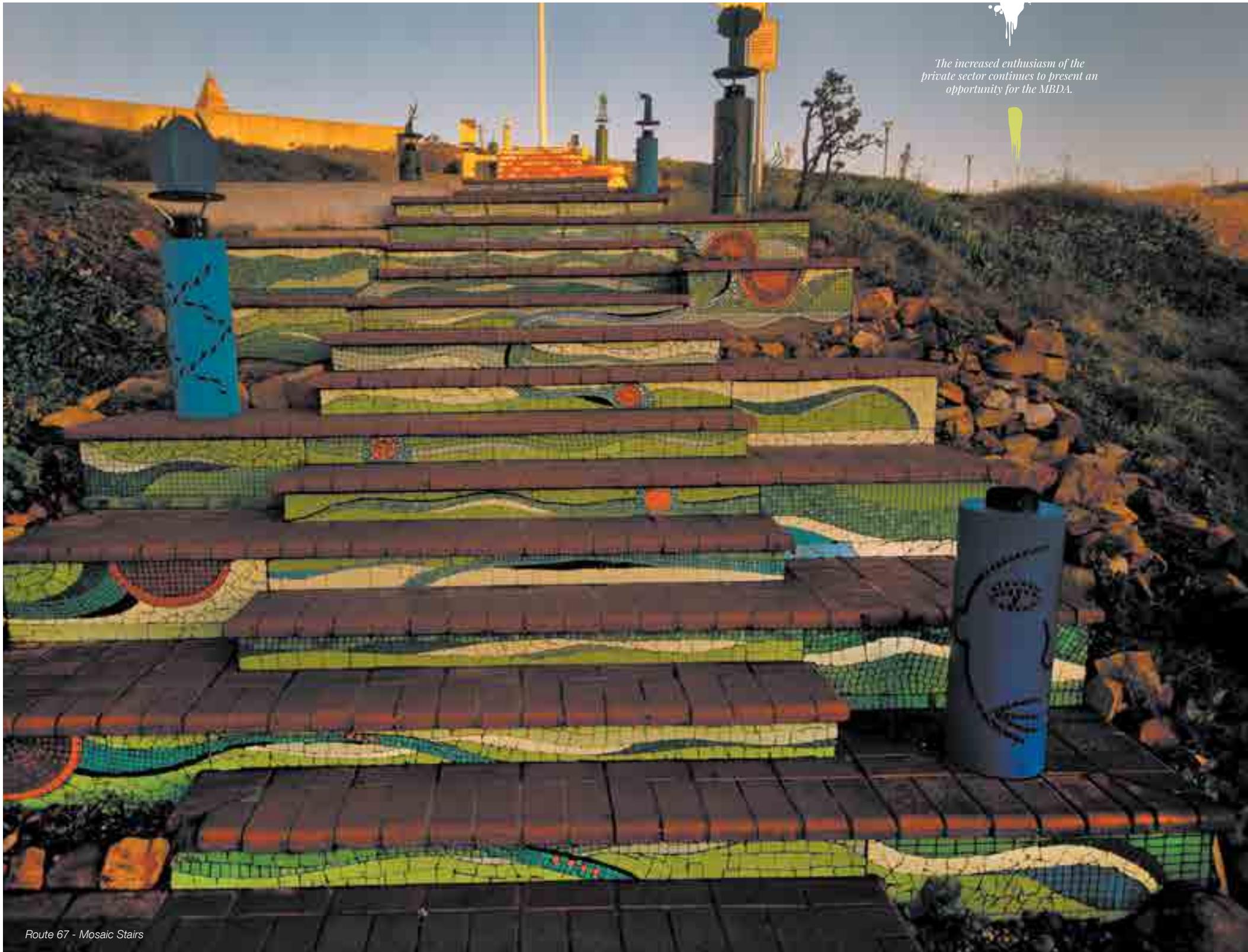
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The increased enthusiasm of the private sector continues to present an opportunity for the MBDA.



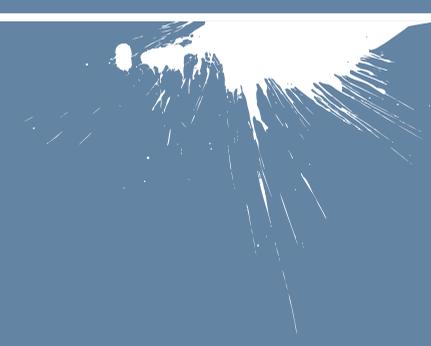
Acronyms & Abbreviations

AFS	Annual Financial Statements
ArtEC	Art Eastern Cape
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
EDRS	Economic Development & Recreational Services (Directorate of NMBM)
EIA	Environmental Impact Assessment
EPRU	Eastern Province Rugby Union
FY	Financial Year
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IPTS	Integrated Public Transport System IPTS
IRB	International Rugby Board
HEMCO	Helenvale Cleaning Cooperative
HERI	Helenvale Recycling Initiative
HRC	Helenvale Resource Centre
HURP	Helenvale Urban Renewal Programme
GIZ	German Development Agency
GGP	Gross Geographic Product
GVA	Gross Value Add
KfW	German Development Bank
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
NAF	National Arts Festival
NAPDI	Northern Areas People's Development Initiative
NDPG	Neighbourhood Development Partnership Grant
NLDTF	National Lottery Distribution Trust Fund
NMB	Nelson Mandela Bay
NMBM	Nelson Mandela Bay Municipality
NMMU	Nelson Mandela Metropolitan University
MBDA	Mandela Bay Development Agency
PAC	Programme Advisory Committee
SABCOHA	South African Business Coalition on Health & AIDS
SAPS	South African Police Service
SDA	Service Delivery Agreement
SEDA	Small Enterprise Development Agency
SMME	Small, Micro, Medium-sized Enterprise
SPUU	Safety & Peace through Urban Upgrading
SPV	Special Purpose Vehicle
SRA	Special Ratings Area
SSIF	Strategic Spatial Implementation Framework
THE DTI	The Department of Trade and Industry





Section 01: *Introduction & Organisational Overview*



Despite the many challenges faced by the Nelson Mandela Bay Municipality, it continues – through the various vehicles it has created – to move towards achieving its long-term vision for the creation of a world-class city.

*Cllr Benson “Oom Ben” Fihla
Executive Mayor: Nelson Mandela Bay Municipality*





Foreword by the Executive Mayor of Nelson Mandela Bay



Cllr Benson Fihla



A holistic view of Nelson Mandela Bay will reveal a hub of activity, with construction taking place in every corner of the city – from inner-city renewal to the transformation of our townships. The rejuvenation of inner city areas and the redevelopment of critical nodes in decline is a proven way to create jobs and attract and retain business and investors.

Despite the many challenges faced by the Nelson Mandela Bay Municipality, it continues – through the various vehicles it has created – to move towards achieving its long-term vision for the creation of a world-class city.

The vision mapped out at the outset of the conception of the Municipality's development entity, the Mandela Bay Development Agency, some ten years ago, is taking shape as the agency gains momentum and matures in its ability to deliver at a consistently high level. It gives me great pride to see the transformation taking place in some of the city's most vibrant areas – making our communities better places to live, work and play.

The MBDA was given a mandate to complement the NMBM's service delivery by carrying out projects that promote inner-city renewal. Its mandate was subsequently extended to include township renewal, aimed at upgrading township areas so as to promote tourism, job creation, investment and civic pride. Through this we acknowledged the need to address challenges such as aging infrastructure in townships, and our aim is to collaborate with the private sector to develop these areas by improving infrastructure, upgrading public amenities and beautifying open spaces.

A walk around the historically marginalised, but slowly transforming, suburb of Helenvale will clearly reveal the positive impact of the township renewal programme which has provided infrastructural upgrades to key parts of the area. The last five years saw investment of R78-million into the development of Helenvale under the auspices of the NMBM's Helenvale Urban Renewal Programme (HURP) and the MBDA is now building on the progress made. This significant national and provincial government investment focuses on physical and infrastructural development, with skills development and job creation opportunities for the community as a top priority. In a testament to the MBDA's funding attraction abilities a further (EUR) €5-million investment by the KfW Bank (German Development Bank) will be ploughed into a Safety & Peace through Urban Upgrading (SPUU) programme in Helenvale, further ensuring that some of the socio-economic challenges of the area are addressed.

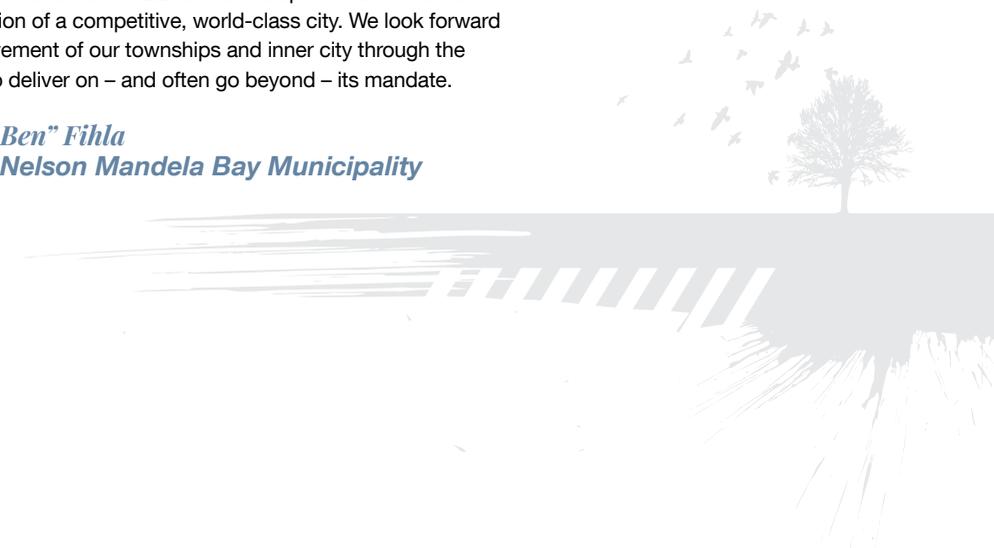
The MBDA is also undertaking urban renewal initiatives in New Brighton, Veeplaas and Walmer-Gqebera; always in close consultation with the communities through comprehensive public participation processes to ensure that the real needs of the people are adequately met and their voices are heard. This falls squarely in line with the community development and participation objectives of the NMBM.

The achievements in inner city areas – with a dual focus on infrastructure development and the creation of dynamic, beautiful and user-friendly public spaces – have been particularly successful. Business and investment are starting to trickle back into these nodes, restoring vibrancy to areas formerly affected by entrenched urban decay. It is safe to say the tide is turning. We watch with interest as further phases are implemented in the inner city.

Overall, the MBDA has delivered on its mandate to develop and manage lasting infrastructure projects. As the implementing agent responsible for urban renewal, the MBDA's achievements in a relatively short time have far exceeded the expectations of the city and the general public.

In conclusion, I applaud the meaningful impact that the MBDA is having on the lives of our people. I thank the MBDA's leadership and staff for their contribution to the creation of a competitive, world-class city. We look forward to the continuing improvement of our townships and inner city through the MBDA's proven ability to deliver on – and often go beyond – its mandate.

Cllr Benson "Oom Ben" Fihla
Executive Mayor: Nelson Mandela Bay Municipality





Chairperson's Report



A decade of facilitating catalytic public sector investment is showing real returns for the MBDA and, more importantly, the city of Nelson Mandela Bay. Residents, investors and business are witnessing a turnaround strategy in action, bringing renewed hope, economic activity and social transformation to previously neglected and decaying areas of the city.

Since its establishment in 2003, the MBDA has managed public investment of more than R300-million in direct infrastructure upgrades and environmental improvements, and built up a track record of successful projects which has resulted in its mandate area steadily expanding. From an initial focus on regeneration of the CBD, the agency's mandate now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct, and Uitenhage.

Township renewal, in particular, brings an important additional dimension to the MBDA's portfolio. These areas are as much in need of urban renewal as the CBD, so that they can function as integral parts of the city

and become amenable places to live, play and work. Here the MBDA's role is focused on reversing apartheid-era neglect and inequality, and developing sustainable residential and business zones that will contribute to addressing the challenges of poverty and unemployment. The MBDA played a significant role in upgrading projects in the year under review, particularly in Helenvale, as well as New Brighton, Veeplaas and Walmer-Gqebera. The projects have already contributed to social upliftment and job creation through the employment and up-skilling of local contractors.

In addition to marking a decade of its role as implementer, facilitator and enabler of socio-economic transformation, the year under review also marked the mid-point of the MBDA's five-year strategic plan. The strategic plan charts a long-term strategic vision and development priorities derived from the MBDA's Strategic Spatial Implementation Framework (SSIF), closely aligned to the city's five-year Integrated Development Plan (IDP). The priorities of the strategic plan are in turn translated into a set of Key Performance Indicators (KPIs). Performance in terms of these KPIs is

reported in detail later in the Annual Report; however the board is satisfied that the MBDA is on course to achieve both its short and long-term KPIs.

The MBDA's strength lies in its political objectivity, creative urban planning, project management skills, sound administrative and financial systems, a sense of urgency and the ability to build good relationships in an often-fraught political environment. Public participation is the point of departure for all project design and implementation, in order to ensure the economic, social and political sustainability of the agency's interventions.

The MBDA's success to date is the result of an approach where specific projects are identified as interventions to complement the city's IDP and spatial development frameworks. Using public sector funding, these projects act as catalysts to encourage private sector investment, with positive impact on employment, living standards, the city's rates base and gross domestic product.

Urban renewal has revitalised the inner city as a place for life, work and play, and stimulated arts and culture activities in an environment that both honours the city's heritage and creates space for the emerging creative economy and new ways of creating and celebrating cultures. By strategically locating projects, and either upgrading or recycling under-used public buildings and spaces, the agency has created a number of development nodes that are beginning to expand and link up through private sector investment, connecting spaces and people in a unified city environment.

As a result of sustained infrastructure development and urban renewal, the city has the potential to develop a strong tourism and real estate sector that will complement existing sectors and contribute to diversifying its predominantly manufacturing-based economy. In stimulating property and tourism investment, the MBDA is playing a key role in reducing the city's over-reliance on industry – particularly automotive manufacturing – a shift which is critical to ensuring that the Nelson Mandela Bay economy is less susceptible to external economic shocks.

As a facilitator and enabler of public expenditure to stimulate private sector investment and socio-economic upliftment, the key indicator of the MBDA's success is measurable impact on gross domestic product, jobs and the municipal rates base, and demonstrable socio-economic change. The MBDA's economic survey information system is updated through annual business and residential surveys on the impact of projects within the agency's mandate areas. As new data is added to the baseline assessments, it will become possible to identify trends in the mandate areas and make informed planning decisions for the future.

The MBDA Economic Barometer released in February 2012 clearly indicated the positive impact on the local economy of the upgrades of

the Donkin Reserve, King's Beach area and Uitenhage Market Square. Investment in these three areas generated additional production and sales for businesses of R250-million, with a corresponding increase of R81-million in GVA and 673 new direct, indirect and induced jobs. Together with the earlier upgrades of Govan Mbeki Avenue, Parliament Street and Strand Street, these projects will continue to promote urban renewal and employment creation.

There is no doubt that there are also intangible and hard-to-quantify "soft" returns – such as civic pride, a unifying momentum, a new energy in the city centre, the emergence of a strengthened creative economy – that are being delivered through the work of the MBDA.

While the expansion of the MBDA's mandate area is important from an integrated development planning point of view and serves as testament to the agency's success, it is not without its challenges and does place additional pressure on already stretched human and financial resources. The concern is that the pressure generated by successful delivery may dilute the MBDA's development mandate as a special purpose vehicle and result in it becoming a mere recipient of municipal projects in crisis. There is a risk that expectations of the agency will shift to basic service delivery, which is a municipal obligation, and weaken its focus on delivery to its developmental mandate and facilitating role. The MBDA is, and must remain, a development agency, and not become a duplicate municipality.

The MBDA has become a crucial socio-economic development vehicle for the city. Its future success will be determined by its ability to remain sharply focused, politically objective and people-centred, while maintaining good stakeholder relationships and credibility in order to ensure continued private sector investment response to the public sector investment facilitated by the agency.

To this end I applaud the NMBM for continuing to enable the MBDA to deliver on its mandate. I thank my colleagues on the board for their support and strategic vision, the operational leadership of the MBDA, the chief executive and staff who work tirelessly to ensure projects not only come to fruition, but are also functional and sustainable. Lastly, the board extends its appreciation to the people of Nelson Mandela Bay and our private sector partners who have not only embraced the MBDA projects and vision, but have brought them to life through investment and participation.

Saki Macozoma
Chairperson





Chief Executive Officer's Report



Vision without action is just a dream. Action without vision just passes the time. Vision with action can change the world. - *Joel Barker, Futurist*



In a global and local environment of both political uncertainty and economic instability, the MBDA continues to hold fast to its core principle of delivering on catalytic projects from visionary concept through to effective implementation.

There is no doubt that the face of Nelson Mandela Bay has changed dramatically in recent years. The development agenda underlying this visible transformation is very clear and informs all the work of the MBDA – to deliver catalytic projects that make a positive economic and social impact; making the urban heart of the city an attractive place to live, work, play, and invest. The MBDA has proven its value in developing vision and strategy, and taking this through to completion of sustainable projects that spur public confidence and investment in previously neglected and under-utilised spaces.

The year under review marked a decade since the city's leaders had the foresight to establish the MBDA as a dedicated Special Purpose Vehicle (SPV) to facilitate, enable and implement a turnaround strategy for the decaying inner city. At the mid-point of the agency's five-year strategic plan, the time is right not only to look back at the successes of the past, but also to draw on its lessons to plot the future.

The MBDA's mandate area has steadily increased over the past several years, extending from the inner city to the port area and King's Beach, to the NMB Stadium precinct, township areas and Uitenhage. The core focus remains to transform urban places – and publicly-funded improvements are having the desired effect in stimulating private sector investment. But, for the work done thus far to be taken to its logical conclusion, it now needs to culminate in large-scale capital projects undertaken collaboratively by the private and public sectors.

The MBDA's work over the past five years in negotiating with Transnet for the release of non-port land for a waterfront development is slowly coming to fruition, with plans currently in place for relocation of the tank farm and manganese ore berth. The next step is to reach agreement on development of these areas for marine, commercial and leisure purposes, and the MBDA continues to drive for achievement of this vision, which will reconnect the port to the city.

Redevelopment of the former Eastern Province Rugby Union (EPRU) stadium in Humewood/Forest Hill as a residential, retail, office, tourism and leisure precinct is another crucial element of the MBDA's long-term vision. EPRU's relocation to its new home at the NMB Stadium has opened up this prime piece of land as a development node ideally located between the airport and the beachfront. As a new residential-business-leisure hub, the site can exploit its proximity to the expanded Boardwalk complex and has the potential for a positive ripple effect on the depressed suburb of Forest Hill.

The MBDA's annual Economic Barometer is a key instrument of the agency's performance-driven management philosophy, and demonstrates the positive social and economic impacts of already-completed projects. The capital injected into projects such as the port waterfront and stadium redevelopment will ensure that the economic multiplier effect of the MBDA's development strategy reaches its full potential.

TOWNSHIP PROJECTS

Township renewal projects are a significant addition to the MBDA's responsibilities and have been identified as core to future evolution of the agency's mandate. Township populations are increasing, putting pressure on already-stressed infrastructure, alongside the social problems that come with high levels of poverty and unemployment. There is a need to ensure that these previously-marginalised areas, a geospatial legacy of apartheid, are integrated equitably into the city and are able to offer amenable living, working and recreation environments.

In addition to the MBDA taking responsibility for the Helenvale Urban Renewal Programme (HURP) in late 2011, projects have been identified in consultation with ward councillors in New Brighton, Veeplaas and Walmer-Gqebera. Projects were selected based on their alignment with both the MBDA's mandate and the city's IDP. The MBDA team has made significant strides on these projects in the year under review, which are more fully recorded later in this report.

Building on a R78-million investment in Helenvale over the preceding five years by national and provincial government via HURP, the MBDA secured funding of (EUR) €5-million from the German Development Bank in the year under review to implement a Safety & Peace through Urban Upgrading (SPUU) programme. The project is focused on physical and social infrastructure improvement over the next four to five years, to create a safer environment in an area that is one of the city's most impoverished; beset with the entrenched problems of unemployment, drugs and gangsterism.

General environmental upgrading of the main streets in Helenvale was completed in May 2013 and work continued on the multi-purpose Helenvale Resource Centre to provide the community with a one-stop facility for social services, meetings, recreation and sport. These and other projects in Helenvale created jobs for more than 100 people resident in the area, and training and contracts for 18 SMMEs.

HURP
Helenvale
Urban
Renewal
Project

2011

*Kings
Beach*
environmental
upgrade

2012

2013

Financial year



Kings Beach



INNER CITY AND SPECIAL PROJECTS

The inner city renewal programme continues to deliver on the suite of projects identified in the SSIF, and as each reaches completion, the puzzle pieces forming the final vision fall into place. Phase 4 of the Donkin Reserve environmental upgrade was completed over 2012/13, although on a trimmed-down budget and tight timeframes. Route 67, the iconic public arts journey, is complete and draws thousands of local and international tourists to the Port Elizabeth CBD. It has both stimulated the development of the creative industries while also creating a viable tourism product. During 2012/13 work also started on the Bird Street and Belmont Terrace upgrades, linking the Donkin and Athenaeum Building to what is envisioned as a new academic and cultural neighbourhood.

Adding to the inner city infrastructure boom, the MBDA started work on transforming the Tramways heritage building, set to house its new offices and concurrently activating the Baakens River-Central-Port node. The King's Beach environmental upgrade was also completed over the 2012/13 financial year. This investment elicited the most positive reactions city-wide in the agency's annual survey.

These latest achievements complement previously completed projects such as the Govan Mbeki and Parliament Street upgrades, and a neatly woven urban renewal tapestry is starting to evolve in the inner city and connect outwards to new nodes.

OPERATIONS

Under ideal circumstances and functioning purely as a development agency, the MBDA would hand over operational management and maintenance of completed projects to the parent municipality. The reality, however, is that the NMBM does not always have the necessary human and financial resources to take on this role, and is currently facing significant challenges in basic service delivery. In order to ensure that project interventions translate into sustainable products, the MBDA has expanded its focus into security, cleaning and maintenance – the “basics” that must be seen to be in place in order to instil public confidence and encourage usage of the finished product. However, this role is performed under great financial duress, and is in fact the responsibility of the NMBM.

In the year under review, the MBDA continued with cleansing and security projects in the Port Elizabeth and Uitenhage CBDs, resulting in steady, positive increases in residential and business confidence in the

areas. Successes were achieved with regulation of informal trading and supporting traders to become micro-enterprises, and in the introduction of “Go Green” recycling initiatives in designated areas. Strides were made toward the establishment of the city’s first Special Ratings Area (SRA) in Richmond Hill, with the MBDA close to reaching the 50% plus one vote from property owners required for the SRA to be approved – a move which will see the establishment of a Section 21 non-profit company as the vehicle for managing the rates.

The “getting the basics right” approach has formed the cornerstone of the MBDA’s development agenda and is a key element in ensuring project success, but should not result in the agency assuming the parent municipality’s role as provider of basic services.

FUNDING

While municipal budget constraints, the lack of political continuity and the loss of experienced city officials may have placed a brake on progress, the MBDA is ready to face the challenge of working within and through these constraints. The lack of basic service delivery does, however, limit full achievement of the MBDA’s development agenda and this will need to be seriously addressed in the new financial year. Financing of projects remains a challenge, especially given the municipal budget limitations. Consequently, the MBDA developed a fundraising strategy and started the process of sourcing additional, external development funding to ensure that implementation of the wider vision for the city continues unabated.

MARKETING

Completion of projects is but one factor in the equation of achieving socio-economic transformation. The key factors for success are that the public makes use of the facilities created, and that the private sector invests in upgrading or buying property in the surrounding area. Transforming perceptions of previously neglected and unsafe areas, through strategic communication and marketing of the MBDA’s outputs, has therefore become an important objective. This function has been strengthened in the year under review, with a view to further growth in the year to come after the appointment of a new marketing and communications manager is finalised early in the first quarter of 2013/14.

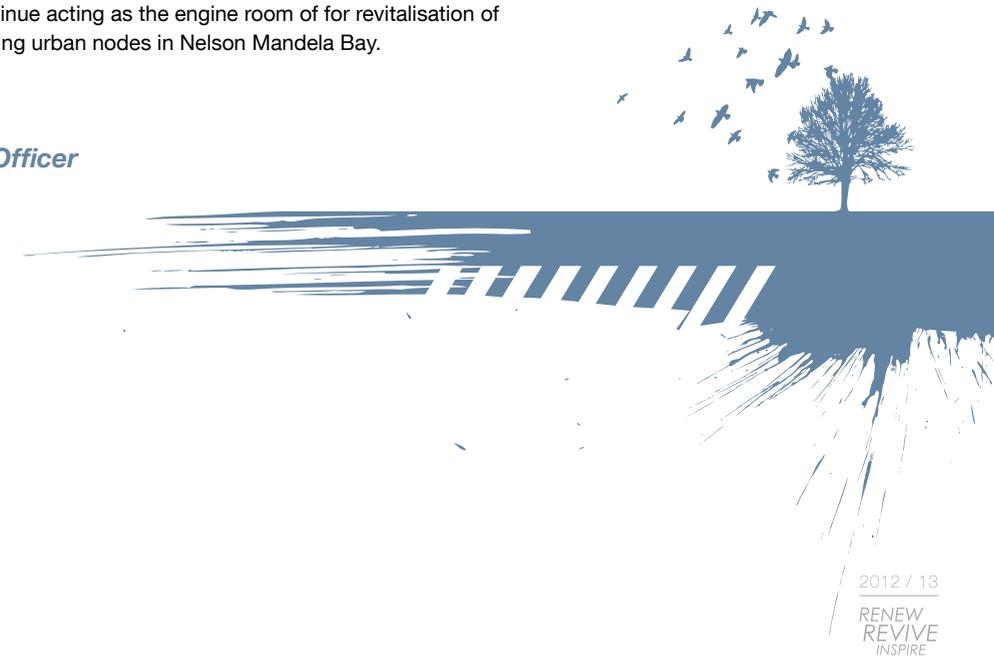
ACKNOWLEDGEMENTS

While the MBDA retains its consultant-management focus, where a lean team of permanent staff manage a range of consultants and service providers, the core staff has expanded somewhat in order to accommodate the widening of the agency’s mandate. The MBDA is fortunate to employ a team of professionals which may be small but who are all well-skilled, dedicated and passionate about making a difference to the city. Their work is commendable.

The agency recognises that it is a small team, working together within a bigger team of role-players from all corners of business, government and civil society, to achieve a vision bigger than that of any one constituent. A key component of the MBDA’s success then is continued focus on developing and maintaining effective stakeholder relationships, with municipal directorates and officials, residents and business-owners in its mandate areas, and business and civil society organisations.

In facilitating and implementing public sector investment, the MBDA’s end goal is to stimulate private sector investment, resulting in its catalytic projects having a ripple effect in surrounding areas, and ultimately, all the projects linking up into a progressive, sustainable and energised city. With a clear vision and strategy; measurement and performance indicators in place; a focus on the end goal; and strong partner networks; the MBDA is well positioned to continue acting as the engine room of for revitalisation of emerging and developing urban nodes in Nelson Mandela Bay.

Pierre Voges
Chief Executive Officer







ATHENS

Freedom to express yourself

Vision

The establishment of world-class, well-managed, sustainable and vibrant urban places in Nelson Mandela Bay.

Mission

To revitalise and promote designated, sustainable urban places, in partnership with the NMBM, to the benefit of the whole community.

Values

Socio-economic development: We must be an agent of positive social and economic change.

Inclusivity: We strive to understand and meet the needs of our diverse stakeholders.

Value for money: We aim to deliver value on public expenditure and real returns for our stakeholders.

Integrity: We act with openness, transparency and respect.

Accountability: We take responsibility for our decisions and use of our resources.

Collaboration: We work as a team and build partnerships as part of a wider team serving the city.

Excellence: We continually seek ways to raise our standards.

Innovation: We are open to new ideas and welcome our ideas being challenged.

Sustainability: Everything we do makes optimal use of resources and has a lasting, positive impact.

Strategic Objectives

TO REALISE THE VISION, THE REGIONAL ECONOMIC STRATEGY FOCUSES ON EIGHT STRATEGIC OBJECTIVES WHICH ADDRESS URBAN RENEWAL IN THE MANDATE AREA:

Public participation: Engaging effectively with stakeholders and partners in order to foster understanding, buy-in and shared delivery of urban renewal.

Key services: Promoting, facilitating and managing the basics of security, cleansing and regulatory compliance to strengthen public and investor confidence.

Turnaround potential: Implementing catalytic capital projects in designated urban places as a stimulus for private sector investment.

Promotion of heritage, arts and culture as an economic growth tool: Promoting opportunities for heritage conservation and management, while simultaneously creating markets for the city's cultural industry to forge a unique identity for the place and its people.

Promotion of products: Marketing the area as a first choice destination to live, work and play.

Corporate values: Being an effective, accountable, learning, creative and caring organisation, respected by staff and stakeholders.

Balance: Managing the area for environmental sustainability.

Growth: Facilitating social and economic opportunities in all projects and activities in order to contribute to economic inclusion and growth.



Section 02: *Governance*



Mandate

The MBDA was conceptualised by the NMBM and the IDC and the entity is wholly owned by the NMBM. It was created in 2003 and mandated to drive urban regeneration in the Nelson Mandela Bay CBD – and other designated areas – after the city’s leadership acknowledged the urgent need to reverse a trend towards urban decay in the inner city. The CBD remains of critical importance to the NMBM as one of the main contributors to the city’s rates base. Disinvestment from the inner city means reduced revenue streams and limited growth for the city. Moreover, vacant city centres scare off investment and constrain the city’s ability to become competitive on a national and global level. Investment attraction is no longer focused on mega-industries, but on developing scalable and diverse industries, inclusive of the creative and knowledge economies, for greater economic security.

Informed by an overall philosophy that cities and their CBD’s are the engines of growth in a region, the NMBM took firm moves to establish a special purpose vehicle (SPV) to drive development through catalytic infrastructure and capital projects that in turn would stimulate private sector (re)investment. The MBDA’s overall role is not only that of promoter and supporter, but also of a ‘doer’. The agency’s mandate has widened over the years and now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct and Uitenhage.

As a municipal entity, the MBDA is governed primarily by the Municipal Systems Act 32 of 2000, the Municipal Finance Management Act 56 of 2000 and the Companies Act No 71 of 2008. It operates under a specific, approved mandate document, which outlines a focused approach to be followed in respect of services provided, catalytic infrastructure projects and liaison with other parastatals and government departments in order to create a conducive investment environment in the mandate area. With this in mind, the NMBM also has a Service Delivery Agreement (SDA) with the MBDA which is reviewed every three years and which formalises and governs the relationship between the two entities.

Structures

Political governance structure Ownership and control

The MBDA was established as a municipal entity in 2003 as a joint initiative of the NMBM and the IDC and is wholly owned by the NMBM.



The MBDA, represented by its Board of Directors, receives its mandate from the NMBM, acting through the Executive Mayor, the City Manager and the NMB Metropolitan Council. The agency is contractually accountable to the NMBM, to which it delivers compliance reporting in respect of its KPI targets being achieved. The MBDA relies on the NMBM for service delivery direction in terms of its contractual obligations contained in the Service Delivery Agreement, and on the political dispensation for its political mandate. As controlling shareholder, the NMBM provides corporate governance-related support such as sustainability and compliance reporting and review. The MBDA Board is responsible for providing strategic direction and guidance to management as well as ensuring oversight on corporate governance matters, while management is responsible for operational matters in line with the strategic planning and mandate documents of the agency as well as the IDP of its parent municipality.

ADMINISTRATIVE GOVERNANCE STRUCTURE

Board of Directors

The MBDA Board of Directors is an experienced collective of individuals who have the development of the city at heart, and offer a wide array of political, strategic and business experience and guidance. The Board provides operational oversight to ensure the MBDA reaches its objectives and delivers on its mandate.

Board Members

Sakumzi Justice Macozoma
Chairperson
Appointed to the Board: 2007

Phillip Hugo Gutsche
Deputy Chairperson
Appointed to the Board: 2004

Daniel Alexander Jordaan
Appointed to the Board: 2004

Lulama Monica Prince
Appointed to the Board: 2007

Wilhela Magda Gie
Appointed to the Board: 2007

Hannah Sadiki
Appointed to the Board: 2007

Alfred da Costa
Appointed to the Board: 2007

Renganayagee Kisten
Appointed to the Board: 2008

Audit Committee

Kevin Pather
Chairperson & independent member

Lulama Monica Prince
Board member

Stephen Nel
Independent member

Human Resources & Remuneration Committee

Phillip Hugo Gutsche
Chairperson

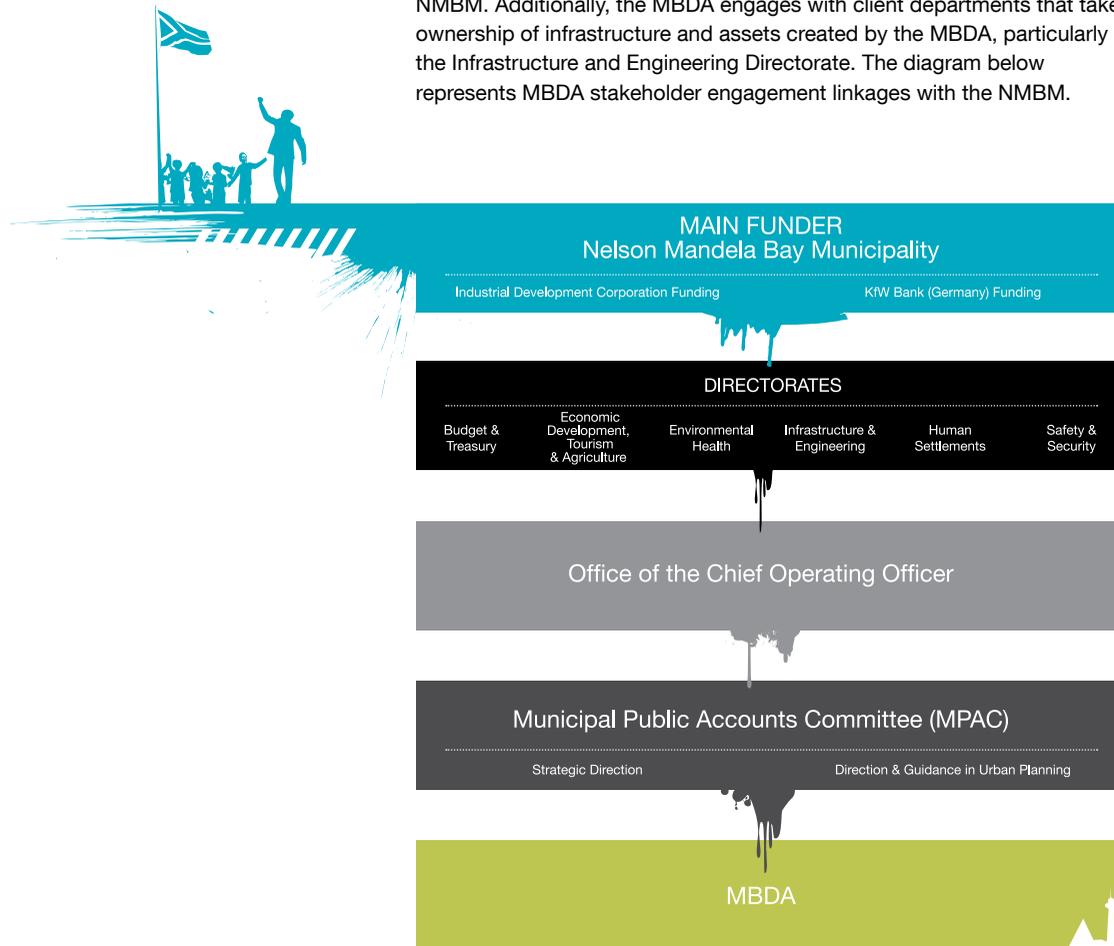
Wilhela Magda Gie
Alfred da Costa
Executive Management

Pierre Voges
Ashwin Daya
Dorelle Sapere
Eldrid Uithaler
Mcebisi Mcalu

Inter-governmental relations

Government stakeholders and engagements

The MBDA regularly interacts with specific key NMBM directorates, namely Economic Development, Tourism and Agriculture; Human Settlements; Budget and Treasury; Environmental Health; Infrastructure and Engineering; and Safety and Security. The MBDA coordinates its area-based developments and other catalytic interventions with the NMBM. Additionally, the MBDA engages with client departments that take ownership of infrastructure and assets created by the MBDA, particularly the Infrastructure and Engineering Directorate. The diagram below represents MBDA stakeholder engagement linkages with the NMBM.



Public accountability & participation

All MBDA projects follow an in-depth public participation process, particularly in the master plan and design phases. The agency collaborates with key stakeholders in order to meet project design and implementation goals. Designs are finalised based on the various inputs received and recorded through public participation processes. MBDA management further ensures that final designs and project concepts are in line with the agency's mandate and strategic plan, as well as the IDP of the parent municipality. Moreover, the MBDA is in constant conversation with various communities within its mandate areas and maintains a people-centred approach to its development methodology. Perception surveys are performed periodically to gauge public sentiment and ensure the MBDA has the public's interests at the centre of its initiatives.

Corporate profile & governance

Corporate profile

The MBDA stimulates, facilitates and supports area-based urban renewal initiatives throughout Nelson Mandela Bay. It is a wholly-owned entity of the NMBM. The agency's mandate areas are focused on the Port Elizabeth CBD and its linkages with the Port of Port Elizabeth and King's Beach, as well as the NMB Stadium and North End, Uitenhage, and the township areas of Helenvale, New Brighton, Veeplaas and Walmer-Gqebera.

HISTORY

The establishment of the MBDA in 2003 created an agency dedicated to regeneration of the inner city of Port Elizabeth and, later, urban centres throughout Nelson Mandela Bay. The MBDA came into being at a critical point in the history of Nelson Mandela Bay, when urban decay in the CBD of Port Elizabeth had led to a decline in occupancy and interest in real estate investment – a downward trend which had begun to impact negatively on the municipal rates base.

The SSIF of the MBDA was developed in 2006 as a point of departure for reversing socio-economic decline in the agency's mandate area. The SSIF established the MBDA's long-term vision and strategy, and was accepted by the NMBM Council as the blueprint for economic development and urban renewal in the mandate area.



PURPOSE & STRATEGY

As an agent of the NMBM, the MBDA's work supports achievement of the goals in the IDP drawn up by the municipality for development of the city as a whole. The SSIF, and the five-year strategic plan derived from it, thus correspond to the urban renewal, urban management and development planning sectors of the IDP.

The MBDA's five-year strategic plan charts the agency's medium- to long-term strategic course. It is periodically reviewed to take account of prevailing local and global economic and political conditions. Drawing on the long-term vision of the SSIF, the five-year plan outlines development priorities and strategies, and is accompanied by KPIs that set out short- to medium-term objectives and programmes that will ensure sustained progress towards achieving the vision.

GROWTH STRATEGY

The MBDA has built up a successful track record of implementing projects that have achieved the goals of spurring socio-economic transformation, improving public confidence, and positively influencing decision-making by private sector real estate and business investors.

The increased enthusiasm of the private sector continues to present an opportunity for the MBDA as it seeks to encourage partnerships and involve corporate and private investors, public sector funders, and provincial and national governments in capital project developments that stimulate private sector investment response. The MBDA was established expressly for facilitating such developments and encouraging private sector confidence and investment. Its cumulative and growing experience in the types of developments it conceptualises, implements and manages, represents a significant asset for the NMBM.

During the 2012/13 period the MBDA continued to deliver on its vision under the SSIF. It will also continue to expand and enhance its competence in meeting the urban renewal needs of Nelson Mandela Bay. In growing its influence, the MBDA will widen its focus into new mandate areas, concentrate on deepening the lasting economic and social impacts of its work, and ensure that projects are economically and environmentally sustainable.

COMPETENCIES

As a development vehicle, the MBDA coordinates and manages capital investment projects and related initiatives such as cleansing, security and the regulation of informal trading, in partnership with public and private sector stakeholders. In particular, the MBDA has gained significant experience in the following areas:

*Inner city urban renewal – rejuvenation and development of decayed areas;
A “bottom-up” concept-to-completion approach that involves affected communities in determining the outcome of development projects;
Project management and coordination of diverse teams of consultants, contractors and service providers;
Regeneration of historically marginalised areas; and
Establishing a particular brand of urban planning and urban renewal, with strong emphasis on public participation.
Other than as an implementation agent of the NMBM, with a particular emphasis on urban renewal, the MBDA, through a very strong social approach, has also become a key transformation agent in Nelson Mandela Bay.*

Governance

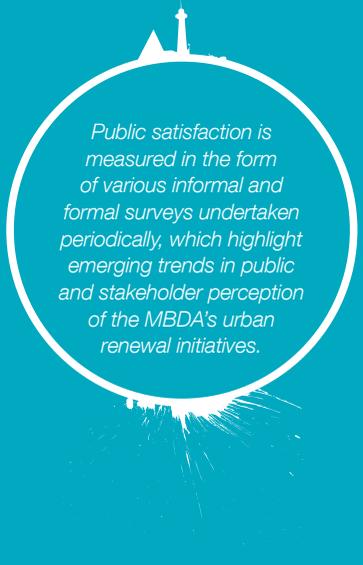
The MBDA endeavours to ensure that the essentials of good governance are in place to facilitate the smooth operation of the entity. These include risk management, anti-corruption initiatives, secure supply chain management, a digital presence for engagement and communications, and compliance with relevant legislation and by-laws.

In terms of risk management, the agency has undertaken a risk review process and has compiled a risk register which is reviewed on a quarterly basis. This register is also tabled at board and audit and risk committee meetings for discussion and appropriate action where necessary. A board-approved fraud and corruption policy has also been implemented by the agency with on-going monitoring and evaluation checks and balances in place.

The agency applies strict and sound supply chain management policies and procedures to ensure that this critical business process is fully adhered to in an effective and efficient manner in respect of its various projects. The agency's supply chain management policy is based on the policy of its parent municipality, whose policy, in turn, is based on the National Treasury model policy. Compliance with this is mandatory and necessary to ensure that all processes are legitimate and fair.

Municipal by-laws indirectly affect the entire city, however, besides the informal traders, security and cleansing plan initiatives of the agency, municipal by-laws as such do not directly impact the agency's projects. The agency reports to the parent municipality's Economic Development & Recreational Services (EDRS) portfolio committee (as outlined above) on the progress of its various urban renewal projects. It also falls under the jurisdiction of the NMBM Municipal Public Accounts committee (MPAC) as well as the NMBM's Budget Performance Monitoring Forum.

The agency has its own website which reflects the various activities of the entity as well as recording visitor activity on the site. It is also a site where requests for proposals are uploaded and tender announcements made. In effect the website is one of the major tools for transparency and accountability, as well as effective communication.



Public satisfaction is measured in the form of various informal and formal surveys undertaken periodically, which highlight emerging trends in public and stakeholder perception of the MBDA's urban renewal initiatives.

Section 03:

Service Delivery Performance

Planning and Development: Inner City & Special Projects

Numerous pieces of the planned puzzle of urban renewal in Nelson Mandela Bay came together in the 2012/13 financial year, as a suite of catalytic projects identified in the SSIF reached completion and new urban transformation projects were initiated. At the centre of these developments, and in line with the original MBDA mandate, is the inner city renewal programme centred on inter-linked precinct upgrades.

The MBDA has invested in excess of R300-million in direct infrastructure upgrading to date – a move that has yielded the desired result of increasing private sector investment, particularly in areas where projects are now completed, such as Govan Mbeki Avenue and the Donkin Reserve. The scale of investment over the past 10 years is reflected in the below table of past and present projects, which, inter alia, include:

<i>Project</i>	<i>Investment Value</i>
1 Govan Mbeki Avenue upgrade	R89-million
2 Strand Street environmental upgrade	R56-million
3 Parliament Street environmental upgrade	R18-million
4 Donkin Reserve Environmental upgrade	R58-million
5 Route 67 public art programme	R8-million
6 Kings Beach environmental upgrade	R30-million
7 Uitenhage Market Square environmental upgrade	R25-million
8 Athenaeum Building upgrade	R4-million
9 Bird Street/Belmont Terrace upgrade	R17-million
10 Re-development of Tramways Building	R7-million
11 Various township projects in progress	R1-million
12 Helenvale Resource Centre 1	R71-million

The next few years look set for further exciting urban projects, but planning needs to be done cognisant of what is core and what is supplementary; the availability of funding and resources; and enhanced public buy-in and participation. Funding is a particular challenge, due to strained municipal budgets and increasing demands for basic service delivery.

Incorporation of the creative industries has been a critical part of the upgrades, in an effort to activate the creative and knowledge economies as one of the emergent key drivers of local economic development and

competitive cities. A strong focus on public art, heritage, cultural activation, and involvement of local creative industries is thus woven into all MBDA projects. This approach is most visible at the Govan Mbeki/Donkin Reserve/Bird Street nexus where the tourism-oriented Route 67 links outdoor public art installations, heritage sites, open spaces and civic squares.

Over the 2012/13 financial year the MBDA was actively involved in the following inner city and special projects:

*Donkin Reserve, Route 67 & the Athenaeum Building
Donkin Reserve Environmental Upgrade Phase 4
Bird Street/Belmont Terrace precinct
Tramways Building renovation
Singapi Road environmental upgrade*

The sections below cover the 2012/13 highlights and project developments.

THE DONKIN RESERVE, ROUTE 67 & ATHENAEUM BUILDING

Five years after the MBDA commissioned a plan for the regeneration of the Donkin Reserve in 2008, the space has come alive through infrastructure and environmental upgrades, public art installations and private sector investment to match public spending. The original objectives have been achieved in that the Donkin is a space used and “owned” by the city’s residents; it is a node which is generating cultural, heritage, social and economic benefit for the city; it has also transformed the inner city, creating a new heritage story; and it has successfully become an iconic space for leveraging Nelson Mandela Bay city brand awareness.

ROUTE 67

Route 67 is now complete and can be actively marketed as one of the city’s leading tourism products. The iconic project has already attracted widespread publicity both nationally and internationally, and local buy-in is considerable. The Route 67 arts journey commemorates the 67 years Nelson Mandela dedicated to the liberation struggle, and now knits the inner city together, linking heritage sites, open spaces, civic squares, the entertainment and hospitality nodes and major cultural and sports venues. The result is a vibrant Donkin Reserve which serves as a tourism hotspot, a public art showcase arena, and public meeting space for a range of sporting and cultural activities.

The investment into the Donkin Reserve precinct has been significant. A total of R8-million has been spent on the public art programme with a focus on utilising the rich talent of emerging artists in the city, particularly those of the NMMU. The result is 67 new art works installed at points along the route.

THE ATHENAEUM

The historic Athenæum Building near the Donkin has been upgraded as part of Route 67 to provide headquarters for local arts, craft and heritage organisations. The MBDA, through the NLDTF, undertook a R4-million renovation of the ailing building which comprises a theatre, gallery and other multipurpose spaces. The final portion of the investment is now being ploughed into the building’s operations via a youth-owned small business, which is driving the rental and use of the building under the oversight of the Athenæum Council. By the end of the 2012/13 financial year, the building was yielding positive rental revenue through a mix of permanent and temporary space rentals, exhibitions, music and theatre productions, poetry evenings, conferences and workshops, including events aimed at the emerging arts and crafts sector. The Athenæum has become part of the city’s cultural industry landscape and is intrinsically connected to the Bird Street/Belmont Terrace precinct.

DONKIN RESERVE ENVIRONMENTAL UPGRADE PHASE 4: 2012/13

Following successful completion of Phases 1-3 of the Donkin Reserve Environmental Upgrade between 2008 and 2012, Phase 4 was initiated and completed in 2012/13. The initial construction phases were led by Rand Civils and the conceptual and spatial planning by the Workplace Consortium. The final contract for Phase 4 was won by Ngelethu Construction. Each phase of the development was geared to embrace a triple delivery context focused on economic development, social transformation and celebration of all heritages – past and present – including the green agenda. All development was informed by the MBDA’s overall conceptual framework developed in the initial stages of the project.

Phase 4 concluded the infrastructure work on the Donkin Reserve and moved the project into the operation and marketing stages. Phase 4 has been significant in that it saw the development of an informal, outdoor amphitheatre for a diversity of productions and opportunity for large-scale live events. During 2012/13 a platform for the erection of a large stage was created, together with the necessary power supply and infrastructure to meet the demand for events that enhance the city as a tourism destination.

BIRD STREET/BELMONT TERRACE PRECINCT

The Belmont Terrace/Bird Street upgrade commenced in September 2012 with the specific aim of establishing infrastructure for the development of a cultural neighbourhood that would harmonise with Route 67. The development rationale centres on stimulating a creatively-focused living and business environment that supports the re-emergence of everyday public life and a sense of community. The intention is to retain current



investments such as the NMMU Bird Street Campus, while stimulating further private sector investment and attracting new professional, residential and business tenants who will “reclaim” the area from the illegal activity that characterises pockets of the precinct.

The MBDA continues to lobby the NMBM to declare a heritage precinct, incentivise investment and conservation of the built and natural environment, and continue investing in the area so that quality of life improves and social ills in the Central suburb are managed – a process that continued in 2012/13.

Development is informed by the Environmental Upgrading Master Plan for the Belmont Terrace and Bird Street precinct, which envisions the area as a node for economic development that fosters heritage, cultural and creative capital to attract private investment. The tourism potential of the precinct also informs the planning. Pre-identified development zones include the Castle Hill Quarter (a potential young residential quarter), the legal quarter around the High Court, the academic and learning zone mid-way up Bird Street, and the corporate and business area near ArtEC and the Nelson Mandela Metropolitan Art Museum.

The project design incorporated a strong focus on community participation and sector involvement to obtain public buy-in and commitment to the project.

The Belmont Terrace/Bird Street precinct will be completed in the 2013/14 financial year, after which the MBDA wishes to concentrate on lobbying property owners to upgrade and maintain derelict buildings, while also ensuring that banks support new private investment in property and small businesses. The objective is also to facilitate increased property ownership amongst young professionals and the previously disadvantaged. Further infrastructure investment will centre on traffic calming measures and creating a pedestrian-friendly precinct. There is also a strong lobby for new student accommodation and creative studios to be developed in the ‘Castle Hill Quarter’. The private sector is already appropriating derelict buildings and refurbishing them into student accommodation – the exact result anticipated by the MBDA, as seen with the Oh!41 development and the ‘Digs’ initiatives. The future outlook for the precinct includes widening of residential options and the MBDA will support both new hotel and residential developments.

TRAMWAYS BUILDING

The 116-year-old Tramways Building on the corner of Lower Valley Road and Baakens Street was for years an eyesore at the highly visible transition point from the beachfront into the inner city area. The MBDA identified it as a key catalytic site for development which would assist in the overall linkage of the inner city with the port; and in February 2012/13 started

refurbishment processes which are due for completion in 2014/15 in a number of phases. An EIA is in process for phase 2 of the project. The investment to date (30 June 2013) was R7-million with the total project value anticipated to be in the region of R40-million.

On completion, the restored building will house new offices for the MBDA. An environmentally conscious anchor tenant is being considered to share the space, while the other spaces in the building are being designed for multi-purpose use. Two large halls that once housed off-duty tramways coaches will be restored to their original design before modern amenities are added. These halls will be used for local conferences, exhibitions and workshops. A restaurant and a catering school are also expected to locate in the finished building. The exterior of the building, particularly on the Baakens Street and Lower Valley Road side, will be restored to its original design while the interior and the side facing the Baakens River will feature a more contemporary look with spaces used to optimum effect and enhanced with steel and glass. As part of Phase 2, pedestrian and cycle paths will be added to link the Tramways Building to the Bridge Street development and the north bank of the Baakens River, activating this node and connecting it to the port, CBD, Central and the beachfront.

SINGAPI STREET

Singapi Street is seen as a key connector between Route 67 in the inner city and the Red Location Museum in New Brighton. The MBDA engaged in a public participation process during the 2012/13 financial year to develop a master plan and design for the roll-out of infrastructure upgrades in the area. Singapi Street features diverse and vibrant community life intertwined with historical cottages, RDP homes, municipal homes dating back to the colonial and apartheid eras, informal settlements, flats, parks, businesses, sport facilities, schools, crèches, churches, community projects, and the Red Location Cultural Precinct.

CONCLUSION

The 2012/13 period has laid the groundwork for an expanded MBDA service offering within a widening scope of work in extended mandate areas. The success of the inner city and special projects is irrefutable and good cause for motivation in continuing to work on the delivery of new projects. The institutional capacity and knowledge of the MBDA has also grown over the years, making it the ideal development vehicle for urban revitalization.

Development of the emerging creative and knowledge industries needs to be integrated into the overall NMBM IDP. Planned interventions that focus on growing these sectors are required to activate their socio-economic potential. The future outlook for the entire creative industry, and particularly those in the Donkin Reserve/Belmont Terrace/Bird Street nexus, depends on the NMBM identifying and supporting nodes or precincts where creative arts and industries are active, and encouraging and facilitating further



development. The NMBM can also facilitate the growth of the emergent creative industries through provision of sustainable economic incentives such as rates rebates to encourage the creative sector and related micro-industries to initiate new ventures in the city. This would align with the dti's focus on developing the knowledge economy, film and creative industries alongside the services sector.

Planning and Development: Township projects

Township renewal initiatives have been identified as core to future development of the MBDA's mandate. Moving away from the past, where no clear methodology existed for selecting catalytic township development projects, the MBDA made a considered decision to base selection of projects on alignment with both its mandate and the NMBM IDP, in consultation with ward councillors and the responsible municipal directorates. These criteria were used to identify projects for the 2012/13 -2013/14 financial periods in the following areas:

Helenvale (Ward 13)
New Brighton (Ward 17)
Veeplaas (Ward 30)
Walmer-Gqebera (Ward 4)

HELENVALE

Helenvale is a suburb in the northern areas of Port Elizabeth – an area beset with challenges. The area is one of the poorest in the city and needs substantial infrastructure investment to address poverty, unemployment, over-crowding and accompanying social problems.

Like the rest of the northern areas, Helenvale is a legacy of the apartheid-era Group Areas Act that saw thousands of people uprooted and forcibly displaced from South End, Fairview, Willowdene and other areas. Originally developed to accommodate 6 000 people, Helenvale is now home to approximately 25 000 people, in average house sizes of 25 to 30m². Helenvale has four distinct areas, identified as Helenvale Proper, Helenvale Gaat, Barcelona and Extension 12. Its compact size has led to over-population and under-development, which together have created a web of problems such as unemployment, crime, drugs, gangsterism, teenage pregnancy and other concerns that have eroded the social fabric and community cohesion.

Investment is the key to effecting positive change that will break the cycle of under-development. National and provincial government invested R78-million over the past five years in Helenvale through the Helenvale Urban Renewal Programme (HURP). This investment focused mainly on physical infrastructure development, with associated skills development and job creation opportunities for the community.

A further R50-million has been committed by KfW Bank (German Development Bank) for a Safety and Peace through Urban Upgrading (SPUU) programme that will be implemented by the MBDA after an agreement was signed in 2012/13. The programme will focus on interventions to create a safer Helenvale through physical and social infrastructure projects. The Helenvale community will play a key role in the success of the project. The MBDA adopted a bottom-up, open and transparent process to ensure community involvement in guiding project decisions.

Project information

PRECINCT PHASES 1 AND 2 (R33-MILLION – NDPG)

This project involved general upgrading of the main streets in Helenvale – widening them, constructing side-walks, improving storm water drainage, and installing street furniture (benches and trees) to improve the aesthetics of the area. This project started in 2010 and was completed in May of the 2012/13 financial year. Two community parks were also constructed in the period under review. The various parks, road upgrades, trees and other features will be transferred to the relevant NMBM Directorates for on-going operations and maintenance.

HELENVALE RESOURCE CENTRE (R38-MILLION – NDPG)

The original Helenvale Resource Centre (HRC) was insufficient to serve the community's needs for a space for community meetings, social events and recreation. A political decision was taken to demolish the centre and replace it with a state-of-the-art one-stop facility. Construction of the new multi-purpose centre reached 95% completion during the period under review. It houses a large 500-seater hall, which can be used for meetings, events and sport; two 100-seater venues; 13 offices; a five-a-side football field and caretaker's cottage. The intention is to have government departments and NGOs offer much-needed services to the community from the centre. The MBDA will operate the centre, either directly or through the appointment of an operator.

OTHER INTERVENTIONS IN HELENVALE

Safety and Peace through Urban Upgrading (R50-million)
The 48-month SPUU programme, funded by the KfW Bank, will commence in the 2013/14 financial year and will build on the process started by HURP. The NMBM and KfW have signed a financial cooperation agreement, and the Bank has signed an agreement with the MBDA as the project executing agency.

Township Projects

*Township renewal initiatives
have been identified as
core to future development
of the MBDA's mandate.*

The SPUU programme will include the following components:

*Safer Schools
Public Space and Physical Infrastructure
Youth Employment
Domestic Violence Prevention
Pilot Housing Scheme*

Establishment of a Programme Advisory Committee (PAC) to represent the community is a condition of the KfW funding. The MBDA facilitated a public participation process resulting in the election of a 20-member committee of dynamic and capable individuals, committed to acting for change in their area. They include community representatives, the ward councillor, a community development worker, MBDA social facilitator and a representative of the German Development Agency (GIZ).

MBDA-INITIATED PROJECTS IN HELENVALE (R1.2-MILLION)

The MBDA initiated or partnered in several projects targeted at the youth and women in Helenvale during the 2012/13 financial year which yielded significant results for the community. In partnership with the South African Business Coalition on Health & AIDS (SABCOHA), approximately 120 people were trained in business skills, life skills and issues relating to HIV/Aids. Assistance was also provided to the Eyethu Peace Workers to celebrate and recognise the efforts of 30 women who do voluntary street patrolling. A street soccer programme was rolled out in collaboration with the SAPS over March/April 2013 to engage young men who had been fighting and engaging in stone-throwing in the streets of Helenvale. The programme was successful in that it allowed the young men to engage, play, understand and respect one another, and stone-throwing and ad-hoc violence decreased as a result. The SAPS also indicated in their 2012 reports that crime had massively reduced in the Helenvale area since the advent of the various HURP programmes. A workshop was held with the leaders of the various soccer teams (gangs) that dealt with issues of leadership, respect, self-esteem, their potential role in the community and various other topics.

A leadership workshop was held with the PAC to address the issue of leadership in the Helenvale context. A programme to train matriculated youth in information technology and life skills was implemented in partnership with the SEDA ICT Incubator. The 15 most deserving learners were placed at various workplaces for six months until January 2014 to gain practical experience. A training programme with Siya Sebenza, called Work for a Living, was offered to Grade 10-12 youths, focusing on job-seeking, entrepreneurial, computer and life skills. Of the 35 that completed the training, 20 were placed in workplaces where they may be formally employed.

The Helenvale Cleaning Cooperative (HEMCO), which is fully Helenvale-owned, was awarded a tender to clean out all the illegal dumping sites

in Helenvale, to be followed by weekly servicing of the sites for a further two months. Waste is a serious problem in Helenvale, as a direct result of poor municipal services where waste is collected only every second week. The HEMCO tender created employment for approximately 150 people and the MBDA also entered discussions with the Northern Areas People's Development Initiative (NAPDI) on their Helenvale Recycling Initiative (HERI).

The MBDA commissioned a "Back to School" study to understand the causes of large numbers of children not attending school in Helenvale. A service provider was appointed to conduct the survey and to train 6 Helenvale residents to assist. The results were expected by the end of July 2013, after which workshops would be convened with stakeholders to determine sustainable solutions.

To address the lack of a comprehensive database of the unemployed in Helenvale, the MBDA commissioned a socio-demographic and unemployment study to serve as a functional database that will be managed by the MBDA to ensure fairness in employment of people from Helenvale on future MBDA and SPUU projects. An NMMU training programme for 20 child and youth workers focused on equipping them to deal effectively with issues relating to children and youth at risk. The National Department of Environmental Affairs, through the NMBM Environmental Services Directorate, appointed a project implementer (Khusilendalo Consultancy Services) to design and construct a park for the residents of Barcelona. The MBDA played a partnering role to ensure that the project progressed unhindered and that any community concerns were fairly resolved. The park was completed in June 2013 and handed over to the municipal Parks Department.

All recent studies and community perceptions indicate that housing is the biggest challenge in Helenvale. Helenvale Proper and Helenvale Gaat have a combined capacity of housing for 6 000 people, while the actual population is over 15 000. The MBDA is part of the steering committee for the NMBM's Housing Strategy for the area, for which a consultant has been appointed for implementation.

In response to service delivery protests in Helenvale, the NMBM Environmental Health Directorate requested the MBDA to assist the concerned residents to register a co-operative to tender for a waste contract from the municipality. The agency provided once-off assistance of R1 800 for the group to register a co-operative.

NEW BRIGHTON TOWNSHIP

Considered to be the oldest township in South Africa, the community of New Brighton played a historic role in the struggle against apartheid, and many artists, athletes and professionals hail from this area. New Brighton's rich heritage in politics, arts, culture, music and sport was the key determinant for the MBDA to invest in this area.

In sport, New Brighton has a rich history in rugby in particular, with many former and current prominent players having started their careers there. As a start to medium-term investment in the area, a derelict sports field in Zondi Street was selected for upgrading through a public process. This section of the township lacks proper sport facilities, and the local Stinging Bees Rugby Club cannot play home-games. Upgrading of the field will also assist nearby schools. The MBDA's investment of approximately R2-million will see the overhaul and grassing of the playing field, building of change-rooms and spectator stands, and fencing the complex. A Community Steering Committee will assist the MBDA to ensure community participation and benefits from the project.

VEEPLAAS TOWNSHIP

Situated on the banks of the Chatty River on the northern edge of Port Elizabeth, Veeplaas was demarcated in 1879. Its remote location has led to the community feeling "left behind", and the 'Veeplaas in Action' group was established to facilitate development initiatives for the community. The MBDA partnered with this group to uplift the economy of the area. Due to the lack of facilities, the initial assistance provided was a container with office equipment to act as the base from which the group can render assistance and provide services. Development of an informal trading and car wash facility is being investigated.

WALMER TOWNSHIP

Gqebera, commonly known as Walmer Township, was developed to house domestic workers from the nearby suburb of Walmer and is now home to more than 65 000 people. Because of its location, considerably closer to the city than other townships, Gqebera is an easily accessible area. It is nonetheless subject to the same challenges of poverty, unemployment, crime, and associated socio-economic problems as other township areas. Community protest actions over housing and service delivery have flared up in the area over the last two years and an interventionist approach was needed to address the challenges through development.

In addition to projects driven by the NMBM, a steering committee consisting of the ward councillor and representatives of community groups identified three projects for intervention by the MBDA: cleaning, fencing and upgrading of the historic Gqebera Cemetery; an access road from the Sakhasonke Village housing development to Victoria Drive; and the establishment of a car wash facility closer to Main Road, Walmer. Initial designs for the access road and car wash are currently in progress, while a contractor is on-site revamping the cemetery.

CONCLUSION

The extension of the MBDA's mandate to township areas has enabled the agency to bring its successful formula of designing and implementing

catalytic projects, in close collaboration with stakeholders and affected communities, to some of the city's most impoverished areas. Good progress has been made in the year under review, with residents already feeling the impact of improved infrastructure and functional community spaces. The MBDA has focused closely on ensuring sustainability of its interventions, through community participation, social facilitation, and creation of employment and business opportunities for people within the areas being upgraded. The intention is that these township renewal projects must have the same socio-economic transformation impact that has resulted from the work in the inner city.

Recent service delivery protests in these communities are a barometer of the frustrations experienced by residents. The work done in these areas by the MBDA has made a significant impact, but more investment by government, the private sector and donors is required to address the myriad of challenges experienced by the poorest of the poor.

OPERATIONS

The MBDA operations unit was initially established to perform oversight of essential services linked directly with urban renewal: cleansing, security, and management and regulation of informal trading. By getting the basics right and providing specific key services, the MBDA believes it is enhancing the attractiveness of its mandate areas and stimulating investment and commercial/residential interest in returning to these nodes – while concurrently facilitating the development of a world-class African city.

The experiences of the past three years, as certain capital projects were completed, demonstrated that the MBDA would need to go beyond its initial brief of completing infrastructure upgrades and take a more active role in maintaining and promoting the newly developed areas. The result is a burgeoning operations unit within the organisation, which grew significantly in 2012/13.

During the period under review the MBDA excelled in seven key operational areas:

*Urban cleansing in the inner city areas of Port Elizabeth and Uitenhage;
Security in the Port Elizabeth inner city;
Regulation and management of informal trading throughout the Port Elizabeth and Uitenhage CBDs;
Maintenance of completed projects and mandate areas, including the Donkin Reserve, informal trading kiosks, paved areas, pissoirs, public toilets, water features, gardens, escalators, road markings, traffic signs, and public art;
Advanced moves towards the establishment of the city's first Special Ratings Area, in the Richmond Hill area;
The completion of a quarterly CBD business/community perceptions survey in the Port Elizabeth and Uitenhage mandate areas; and
The gradual introduction of recycling initiatives in designated areas through the Go Green programme.*

Successes

The MBDA's work makes an impact on multiple levels.



Belmont Terrace

SUCCESSSES AND CHALLENGES

The MBDA's work makes an impact on multiple levels. Infrastructure and capital expenditure have not only generated sustained interest in the mandate areas, but low-cost/high-impact projects have been initiated that touch the lives of NMBM citizens by enabling their expanded participation in the local economy.

The successes achieved with informal traders in Port Elizabeth and Uitenhage are a case in point, particularly over the 2012/13 financial year when the MBDA continued to provide services from 12 kiosks for 72 traders in Port Elizabeth and 70 trolleys serving 70 traders in the Uitenhage CBD. The continued MBDA support has assisted the traders to establish viable micro-enterprises in these CBDs, ensuring they become economically active within their locales. In an engagement and operational test phase, informal traders were also given the opportunity to explore the best options for their businesses and to assess various markets before committing to designated space. One trader, during the 2012/13 financial year, successfully attracted catering business from the Cacadu Municipality and the NMBM.

The kiosks provide informal traders with space from which to trade, saving them storage and transport costs and also providing them with water, electrical points and refuse disposal areas. In effect the kiosks have operationalised their enterprises, ensuring better quality services and products to the public. The MBDA also continued to issue trading permits over the 2012/13 period – a move that maintains harmony between formal businesses and the informal traders in the two CBD areas.

Hope Development Programmes was appointed in September 2012 to perform maintenance on the Donkin Reserve, particularly of the public artworks, creating five permanent and two temporary jobs.

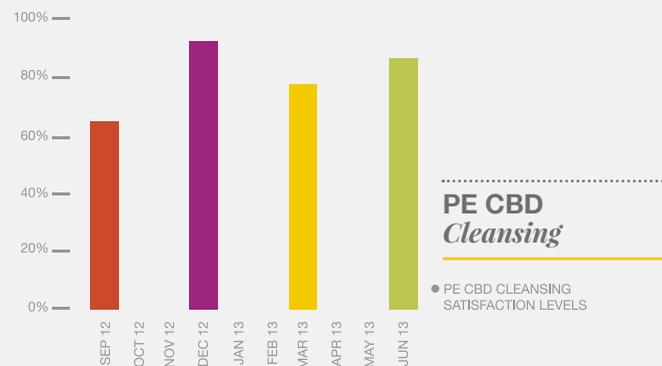
In general, the MBDA established good working relationships with strategic stakeholders and role-players on a range of projects while simultaneously building the agency's brand image through timeous and quality service delivery. The operations services offered by the organisation made a positive impact on traders, businesses and the greater public. One of the outcomes has been that other cities are now looking at the MBDA as an example of best practice for urban renewal and are requesting the agency to share information and tried and tested routes to achieving renewal goals for their development.

KEY PROJECTS & PERFORMANCE

A growing number of operational services were initiated and implemented in the mandate area in the period under review. The main focal areas were cleansing and security plans as well as maintenance projects.

Cleansing Plan Project

The Port Elizabeth inner city cleansing plan – an on-going project – was implemented to the value of R2.3-million. This saw the continuous delivery of cleaning services throughout the inner city, including street sweeping, refuse management, poster removal and weed removal. Project targets were met in terms of spending and positive impact on the environment. The result was a steady, but generally positive increase in local residents' and business' confidence in the area and its aesthetics, as shown in the outcomes of the MBDA quarterly perception surveys.

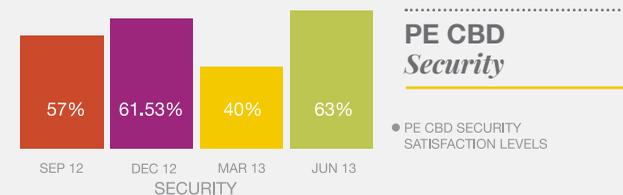


The Uitenhage inner city cleaning plan – a project started in 2008 – was implemented to the value of R1.5-million. All project targets were met and the outcomes have been particularly significant, with residents and businesses commenting through the quarterly perception surveys that the cleansing services are markedly positive for the area. The chart below indicates the results of the two surveys performed over the financial year, representing 93% and 90% satisfaction with the service over the final two quarters.

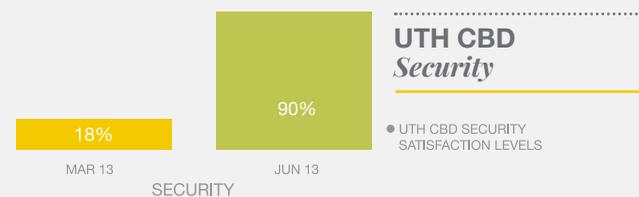


Security Plan

The Port Elizabeth inner city benefited from a limited security plan to improve confidence and a sense of safety in an area that is traditionally perceived to be very dangerous. Over the 2012/13 financial year a total of R1.2-million was spent on private security services. The results show positive trends in the city and all security targets were met, within limited scope and budget. The challenge in Port Elizabeth is twofold: inadequate budget, and a wide geographic area. Despite these obstacles limiting security service delivery, businesses and residents indicated steady and growing satisfaction with the security services in place. The chart below depicts the results of the 2012/13 quarterly perceptions. The MBDA nevertheless acknowledges the deficiency in current service levels and will move to mitigate this in the new year. With greater funding allocations in this regard, safety could be further enhanced in this key node.



In Uitenhage, there is no direct MBDA-sanctioned security service in place, but the agency works closely with and is assisted by the SAPS. The below graph depicts public perceptions of security based on the results of the upgrade in the Uitenhage CBD.



Maintenance Expenses

The MBDA spent R1.5-million on maintaining areas within the organisation's mandate areas, including the Donkin Reserve, the Port Elizabeth and Uitenhage CBDs, and Kings Beach. All maintenance targets were met on time and following stringent supply chain processes.

MARKETING

The work of the MBDA is visible for all to see, and this visibility has shaped the agency's marketing approach. There has been little need for traditional above-the-line advertising as the physical transformation of urban spaces brought about by the agency serves as its own advertising. A public relations and stakeholder engagement-led approach has been followed instead, encouraging investor interest and public use of the spaces created by the MBDA in order to build confidence and positive perceptions. This approach capitalises on the impact of the MBDA's projects, using the attractive visibility, usability and variety of the infrastructural upgrades to create excitement. The result has been extensive media interest and word-of-mouth promotion.

The MBDA, in acknowledgement of the value of PR and experience-based engagement, has acquired the services of a media monitoring agency, which was able to back track coverage gained in the media for the final two quarters of the 2012/13 financial year. The MBDA is pleased to note significant coverage of its upgrades, events, and key messages regarding urban renewal. The total advertising value equivalent (AVE) for this six-month period was R 3 351 958.10. Editorial is regarded as more credible than advertising by up to 12 times. However, the MBDA adopts a more conservative factor of three times – meaning that the coverage gained between January and June 2013 is actually valued at the significant figure of R 10 055 874.30. The MBDA would not have been able to buy such important coverage and it has gone a long way toward promoting the work the MBDA does and raising the profile of its projects.

The coverage is linked to 76 print articles, 8 broadcast [radio and television] and 65 online items. The division of coverage across these mediums is seen below. The strategy for the coming financial year would be to build on and maximize positive coverage and continue to gain a prominent share of voice for the MBDA's projects.

Public interest in the MBDA's projects and their impact has also raised public awareness of the importance of urban renewal and the effects of successfully implementing a carefully-considered infrastructure master plan. The MBDA believes that urban renewal is not only about security,

cleaning and infrastructure implementation, but also about socio-cultural initiatives that result in growth in pride and real estate confidence, and support art, culture, heritage and sport in our city. One of the avenues to achieve this is through staging events with the objective of showcasing the city and its many attributes – events which create civic pride and real engagement with city spaces.

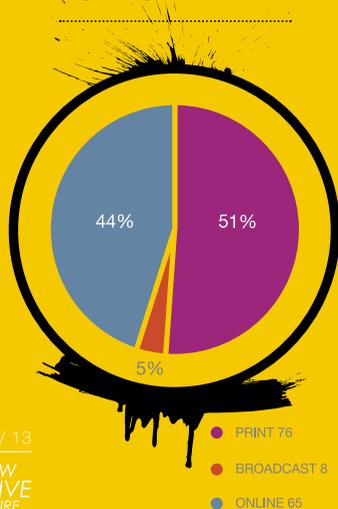
Cultural, art, social and sports events in and around the completed project areas have formed a key component of the MBDA's marketing approach as they draw diverse participants to experience the impact of the infrastructural upgrades for themselves and encourage public use of the facilities.

Event highlights over the 2012/13 period included the Urban Run, a 10km trail run through the inner city involving physical, urban obstacles and challenges. The event urged participants to "come back to the city" and offered them an opportunity to engage with space and place in the Central area, the vicinity of the MBDA's inner-city renewal project.

The Donkin path – a multi-media artwork that represents the line of voters queuing for the first democratic elections in South Africa in 1994, with symbolic crosses littering the path to represent people's votes – has generated growing interest around the Donkin. A small group of downhill, longboard skateboarders have been enjoying the gentle slopes and challenging curves of the snaking path from the lighthouse to the bottom of the Donkin Reserve at Chapel Street. They joined with local youth initiative, the n_mb city project, to produce a skating event on the Donkin that both familiarises the public with and de-stigmatises the sport of longboarding. Through their aim of enjoying and engaging with their city and building friendships with like-minded sportspeople, the Donkin Downhill Dash has become an annual event supported by the MBDA and it attracts skateboarders and spectators from around the country.

The annual National Arts Festival (NAF) in Grahamstown provided the ideal opportunity for linkage with the creative and performing arts in Nelson Mandela Bay, enabling the NAF to expand its reach and the MBDA to raise the profile of the creative precincts around the Donkin, the Athenaeum, and Bird Street during a period when the country's creative community descends on the Eastern Cape. The MBDA assisted with the promotion of the NMB Arts Journey and NAF official Fringe activities in the city in the influential Art Times magazine in the run-up to the NAF in June 2013. The agency also sponsored the closing concert of the Festival in a R200 000 partnership with the NAF, and sponsored 60 young violinists to attend an exchange programme over the NAF. Support was given to the Samson Diamond concert at the Athenaeum, together with a month-long programme of events at the venue, culminating in a fashion and craft event showcasing the work of 20 local crafters.

MBDA AVE Jan-June 2013



The MBDA also facilitated a number of round-table discussions with the city's choral, visual and performing arts communities to enable inclusive conversations on funding and support. This resulted in an integrated meeting with almost all of the choral sector representatives and preparation of a funding application.

Key activities hosted and sponsored by the MBDA in the 2012/13 financial year include:

<i>Event/Activity</i>	<i>Summary</i>
MBDA ROUTE 67 TOURS	An external consultant was appointed to facilitate Route 67 tours for 600 schoolchildren from around Nelson Mandela Bay who had never experienced walking the route. Ten representatives from each of the city's 60 wards were also included in the tours. The programme included an educational briefing on the MBDA's background, projects and objectives. The groups were given an opportunity to provide feedback on how the MBDA can improve on inner-city renewal.
MBDA STRATEGIC MARKETING WORKSHOP	The MBDA hosted a strategic marketing workshop with attendees from its various stakeholder groups, as well as marketing experts from other cities. The workshop was a successful information and experience-sharing session, and raised the profile of the MBDA as a company that embraces innovation and creativity.
URBAN RUN	The MBDA sponsored the annual Urban Run – a 10km race around the inner city from the Donkin Reserve. This event grew from 600 entrants in the previous financial year to 1 200 entrants in the 2012/13 financial year. The MBDA will again host the Urban Run this year.
BIRD STREET BASH	The MBDA hosted a celebration to mark the commencement of the upgrade to Bird Street/Belmont Terrace. The gathering was also used by the MBDA as a platform to interact with the community and stakeholders, informing them of the new development.
WOMAN OF SUBSTANCE WORKSHOP	The MBDA invested in the development of women by supporting this workshop hosted by two leading businesswomen from the city, Dr Bridgette Gasa and Michelle Brown.
BREAST CANCER AWARENESS MONTH – DONKIN FLAG GOES PINK	In support of Breast Cancer Awareness month in October, the MBDA hoisted a pink flag together with the South African flag on the Donkin Reserve.
NELSON MANDELA BAY IRB SEVENS	The MBDA played a key role in ensuring the success of the Nelson Mandela Bay IRB Sevens tournament. The city plays host to this international rugby festival until 2014.
BAAKENS/PORT FORUM	The MBDA hosted and facilitated a strategic conversation regarding the Baakens River and Port precinct.
FREEDOM STATUE FORUM	The MBDA facilitated discussions with political, business and civil society roleplayers regarding a landmark public artwork that would form a tourism attraction for the city.
DOWNHILL DASH 2013	The MBDA again endorsed the Donkin Downhill Dash event after its initial success. The second MBDA Donkin Downhill Dash event aimed to create a safe and controlled environment for downhill skateboarding to become an accessible and formal sport in Nelson Mandela Bay, as well as showcasing the city's arts and tourism offering.



These events and initiatives have all played an important role in raising awareness of the urban renewal work of the MBDA and encouraging the public to “come back to the city” and make use of revitalised urban places. However, the overall objective remains to grow private sector real estate investment and strengthen the tourism base of the city. In the year under review, the MBDA prioritised the appointment of a marketing and communications manager, who was appointed as of 1 July 2013. The MBDA acknowledges the need to adopt a comprehensive marketing strategy that will not only highlight the successful implementation of key projects, but also assist in profiling the developmental work of the agency on a global level with the intention of attracting investment to the city.





Tramways Office-Park



Route 67 - Great Flag / Piazza Mosaic



Kings Beach - Skatepark



Govan Mbeki



Walmer Cemetery



Route 67 - Way Finding Markers



Route 67 - River Memory





Section 04:

Organisational Development Performance

The MBDA measures its success in five central key performance areas (KPAs) which incorporate specific key performance indicators (KPIs) that track the agency's ability to meet pre-determined targets and deadlines.

The five main performance areas are:

1. *KPA 1: Basic Service Delivery and Infrastructure Development*
2. *KPA 2: Municipal Transformation and Organisational Development*
3. *KPA 3: Local Economic Development*
4. *KPA 4 : Municipal Financial Viability and Management*
5. *KPA 5: Good Governance and Public Participation*

A number of these areas have sub-indicators which include project-level outputs such as the Helenvale Urban Renewal Programme (HURP); service delivery integration; cleansing services (Central Business Districts, Central and Uitenhage); facilitating public capital projects; human resources transformation; job creation and Expanded Public Works Programme (EPWP); budgeting and financial accounting; risk management; and internal controls. The following table reports on the organisation's performance against these indicators.

Targets vs. Actual

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
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KPA 1: Basic Service Delivery and Infrastructure Development

1.1 Helenvale Urban Renewal Programme (HURP)

Number of Multipurpose Community Centres constructed	1 (Helenvale)	15% Construction Completed	50% Construction Completed	30% Construction Completed	50% Construction Completed	50% Construction Completed	75% Construction completed	1 (Helenvale)	95.00%
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QTR ENDING JUNE 2013 - ANALYSIS

95% of the project has been completed: Masonry walls completed; roof construction completed; roof covering 99% complete; electrical installation 85% complete; plumbing 98% complete; painting 70% complete; storm-water 98% complete; roads, parking and landscaping 80% complete; aluminium and glazing 90% complete; community plain concrete and landscaping 98% complete. The 30 June 2013 target for completion was not met due to delays as a result of rain, labour unrest and late delivery of certain materials, i.e. floor paint, metal work, stage curtain, as well as repair to areas damaged by vandals and normal snagging (repairs pre-empted in the contract process as a result of changes requested). All relevant materials required to complete the project had been received by year-end and snagging had started for areas that needed remedial work. The project is expected to be completed on 31 August 2013; thereafter a snagging process of 30 days will be implemented before a final certificate of completion will be issued.

% Completion of Helenvale Precinct Phase 2 (Kobus Road, Leith Street, Baaitjies Street and Deverill Road)	100.00%	25.00%	0.00%	50.00%	0.00%	75.00%	94.00%	100.00%	100.00%
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QTR ENDING JUNE 2013 - ANALYSIS

The following works were completed in the Helenvale Precinct Phase 2 Project: Road works, walkways and paving, clear and grub parks, clear and grub verges, planting of trees, grassing, concrete verges, concrete kerbing, electrical cabling, installation of streetlights, paving, erection of concrete benching and brick retaining walls.

Number of community parks constructed	2	Project designs completed	Project designs & 40% construction completed	Construction commenced	65% construction completed	75% construction completed	97% construction completed	2	2
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QTR ENDING JUNE 2013 - ANALYSIS

The following upgrading and improvements have been completed in the Helenvale Precinct Phase 2 Project: Road works, walkways and paving, clear and grub parks, clear and grub verges, planting of trees, grassing, concrete verges, concrete kerbing, electrical cabling, installation of streetlights, paving, erection of concrete benching and brick retaining walls. Two community parks have been constructed in Helenvale. The verification process by an independent auditor has commenced and is envisaged to be completed by 26 July 2013. On completion of the verification, an asset register and final audit report will be sent to the National Department of Environmental Affairs and confirmed with the Nelson Mandela Bay Municipality's Parks Department after which a final completion certificate will be issued to the Municipality.

Concluding agreements between the Nelson Mandela Bay Municipality and KfW	2 by December 2012	Financing agreement between NMBM and KfW concluded	Financing agreement between NMBM and KfW concluded	Separate agreement between MBDA and KfW concluded	Separate agreement between MBDA and KfW concluded				
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Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
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1.2 Service Delivery Integration

Concluding a 3-year Service Delivery Agreement (SDA) between NMBM and MBDA	By December 2012	Service Delivery Agreement drafted	Target not met	Service Delivery Agreement concluded	Target not met			Target not met	Target not met
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QTR ENDING JUNE 2013 - ANALYSIS

This matter has been escalated to the Acting Executive Director: EDRS by the NMBM Legal Services department and it is anticipated that the SDA will be signed in July 2013.

1.3 Cleansing services (CBDs: Central and Uitenhage)

Percentage satisfaction with cleansing services in Port Elizabeth and Uitenhage Central Business District	80% satisfaction by June 2013	Terms of reference drafted	Request for Proposal drafted	Service provider appointed	Target not met	Survey conducted	Survey conducted	80% satisfaction by June 2013	Target not met
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QTR ENDING JUNE 2013 - ANALYSIS

The focus of this indicator was to appoint a service provider to undertake an independent survey on the level of satisfaction with cleansing services in the Port Elizabeth and Uitenhage CBDs. However, this was not achieved due to budget cuts which led to a re-prioritisation of the budget line item as a result of revised mandate requirements. An internal survey was however conducted by the MBDA and yielded the following results: Port Elizabeth CBD (83% satisfaction), Uitenhage CBD (90% satisfaction). A service provider was appointed in April 2013 to conduct Economic and Social Impact Assessments within the MBDA mandate areas which will also seek to determine the level of satisfaction with cleansing services in these areas.

1.4 Facilitating public capital projects

Percentage satisfaction with security services in Port Elizabeth CBD	60% satisfaction by June 2013	Terms of reference drafted	Request for Proposal drafted	Service provider appointed	Target not met	Survey conducted	Survey conducted	60% satisfaction by June 2013	Target not met
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QTR ENDING JUNE 2013 - ANALYSIS

The focus of this indicator was to appoint a service provider to undertake an independent survey on the level of satisfaction with security services in Port Elizabeth and Uitenhage Central Business Districts. However, this was not achieved due to budget cuts which led to a re-prioritisation of the budget line item as a result of revised mandate requirements. An internal survey was conducted by the MBDA and yielded the following results: Port Elizabeth Central Business District (63% satisfaction) and Uitenhage Central Business District (70% satisfaction). A service provider was appointed in April 2013 to conduct an Economic and Social Impact Assessment within the MBDA mandate areas, which will also seek to determine the level of satisfaction of security services in these areas.

Percentage completion of inner city renewal capital development projects (Kings Beach Southern Beachfront Redevelopment Phase 2)	50.00%	10.00%	17.78%	25%	0.3	40%	76.87% completed	50%	83.93%
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QTR ENDING JUNE 2013 - ANALYSIS

This project is divided into phase 2A and 2B. Phase 2A comprises the park stage, refurbishment of existing swimming pools, signage, refurbishment of the existing ablution block, adventure play and trim park, soft landscaping and rock features. All the above deliverables have been completed. Phase 2B includes a skate park, upgrading of the basketball court, parking and walkways, landscaping - parking and walkways, irrigation - parking and walkways, boardwalk over dunes, wetland and storm-water earthworks and planting, electrical lighting, dune erosion control, signage, dustbins, reconditioning of Happy Valley pump, maintenance on soft landscaping and fountain artwork. 67.85% of the deliverables in phase 2B were complete at the date of this report. The smooth implementation of the project can be attributed to constant monitoring and oversight of the project through regular site meetings.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
Percentage completion of inner city renewal capital development projects (Belmont Terrace and Bird Street Phase 2 Environmental Upgrade)	50%	10%	0.13%	25%	0.3324%	40%	0.45%	50%	60.00%

QTR ENDING JUNE 2013 - ANALYSIS

The 60% completion constitutes the following:

1. Belmont Terrace section from Whites Road to the start of Military Road with the exclusion of the turning circle - 60%
2. The intersection of Prospect Hill into Belmont Terrace up to and ending at the raised intersection - 50%
3. The intersection of Castle Hill Street into Belmont Terrace up to the end of the Athenaeum site - 90%.
4. Trinder Square side roads from Western Road up to the Bird Street intersection - 40%
5. A portion of Bird Street starting at the Belmont Terrace intersection - 75%. The outstanding performance is as a result of regular site meetings to monitor the progress of project implementation.

Percentage completion of inner city renewal capital development projects (Red Location Singapi and Olaf Palmer St Upgrade)	50%	10%	0%	25%	0%	40%	0%	50%	0%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this indicator is due to the delay experienced in the site preparation in the first quarter. The project required the installation of a storm-water drainage system as well as the relocation of some households in the area. A Request For Proposal (RFP) in respect of the design for the project was advertised on 14 November 2012. The closing date for the tender was extended from 14 December 2012 to 18 January 2013 due to a decision that was still pending from the NMBM as to whether the portion of work previously commissioned by the Municipality for Singapi Road would form part of the scope of work of the MBDA tender. A contractor was appointed on 15 March 2013. The project is currently in the public participation phase. The project is expected to be completed during the 2013/2014 financial year.

Percentage completion of inner city renewal capital development projects (Tramways Building Redevelopment)	75%	20%	Target not met	40%	Target not met	55%	5% completed	75%	20.00%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this target is due to delays experienced in sourcing a professional architect to assist with the designs and the subsequent involvement by the Eastern Cape Institute of Architects in respect of the appointment of a professional architect for the project during the first quarter. Professional consultants were appointed in the first quarter and the project designs finalised. A construction tender was advertised on 19 November 2012 and closed on 21 December 2012. A contractor was appointed on 22 January 2013. Demolition work has commenced and is being fast-tracked. The Tramways Building Redevelopment is expected to be completed in the 2013/2014 financial year.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
Percentage completion of inner city renewal capital development projects (Veeplaas Informal Trading Area Upgrade)	100% Completion of Veeplaas Informal Trading Area Upgrade	Consultant appointed	Consultant appointed	Construction tender advertised	Target not met	Contractor appointed and work commenced	Target not met	100% Completion of Veeplaas Informal Trading Area Upgrade	0%

QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this indicator is as a result of the lengthy Community Development Forum meetings during the first quarter. A meeting was held on 19 October 2012 to prioritise which projects to proceed with. The design and architectural services tender was advertised and a service provider was appointed on 15 February 2013. It has also been discovered that the site selected forms part of the IPTS route and therefore a new site or project will need to be identified. As a result, this project was placed on hold pending the identification of a new site. The MBDA has alternatively engaged with the NMBM to transfer two grey buildings to either redevelop or create an operational space for the intended purposes.

Percentage completion of inner city renewal capital development projects (Walmer Township Heritage project Phase 1)	100% Completion of Walmer Township Heritage project Phase 1	Community Stakeholder Meeting held	Consultant appointed	Consultant appointed	Consultant appointed	Contractor appointed and work commenced	Target not met	100% Completion of Walmer Township Heritage project Phase 1	75%
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QTR ENDING JUNE 2013 - ANALYSIS

Work on the Gqebera Cemetery is 75% complete. The underperformance against this target was due to the prolonged engagement processes with the community. A community meeting was held on 27 February 2013. There is agreement among the community members on the location of the carwash, which is part of this project. The access road to Sakhasonke village is at design phase and tenders have been received for construction. These must still be evaluated and adjudicated.

Percentage completion of inner city renewal capital development projects (Strand Street Fountain Rehabilitation)	100% Completion of Strand Street Fountain rehabilitation	Consultant appointed	Consultant appointed	Construction tender advertised	Target not met	Contractor appointed and work commenced	Target not met	100% Completion of Strand Street Fountain rehabilitation	0%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this indicator was largely due to the prolonged community engagement on whether to include an ablution block. The tender has been advertised and the bids are still to be evaluated and adjudicated. It is envisaged that a contractor will be appointed during the 2013/14 financial year to commence with the project.

Percentage completion of inner city renewal capital development projects (Redevelopment of Donkin Phase 4)	100% completion of redevelopment of Donkin Phase 4	25% of Donkin Phase 4 Redevelopment completed	25% of Donkin Phase 4 Redevelopment completed	50% of Donkin Phase 4 Redevelopment completed	50% of Donkin Phase 4 Redevelopment completed	75% of Donkin Phase 4 Redevelopment completed	75% of Donkin Phase 4 Redevelopment completed	100% completion of redevelopment of Donkin Phase 4	85%
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Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this target is due to a 7-month delay by the contractor. It is envisaged that this target will be met on 31 August 2013.

Percentage completion of inner city renewal capital development projects (New Brighton Sports Field Upgrade)	100% Completion of New Brighton Sports Field Upgrade	Consultant appointed	Consultant appointed	Construction tender advertised	Construction tender advertised	Contractor appointed and work commenced	Target not met	100% Completion of New Brighton Sports Field Upgrade	25%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this indicator is due to the delay in the appointment of a contractor. A contractor was only appointed in May 2013. In addition, there were time delays due to cash-flow challenges experienced by the contractor. The cash-flow challenge is being addressed. The project is 25% complete.

Percentage Completion of Design Masterplans (Western Road Precinct Design Masterplan)	50% Completion of Western Road Precinct Design Masterplan	Request For Proposal drafted	Target not met	Request For Proposal advertised	Target not met	Design consultant appointed	Target not met	50% Completion of Western Road Precinct Design Masterplan	0%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance in respect of this indicator is due to lack of budget allocation. The project has since been terminated.

Percentage Completion of Design Masterplans (Rink Street/ Art Museum Design Masterplan)	50% Completion of Rink Street/ Art Museum Design Masterplan	Request for Proposal drafted	Target not met	Request for Proposal advertised	Target not met	Design consultant appointed	Target not met	50% Completion of Rink Street/ Art Museum Design Masterplan	0%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance in respect of this indicator is due to lack of budget allocation. The project has since been terminated.

Percentage Completion of Design Masterplans (Vuyisile Mini Square Design Masterplan)	50% Completion of Vuyisile Mini Square Design Masterplan	Request for Proposal drafted	Target not met	Request for Proposal advertised	Target not met	Design consultant appointed	Target not met	50% Completion of Vuyisile Mini Square Design Masterplan	0%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance in respect of this indicator is due to lack of budget allocation. The project has since been terminated.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
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KPA 2: Municipal Transformation and Organisational Development

2.1 Human Resources Transformation

Number of officials trained in National Treasury minimum competencies in line with set regulations (Government Gazette #29967)	4.00	1.00	0.00	2.00	1.00	3.00	1.00	4.00	1.00
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance against this target is due to time constraints. Officials were not able to attend monthly classes due to other competing priorities. An action plan is being formulated in order to complete the remaining required modules by June 2014.

Submission of performance reports indicating performance gaps and improvements	MBDA performance information populated and approved within 10 working days following the end of the quarter	2011/12 MBDA Q4 performance information populated and approved on Integral Scorecard by 13/07/2012	2011/12 MBDA Q4 performance information populated and approved on Integral Scorecard by 13/07/2012	2012/13 MBDA 1st quarter performance information populated and approved on Integral Scorecard by 12/10/2012 and 2012/13 MBDA 2nd quarter performance information populated and approved on Integral Scorecard by 31/12/2012	2012/13 MBDA 1st quarter performance information populated and approved on Integral Scorecard by 12/10/2012 and 2012/13 MBDA 2nd quarter performance information populated and approved on Integral Scorecard by 31/12/2012	All final performance information and portfolio of evidence for the 2nd quarter populated and approved on Integral Scorecard	All final performance information and portfolio of evidence for the 2nd quarter populated and approved on Integral Scorecard	2012/13 MBDA 3rd quarter performance information populated and approved on Integral Scorecard by 14/04/2013	2012/13 MBDA 3rd quarter performance information populated and approved on Integral Scorecard by 14/04/2013
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QTR ENDING JUNE 2013 - ANALYSIS

Target achieved.

Performance appraisals of the CEO and senior managers are scheduled for July 2013.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
Roll-out of performance management (down to Salary Grade 12)	By June 2013	CEO's Performance Agreement concluded & directors' performance plans in place	CEO's Performance Agreement concluded & directors' performance plans in place	Performance plans above salary grade 12 in place	Performance plans above salary grade 12 in place	Grade 12 performance plans in place and 2012/13 mid-term assessments done with direct reportees	Grade 12 performance plans in place and mid-term assessments done with direct reportees	2012/13 3rd quarter assessment / review done with direct reportees	Target not met

QTR ENDING JUNE 2013 - ANALYSIS

Annual performance reviews are done in July.
Performance appraisals of the CEO and senior managers are scheduled for July 2013.

KPA 3: Local Economic Development

3.1 Job creation and Expanded Public Work Programme (EPWP)

Number of Full Time Equivalent (FTE) jobs to be created	150.00	20.00	24.00	60.00	40.00	80.00	60.00	150.00	80.00
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QTR ENDING JUNE 2013 - ANALYSIS

EPWP report as at 30 June 2013 = 80 (24+16+20+20). This is a preliminary figure as EPWP is still busy capturing data

KPA 4 : Municipal Financial Viability and Management

4.1 Budgeting and financial accounting

% of the directorate's capital budget spent on capital projects identified in the IDP	95.00%	12.00%	8.90%	32.00%	18.00%	46.00%	46.00%	95.00%	67.00%
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QTR ENDING JUNE 2013 - ANALYSIS

The underperformance is due to the following reasons:

1. Various projects have been delayed during the year and will be rolled over to the 2013/14 financial period.
2. Donkin Phase 4 - there are capacity problems with the SMME and this is being closely monitored.
3. Redevelopment of Tramways Building project span is 18-24 months. Expenditure is expected to increase rapidly in the 2013/14 financial year.

% of directorate training budget spent on implementing its Workplace Skills Plan	95.00%	25.00%	12.00%	50.00%	15.00%	75.00%	60.00%	95.00%	98.00%
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QTR ENDING JUNE 2013 - ANALYSIS

Target achieved.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 12 Target	Qtr Ending 30 Sept 12 Actual	Qtr Ending 31 Dec 12 Target	Qtr Ending 31 Dec 12 Actual	Qtr Ending 31 Mar 13 Target	Qtr Ending 31 Mar 13 Actual	Qtr Ending 31 June 13 Target	Qtr Ending 31 June 13 Actual
KPA 5: Good Governance and Public Participation									
5.1 Risk management									
Number of Directorate Risk Management Reports submitted to the Municipal Manager	4.00	1.00	1.00	2.00	2.00	3.00	3.00	4.00	4.00
5.2 Internal Controls									
Turnaround time from the request for additional performance information from Internal Audit to the Directorate's response	5.00 days	5.00 days	0.00 days	5.00 days	2.00 days	5.00 days	2.00 days	5.00 days	N/A
QTR ENDING JUNE 2013 - ANALYSIS									
No requests were received for the 4th quarter.									
Turnaround time from the request for additional information from the Auditor-General to the Directorate's response	5.00 days	5.00 days	2.00 days	5.00 days	0.00 days	5.00	0.00 days	5.00 days	N/A
QTR ENDING JUNE 2013 - ANALYSIS									
No additional requests were received for the 4th quarter.									
% reduction on directorate recurring items by the Auditor-General's Office	50% reduction by March 2013	Compliant 2011/2012 performance info submitted by 31/07/2012	Compliant 2011/2012 performance info submitted by 31/07/2012	2011/2012 Audit Report received from Auditor General	2011/2012 Audit Report received from Auditor General	50% reduction by March 2013	50% reduction by March 2013		
Receipt of unqualified Audit Report from the Auditor-General	Unqualified audit report by December 2012	Compliant performance information submitted by 31 July 2012	Compliant performance information submitted by 31 July 2012	Unqualified Audit Report received	Unqualified Audit Report received			Unqualified audit report by December 2012	

2. Human resources

During the 2012/13 period the staff complement grew by five people, parallel with growth in the organisation and its projects. The MBDA's staff component as at 30 June 2013 and as per employment equity principles is reflected below:

RACE

<i>Level</i>	<i>Black</i>	<i>White</i>	<i>Coloured</i>	<i>Indian</i>	<i>Total</i>
Management	1	2	1	1	5
Professional	3	1	2	1	7
Administration	5	1	6		12
TOTAL	9	4	9	2	24

GENDER

<i>Level</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>
Management	4	1	5
Professional	2	5	7
Administration	4	8	12
TOTAL	10	14	24



Organisational structure

The MBDA staff organogram as at 30 June 2013 is reflected in the following diagram.



*Marketing
Coordinator*
Tarryn Jonas

Admin Assistant
TBA

Project Assistant
Lee Oschman

Town Ranger
Sicelo Zalabe

Town Ranger
Philinda Reid

Town Ranger
Hilton Cloete

Project Leader
Isabel Myburgh

Social Facilitator
George Jerry

Admin Assistant:
Joy Sumerton

Project Leader
Monica Martin

Admin Assistant:
Charmelle Wentley

Admin Assistant
TBA

*Practitioner:
SCM & IT*
Pamela Govender

Admin Assistant
Tembela Quntana

*Practitioner:
HR & Company Admin*
Charmel Bush

*Financial
Accountant*
Bongani Mduyana

*Assistant Financial
Accountant:*
Hazel Mingo

Finance Assistant
Siyabulela Sogwayi

3. Impact on community – Economic barometer review

Past performance is the best predictor of future success. Critical to the MBDA's future success is the measurement of the actual impact of its work in terms of achieving the desired socio-economic outcomes of improved living and business environments, public and investor confidence, and increased actual private sector investment. In order to quantify the impact of its projects, the MBDA commissioned an economic survey information system, based on a set of identified key indicators. The data has been updated annually since 2009 through business and residential surveys conducted in the mandate area.

The latest Economic Barometer reviewing the survey results was released in February 2012. It added to baseline data already collected on the Govan Mbeki phase 1 and Parliament Street upgrades, and measured the impact of more recent projects that had not yet been assessed – Donkin Reserve, Strand Street, King's Beach and Uitenhage Market Square.

BUSINESS AND RESIDENTIAL SURVEYS CENTRAL AND THE CBD

The survey of Central and the CBD focused on the impact of projects on the Donkin Reserve, Govan Mbeki Avenue, Parliament Street and Strand Street. As this was the third annual survey of the area, it was possible to identify development trends in Central.

The MBDA mandate area here is characterised by a mix of commercial and residential properties, with commercial activity mainly in Govan Mbeki Avenue, Strand Street, Parliament Street and Rink Street, while residential areas are clustered in Clyde, Havelock, Pearson and Bird Streets. Government, community and business services make up just more than half of the economic activity in the area. The area contributes 1.5% of the GGP of Nelson Mandela Bay, and its economic growth slightly outstripped that of the city over the period 2001-2010. While 10% of the population is unemployed, 15% of the employed population are in highly-skilled occupations.

Business diversity in the area remained largely unchanged in the latest survey, though a decline in businesses in the professional services category was a cause for concern. Although business performance was slightly weaker, half the businesses surveyed had hired additional staff, noting a demand-led growth. Increased employment coupled with fewer businesses recording a drop in turnover, led to an overall improvement in business sentiment in Central, with increased numbers indicating improvements in perceived property values.

A significant year-on-year increase of 52.8% in average rental rates was recorded, although the average of R117/m² was in line with the historical average of R107.31/m². Businesses making improvements to their properties declined, and just 10% said the improvements made were as a result of the MBDA's upgrading projects.

However, residential sentiment was notably more positive, with more than half indicating that they spent more time in Parliament Street and Govan Mbeki Avenue and 41% spending more money in the area since the upgrades. Residents and businesses both noted significant improvements in lighting, management of informal traders and cleaning since the upgrades. However, two-thirds of respondents indicated that the absence of permanent security patrols had impacted negatively on crime levels.

Although businesses and residents continued to be very positive about aesthetic and functional improvements in Govan Mbeki Avenue and Parliament Street, it is concerning that business continues to view the changes negatively in terms of impact on parking availability and deliveries.

NORTH END

The North End survey sought to measure the impact of development of the NMB Stadium and surrounding precinct on business investment. North End is predominantly an industrial area, featuring warehouses, light industries and business enterprises mainly in vehicle sales and service, and electronics. There is a small middle- to low-income residential component, mainly around the NMB Stadium in the suburb of Kensington.

Transport, communication and government services are the dominant economic sectors. North End showed a positive GGP growth rate of 1.9% between 2001 and 2010, and employment levels are high at 50%, with 11.7% in highly-skilled occupations.

North End businesses and residents were highly confident in the MBDA and its projects in the area, with a 72% confidence rating. A little more than a third of businesses had made improvements to their premises in the last few years, half of those directly or partially as a result of the NMB Stadium development. Overall sentiment from both business and residents was, however, mixed. Even though 47% of businesses felt that commercial property values had risen following construction of the stadium, only 30% were planning to improve their premises. Small numbers of residents indicated that they spent more time and more money in the area since the stadium development (20% and 15% respectively). Both businesses and residents were positive about environmental issues of improved lighting and reduced noise levels, but remained negative about crime levels.

KINGS BEACH

King's Beach is one of the city's prime recreational and tourism nodes. It is primarily a middle- to upper-income residential area, with 80% of business activity focused on accommodation, restaurants and entertainment. Household income levels are 2.5 times the NMB average. While the area contributes under 1% of local GGP, its affluence and small population give it one of the highest per capita GGP rates in the city. Employment and skills levels are high, with just over 60% employed and 37% of those in highly-skilled professions.

The MBDA's upgrading of the King's Beach precinct received an overwhelming thumbs-up, with 96% of businesses in the area expressing confidence in the agency and its activities. Residents, however, were a little more subdued, with a confidence rating of 76%, resulting in an 80% confidence score overall, the highest average for the four survey areas.

Almost three-quarters of businesses had made improvements to their properties over the past few years, with businesses more willing than residents to invest in improvements and 1.5 times more likely than residents to feel that the MBDA's upgrading projects would increase their property value.

UITENHAGE

The Uitenhage CBD shares a number of characteristics with Govan Mbeki Avenue and is dominated by businesses supplying durable and semi-durable goods. Two unique factors are the absence of residential accommodation in the CBD, and the limited number of businesses in the services sector. Households in the areas immediately adjacent to the CBD are predominantly low- to middle-income. Although the study area accounts for approximately 11.4% of Uitenhage's GGP, it contributes just 0.8% to the economic output of NMB as a whole. Approximately 43% of people in the study are employed, 13.7% in highly-skilled roles.

Businesses and users of the Uitenhage CBD, although negative on some issues, were some of the most positive with respect to confidence in the MBDA and its projects. More than 90% of businesses in the Uitenhage CBD rent their properties, resulting in a low level (31.3%) of plans to make improvements to their property. Also, few believed that their property value had increased, and were thus unwilling to (re)invest.

In contrast to the negativity of business owners, 80% of CBD users indicated that they spent more money in the area since completion of the upgrades. While businesses felt the upgrades had significantly improved

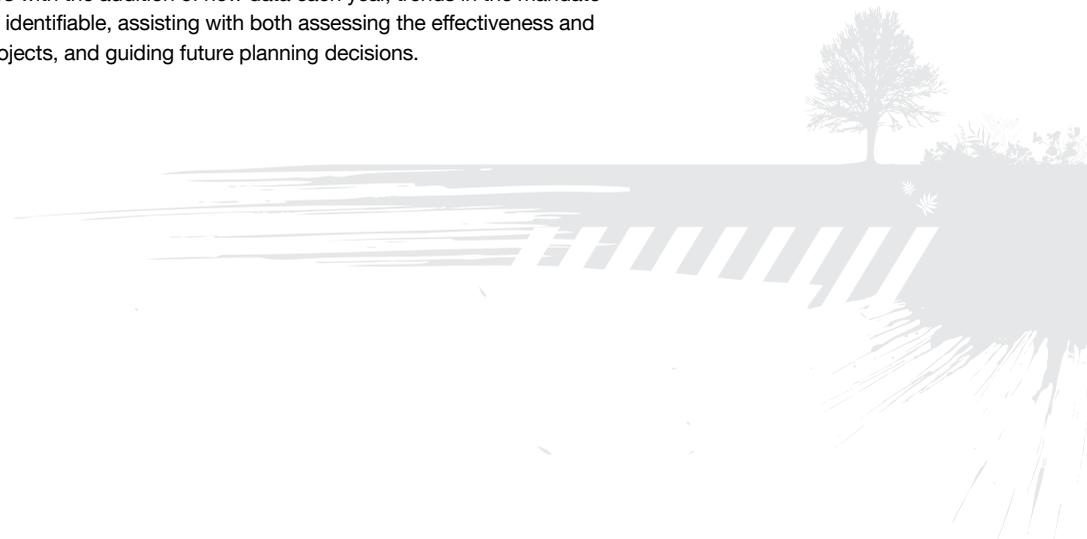
factors such as noise levels, lighting and the number of derelict buildings, they believed the upgrades had done little to improve accessibility in terms of parking, deliveries and congestion. CBD users were more optimistic about changes in the area; with between 41 and 61% saying that the number, diversity and quality of businesses in the CBD had improved since the upgrading.

ECONOMIC IMPACT ASSESSMENT

Capital expenditure by the MBDA of almost R100-million during 2010 and 2011 on the Donkin Reserve, King's Beach and Uitenhage Market Square projects had a significant economic multiplier effect, increasing new business sales by R244.9-million. The corresponding impact on the GVA of NMB was R80.9-million over the course of the projects. Once completed, the King's Beach upgrade will have had the most impact on the local economy, increasing GVA by R31.2-million. The construction phase of the projects created 673 direct, indirect and induced employment opportunities, the majority (40.2%) on the Donkin Reserve projects.

CONCLUSION

The survey results clearly show that the MBDA's projects will continue to promote urban renewal, to transform public perceptions and confidence, and stimulate employment creation. As the economic survey information system grows with the addition of new data each year, trends in the mandate areas will be identifiable, assisting with both assessing the effectiveness and impact of projects, and guiding future planning decisions.





Route 67 - Election Queue - Votes of the Future





Section 05: *Auditor- General's Report*

REPORT OF THE AUDITOR-GENERAL TO THE BOARD OF DIRECTORS AND THE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF MANDELA BAY DEVELOPMENT AGENCY NPC FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Mandela Bay Development Agency NPC set out on pages 56 to 85, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act, 2008 (Act No. 71 of 2008) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandela Bay Development Agency NPC (MBDA) as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and in the manner required by the MFMA and the Companies Act.

Additional matter

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

Other reports required by the Companies Act

8. As part of our audit of the financial statements for the year ended 30 June 2013, I have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the preparer. After reading this report I have not identified material inconsistencies between the report and the audited financial statements. I have not audited the report and accordingly do not express an opinion on it.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report of the MBDA as set out on pages 38 to 46 of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives was assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

12. There were no material findings on the annual performance report of the MBDA concerning the usefulness and reliability of the information.

Additional matter

13. Although no material findings concerning the usefulness and reliability of the performance information were identified in the annual performance report, I draw attention to the following matter.

Achievement of planned targets

14. As reported in the annual performance report, only 40% of the planned targets were achieved during the year under review. The reasons for the underachievement include the lengthy public participation process for capital projects that contributed to the late start of many of the capital projects undertaken and the timing of expenditure incurred.

Compliance with laws and regulations

15. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.
16. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA.

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations.
18. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor General

East London

30 November 2013



Directors' Report

"The Directors have pleasure in submitting their report for the entity, which forms part of the audited financial statements of the Non Profit Company for the year ended 30 June 2013."



ESTABLISHMENT

The Nelson Mandela Bay Municipality (NMBM), with the assistance of the Industrial Development Corporation (IDC) established the Mandela Bay Development Agency (the entity) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development. The original geographical area for which the entity was responsible for included inter alia, the Port Elizabeth Central Business District (CBD), Central Hill, the existing harbour, Lower Baakens River Valley and surrounding areas.

Since its establishment in 2003, the MBDA has managed public investment of more than R300-million in direct infrastructure upgrades and environmental improvements, and built up a track record of successful projects which has resulted in its mandate area steadily increasing. From an initial focus on regeneration of the CBD, the agency's mandate now encompasses urban renewal in township areas, the beachfront, the NMB Stadium precinct and Uitenhage.

GENERAL REVIEW

The entity has received conditional grants during the period under review from the NMBM for urban regeneration projects, operational expenses and property, plant and equipment in terms of the budget submitted to them.

The MBDA was given the mandate to complement the NMBM's service delivery by carrying out projects that promote inner-city renewal. Its mandate was subsequently extended to include township renewal, aimed at upgrading our township areas so as to promote tourism, job creation, investment and citizen pride. Through this we acknowledged the need to address challenges such as aging infrastructure in our townships, and our aim is to collaborate with the private sector to develop these areas by improving infrastructure, upgrading public amenities and beautifying open spaces. The Helenvale Precinct Upgrades Phases 1 and 2 were completed with streets being widened, side-walks constructed, storm water drainage improved and street furniture introduced.

LEGISLATION

The entity complied with all the relevant sections of the Companies Act 71 of 2008, the Companies Amendment Act 3 of 2011 and the Local Government: Municipal Finance Management Act 56 of 2003.

FINANCIAL RESULTS

The financial results are set out in the attached annual financial statements.

KEY ACTIVITIES

Existing Projects

During the year under review the entity completed the Kings Beach Phase 2 project which included the installation of CCTV cameras in the precinct and which are linked to the NMBM's surveillance centre. The Inner City Arts programme also progressed well with the majority of the 67 art pieces commemorating Nelson Mandela's 67 years of public life being completed and the Donkin Reserve site now having established itself as a key tourist attraction for the City. The Donkin Phase 4 project is nearing completion but there are certain capacity constraints with the contractor which are presently being dealt with by the entity. The Bird Street / Belmont Terrace Environmental Upgrade project is progressing well and a new phase of this project is being planned for the new year. The Helenvale Resource Centre is nearing completion and an Operator will be appointed in the new year to manage the facility.

New Projects

Artists for the Baakens Circle Art Piece were appointed after a public competition process and installation of this art piece will be completed in the new financial year. The rehabilitation of the Zondi Street sports field in New Brighton also commenced during the year under review and will be completed by the end of 2013. The upgrade of the old cemetery in Walmer Gqebera township has commenced and is progressing well.

Negotiations with Transnet in respect of the relocation of the oil tank farm and iron ore facilities from the port of Port of Port Elizabeth to Ngqura port has resulted in Transnet announcing that this relocation will commence from 2016 onwards, paving the way for a mixed use marina development in the port and resulting in the East Cape Development Corporation committing to funding a study around such a development which will include looking at the feasibility of the Apple Express railway line.

Construction work commenced on the redevelopment of the Old Tramways Building, which is expected to be completed by early 2015 and which will become the new headquarters of the agency.

Future Projects

Township renewal projects are a significant addition to the MBDA's responsibilities and have been identified as core to future evolution of the agency's mandate. Township populations are increasing, putting pressure on already-stressed infrastructure, alongside the social problems that come with high levels of poverty and unemployment. There is a need to ensure that these previously-marginalised areas, a geospatial legacy of apartheid, are integrated equitably into the city and are able to offer amenable living, working and recreation environments.

The upgrade of Singapi Street as a gateway to the Red Location Museum will commence in the new financial year with design and conceptual planning having already started in the current year. Car wash facilities are also being planned for installation in Walmer Gqebera and Veeplaas townships while the Qaqawuli community centre in New Brighthon is also to be upgraded. An existing business hive centre in Veeplaas will also be operationalised in the new year with a view to developing and promoting informal traders and SMMEs in the area. Community outreach and skills development programmes are also being planned for the Helenvale community.

The directors wish to record their concern at the current financial challenges of the parent municipality to the extent that this could affect future operating and capital budget allocations to the entity and could result in the future viability of the entity being jeopardised. Indeed this has also impacted on the ongoing maintenance costs of the entity's completed projects and which are meant to be performed by the NMBM, but which are having to be funded by the entity due to the present budget constraints.

Directors and Secretary

The non-executive directors of the company are:

*Sakumzi Justice Macozoma
(Chairperson)
Phillip Hugo Gutsche
(Deputy Chairperson)
Daniel Alexander Jordaan
Lulama Monica Prince
Wilhela Magda Gie
Hannah Sadiki
Alfred Da Costa
Renganayagee Kisten*

.....
*Preparer of annual
financial statements:
Bongani Mdutyana
(Financial Accountant)*

.....
*The company secretary is
Ashwin Badra Daya
whose business and
postal addresses are:*

Postal Address:

*Mandela Bay
Development Agency
P.O. Box 74
Port Elizabeth
6000*

Business Address:

*2nd Floor,
Business Connexion
Building
106 Park Drive, Central,
Port Elizabeth, 6001*

MANDELA BAY DEVELOPMENT AGENCY NPC
Statement of financial position as at 30 june 2013



	Notes	2013 R	2012 R
<i>Net assets and liabilities</i>			
NET ASSETS			
Accumulated Surplus		947,151	845,240
<i>Non Current Liabilities</i>			
Construction Contract Retention Creditors	2	2,169,724	115,633
<i>Current Liabilities</i>			
Trade and Other Payables	3	7,793,237	2,594,591
Provisions	4	33,797	27,823
Unspent Conditional Grants	5	56,520,224	55,810,374
Short term portion of Construction Contract Retention Creditors	2	410,232	1,615,354
TOTAL NET ASSETS AND LIABILITIES		67,874,365	61,009,015
ASSETS			
<i>Non-current Assets</i>			
Property, Plant & Equipment	6	929,961	805,002
Intangible Assets	7	17,190	40,238
<i>Current Assets</i>			
Inventory	8	-	46,889
Trade and Other Receivables	9	6,272,690	4,022,957
Deposits	10	2,100	2,100
Cash and Cash Equivalents	11	60,652,424	56,091,829
TOTAL ASSETS		67,874,365	61,009,015

	Notes	2013 R	RESTATED 2012 R
Revenue from Exchange Transactions		47,003,434	48,107,066
- NMBM Conditional Grants & Receipts	28	45,579,403	42,175,020
- National Lotteries Board Receipts	28	1,424,032	5,932,046
Revenue from non Exchange Transactions		22,446,153	18,292,731
- IDC Grants		425,499	469,655
- NMBM Conditional Grants & Receipts	28	18,765,066	14,942,966
- National Lotteries Board Receipts	28	655,424	713,547
- Interest Received		2,600,164	2,166,563
TOTAL REVENUE		69,449,587	66,399,797
OTHER INCOME			
Other Income	13	181,703	378,016
TOTAL INCOME		69,631,291	66,777,813
EXPENDITURE		69,529,379	66,722,822
Advertising & Media		155,789	70,483
Audit Fees		429,282	358,773
Bad Debts		24,163	10,383
Bank Charges		7,806	5,025
Capital Projects Cost	28	46,844,867	47,911,878
CBD Facilities		1,483,489	1,503,208
Cleaning, Safety & Security		50,118	27,418
Cleansing Plan Project		3,541,797	3,253,134
Computer Expenses		14,697	11,673
Consumables		5,564	11,570
Course Fees, Education & Training		103,277	94,004
Depreciation and amortisation	6, 7	184,239	161,755

Statement of financial performance for the year ended 30 June 2013 (continued)



	Notes	2013 R	RESTATED 2012 R
Donations & Social Responsibility		79,000	21,900
Electricity, Water & Rates		170,474	86,689
Employee Related Costs	14	7,997,647	6,444,244
Entertainment		65,054	92,550
Equipment Lease & Rentals		64,596	23,274
Helenvale Urban Renewal Program		850,258	-
Insurance		69,492	72,235
Interest Paid	16, 28	158,567	195,187
IT Support Costs		89,468	112,452
Legal Fees		214,143	423,500
Meeting Expenses		62,832	44,355
National Lotteries Board Expenses	28, 29	632,924	506,547
Office Decor & Fittings		21,265	20,090
Office Relocation Costs		-	224,323
Office Rentals		662,154	519,255
Postage & Courier		4,082	19,194
Printing & Stationery		45,831	39,967
Professional & Consultant Fees		671,129	593,460
Public Relations & Marketing		1,824,631	1,392,408
Recruitment Costs		40,780	80,275
Refreshments		28,601	11,527
Repairs & Maintenance		50,700	40,355
Security Plan Project		1,872,088	1,250,123
Strategic Spatial Framework Studies	30	440,000	469,655
Subscriptions		50,926	69,749
Sundry Expenses		87,169	81,096
Telephone & Fax		144,225	155,312
Travel & Accommodation		286,253	313,796
SURPLUS/(DEFICIT) FOR THE YEAR		101,911	54,991

Statement of changes in net assets for the year ended 30 June 2013

	R	R
	Accumulated Surplus	Total
BALANCE AT 1 JULY 2011	790,249	790,249
Surplus for the year	54,991	54,991
BALANCE AT 1 JULY 2012	845,240	845,240
Surplus for the year	101,911	101,911
BALANCE AT 30 JUNE 2013	947,151	947,151

Note: The accumulated surplus of the entity represents revenue relating to grants received for the purchase of property, plant and equipment. The accumulated surplus will increase when new assets are purchased and reduce as these assets are depreciated over their useful lives.





	Notes	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Gross cash receipts from Nelson Mandela Bay Municipality		68,445,579	75,087,589
Gross cash receipts from IDC, NLB and others		9,856,642	8,109,475
Cash paid to suppliers and employees		75,871,077	87,173,814
<i>Cash generated from / (utilised in) operations</i>	15	2,431,143	(3,976,750)
Interest received		2,435,290	1,928,689
NET CASH FROM OPERATING ACTIVITIES		4,866,434	(2,048,061)
<i>Cash from investing activities</i>			
Purchase of property, plant and equipment	6, 7	(305,839)	(234,432)
NET CASH FROM INVESTING ACTIVITIES		(305,839)	(234,432)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		4,560,595	(2,282,493)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		56,091,829	58,374,322
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	60,652,424	56,091,829



Financial Accountability





1.1 REPORTING ENTITY

Mandela Bay Development Agency is a municipal entity (registered non-profit company) with the Nelson Mandela Bay Municipality (NMBM) as its parent municipality. The entity's registered address is The City Hall, Port Elizabeth. The entity is situated in the Nelson Mandela Bay Municipality of the Eastern Cape Province. The entity has been established by the NMBM with the assistance of the Industrial Development Corporation (IDC) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development.

1.2 BASIS FOR PRESENTATION

1.2.1 *Statement of Compliance*

The annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) Financial Reporting Framework as set by the Accounting Standards Board (ASB) and prescribed by the Minister of Finance in Directive 5.

1.2.2 *Basis of measurement*

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention or fair value if stated as such.

1.2.3 *Use of Estimates and judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

NOTE 4 – PROVISIONS

Workmen's compensation provision is calculated as a percentage of total earnings for the year.

NOTE 6 – PROPERTY, PLANT & EQUIPMENT

The estimated useful lives of all property, plant and equipment were revised as part of the annual assessment process and was based on latest replacement cost.

NOTE 12 – AMOUNTS DUE TO FUNDERS OF CONSTRUCTION CONTRACTS

This represents the total value of unspent conditional grant funding that has been received by the entity and which is reflected as payable to funders of construction contracts and other capital projects.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.4 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual values over the anticipated useful lives of the assets concerned.

The principal useful lives used for this purpose are:

<i>Assets</i>	<i>Useful life in Years</i>
• Computer Equipment	3 - 8
• Computer Software	2
• Office Equipment	5 - 10
• Furniture and Fittings	10
• Motor Vehicles	4 - 5
• Containers	15

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Surpluses or deficits on the disposal of assets are credited or charged to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Heritage assets refer to works of art that have been acquired or constructed by the entity and are not depreciated, but are assessed at each balance sheet date whether there is an impairment, in which case the entity shall estimate the recoverable amount of the heritage asset.

1.6 INVENTORY

Project Spares are measured at lower of cost and net-realizable value. In general the basis of determining cost is the first-in, first-out method.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.7 CONSTRUCTION CONTRACTS

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of the contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date exceed capital grants received, the surplus is shown as amounts due from funders for contract work. For contracts where capital grants received exceed contract costs incurred to date, the surplus is shown as the amounts due to funders for contract work. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as unspent conditional grants. Amounts billed for work performed but not yet paid by the funder are included in the statement of financial position under trade and other receivables.



Project Spares are measured at lower of cost and net-realizable value. In general the basis of determining cost is the first-in, first-out method.



The Donkin Reserve - Aerial View



Route 67 - Great Flag



Bus Station Mural



Athenæum - Little Theatre



Way-Finding Markers

1.8 FINANCIAL INSTRUMENTS

1.8.1 *Investments and other financial assets*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The entity had no financial assets at fair value through profit or loss, held to maturity investments or available-for-sale financial assets.

1.8.2 *Trade and other Receivables*

Trade and other receivables are classified as loans and receivables and are measured at initial recognition at fair value plus direct transaction costs, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss to reflect irrecoverable amounts. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

1.8.3 *Impairment of Financial Assets*

The company assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

1.8.4 *Derecognition of financial assets and liabilities*

1.8.4.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired; or the entity retains the right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either:

- (a) the entity has transferred substantially all the risks and rewards of the asset, or
- (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

1.8.5 *Financial Liabilities*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The entity's financial liabilities include trade and other payables as well as construction contract retention creditors.

1.8.5.1 *Construction Contract Retention Creditors*

The entity received grant funding from its parent municipality to undertake certain infrastructure development projects. It accounts for costs incurred on construction of these infrastructure development projects using the percentage of completion method which is certified by the consulting engineer.

Retentions payable within 12 months after financial year end is treated as current and any retentions payable over 12 months after financial year end is treated as long term.



1.8.6 Loans and Borrowings

After initial recognition, trade and other payables and construction contract retention creditors are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well through the amortisation schedule.

1.9 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. Cash in the statement of financial position comprises of cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Cash and cash equivalents are measured at fair value.

1.10 PROVISIONS AND CONTINGENCIES

A provision is recognised when the entity has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the estimate of the expenditure required to settle the present obligation at the statement of financial position date.

After their initial recognition contingent liabilities recognised are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised but disclosed in the annual financial statements.

1.11 REVENUE RECOGNITION

1.11.1 Revenue from Exchange Transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an

increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion.



When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

INTEREST

Interest is recognised on a time-apportioned basis, in surplus or deficit.

1.11.2 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

1.12 VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amount of Value Added Tax except:

- where the Value Added Tax incurred on a purchase of assets or services is not recoverable from taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of Value Added Tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of trade and other receivables or trade and other payables in the statement of financial position.

1.13 UNSPENT CONDITIONAL GRANTS

Unutilised project funding is reflected on the Statement of Financial Position as a Current Liability - Unspent Conditional Grants. The cash received is invested until it is utilised.

1.14 COMPARATIVE INFORMATION

1.14.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current year only.

1.14.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior year comparative amounts are reclassified. The nature and reason for the reclassification is disclosed. (Refer to note 28 for the impact of the prior period restatement on the prior year comparatives).

1.15 TAXATION

The entity has received a tax exemption certificate from South African Revenue Services.

1.16 OPERATING LEASES

Operating leases do not transfer to the entity substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term.

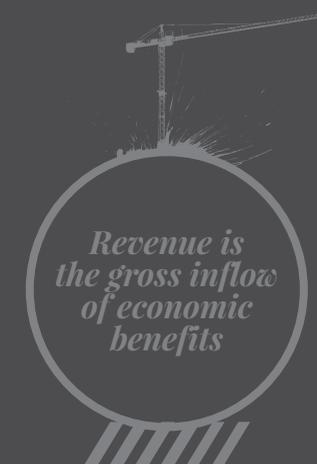
1.17 RETIREMENT BENEFITS

The policy of the company is to provide retirement benefits for all its employees. The company has a defined contribution plan. Current contributions to the retirement benefit plan operated for employees are charged against the income in the period to which they relate.

1.18 STATEMENTS IN ISSUE BUT NOT YET ADOPTED

The following standards of GRAP in issue have not yet been adopted. Management has not yet had an opportunity to consider the potential impact of adoption of these standards.

<i>Standard of GRAP</i>	<i>Effective Date</i>
GRAP 18 Segment Reporting	No effective date gazetted to date
GRAP 20 Related party disclosures	No effective date gazetted to date
GRAP 105 Transfers of Functions Between Entities Under Common Control	No effective date gazetted to date
GRAP 106 Transfers of Functions Between Entities Not Under Common Control	No effective date gazetted to date
GRAP 107 Mergers	No effective date gazetted to date



MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 June 2013

	2013 R	2012 R
2 CONSTRUCTION CONTRACT RETENTION CREDITORS		
Rand Civils - Strand Street Phase 2	-	513,290
Cypress - Uitenhage Market Square Phase 1	-	256,045
Cypress - Uitenhage Market Square Phase 2	-	239,321
GVK Siyazama - Atheneum Club Refurbishment	-	78,169
Trenchless Technologies - GMA 2 Sewer Rehabilitation	-	215,545
Mawethu Civils - Kings Beach Triangle Upgrade Phase 1	332,086	312,984
Mawethu Civils - Kings Beach Triangle Upgrade Phase 2A	48,889	61,319
Mawethu Civils - Kings Beach Triangle Upgrade Phase 2B	573,772	-
Ngelethu Construction - Donkin Reserve Upgrade Phase 4	367,301	54,314
Techni Civils - Bird Street/Belmont Terrace Upgrade Phase 1 & 2	1,007,382	-
GVK Siyazama - Tramways Building Redevelopment Phase 1A	208,281	-
BM Machesa Construction - Gqebera Old Cemetery Upgrade	29,257	-
Qingqani MaAfrika - New Brighton Sportsfield Upgrade	12,988	-
	2,579,956	1,730,987
Less: Short term portion transferred to Current Liabilities	(410,232)	(1,615,354)
	2,169,724	115,633

Construction contract retention creditors relate to retentions held in projects in line with accepted construction accounting principles. Such retentions are payable 3 to 12 months after official sign off of the project, and are non-interest bearing.

3 TRADE AND OTHER PAYABLES		
Trade Creditors	3,733,105	662,959
PAYE	107,800	86,650
UIF	5,967	4,003
Audit fees	19,374	122,045
Staff leave	293,554	196,102
Performance Bonuses	449,799	360,348
13th Cheque	116,037	75,449
Provident Fund	78,315	59,499
Accruals	2,989,287	1,027,536
	7,793,237	2,594,591

Trade and other payables are non-interest bearing and are normally settled within 30 days of receipt of invoice.

4 PROVISIONS		
<i>Workmen's Compensation</i>		
Balance at beginning of year	27,823	23,851
Current year provision	33,797	27,823
Adjustment for underprovision	35,922	(6,621)
Expenditure incurred	(63,745)	(17,230)
Balance at end of year	33,797	27,823
TOTAL	33,797	27,823

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 june 2013

	2013 R	RESTATED 2012 R
5 UNSPENT CONDITIONAL GRANTS	56,520,224	55,810,374
<i>IDC</i>	-	425,499
Opening Balance	425,499	895,154
Amount Received	-	-
Recognised as Revenue	(425,499)	(469,655)
<i>National Lotteries Board</i>	927,341	(38,817)
Opening Balance	(38,817)	6,606,776
Amount Received	3,045,614	-
Capital expenditure portion of grant recognised as Revenue	(1,424,032)	(5,932,046)
Operating expenditure portion of grant recognised as Revenue	(655,424)	(713,547)
<i>NMBM</i>	55,592,883	55,423,692
Opening Balance	55,423,692	46,269,943
Grants for the year	64,513,659	66,271,735
Capital project expenditure portion of grant recognised as Exchange Revenue	(45,579,403)	(42,175,020)
Operating and capital expenditure portion of grant recognised as Non-Exchange Revenue	(18,765,066)	(14,942,966)
Interest Received	2,600,163	2,166,563
Sundry Income	181,703	378,016
Property Plant & Equipment	(283,339)	(192,432)
Operating expenses	(21,263,593)	(17,295,113)
Made up as follows:		
Committed Capital Projects in progress - Contract Creditors (refer to note 12)	38,989,166	43,693,377
Other (Operating grants, interest received, sundry income etc)	16,603,717	11,730,315
IDC Grant	-	425,499
National Lotteries Board Grant	927,341	(38,817)

MANDELA BAY DEVELOPMENT AGENCY NPC***Notes to the annual financial statements for the year ended 30 June 2013***

* The Agency's capital projects typically are multi-year in nature and span over 24 to 36 months with the first year normally starting slowly due to the complexities around planning, legislative compliance (EIA/Heritage), public participation, design, masterplanning and tender document preparation phases. The Unspent Conditional Grants total at 30 June 2013 comprised mainly of:

<i>Project Name</i>	<i>Unspent Grants at 30 June 2013</i>	<i>Project Status</i>
Bird Street / Belmont Terrace Upgrade Phase 1	2,504,431	Construction in progress and planned to be completed by August 2013
Donkin Reserve Upgrade Phase 4	2,970,002	Construction in progress and planned to be completed during 2013/14
Red Location Upgrade – Singapi Rd Phase 1	5,889,804	Consultants appointed and construction to commence in 2013/14
New Brighton Sportsfield Upgrade	1,848,114	Construction in progress and planned to be completed by October 2013
Tramways Building Redevelopment Phase 1	18,575,666	Construction in progress, planned to be completed January 2014
Walmer / Gqebera Township project	1,781,313	Construction in progress, to be completed during the 2013/14 financial year
Veeplaas Informal Trading Upgrade	2,497,623	Construction planned to commence in the 2013/14 financial year
Strand Street Fountain, Baakens Street Circle Art Piece and Uitenhage Market Square Statue	1,500,000	Funds have been committed, rolled over into the 2013/14 financial year
Inner City Arts Programme	927,341	Remaining grant to be spent in 2013/14 financial year
Prior year Interest and Sundry Income	8,485,450	Rolled over into the 2013/14 financial year
Rugby Sevens Income	5,035,812	Accrued for but only expected to be received in the 2013/14 financial year
Other operating cost savings	4,367,806	Savings rolled over into the 2013/14 financial year

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 june 2013

6 PROPERTY, PLANT AND EQUIPMENT

	2013 R								Carrying Value
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	631,944	65,917	-	697,861	398,977	68,591	-	467,568	230,293
Office Equipment	101,657	89,549	-	191,206	43,051	12,615	-	55,666	135,540
Furniture & Fittings	427,871	-	-	427,871	236,842	35,497	-	272,339	155,532
Motor Vehicles	166,746	113,311	(30,693)	249,364	107,674	30,034	(14,426)	123,283	126,082
Containers	62,120	-	-	62,120	5,792	3,313	-	9,105	53,015
Heritage Assets	207,000	22,500	-	229,500	-	-	-	-	229,500
	1,597,338	291,277	(30,693)	1,857,922	792,336	150,051	(14,426)	927,961	929,961

	2012 R								Carrying Value
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	552,009	114,717	(34,782)	631,944	374,226	54,240	(29,489)	398,977	232,967
Office Equipment	59,504	42,153	-	101,657	36,328	6,723	-	43,051	58,606
Furniture & Fittings	447,117	14,162	(33,408)	427,871	220,934	36,923	(21,015)	236,842	191,029
Motor Vehicles	166,746	-	-	166,746	79,168	28,506	-	107,674	59,072
Containers	45,120	17,000	-	62,120	3,008	2,784	-	5,792	56,328
Heritage Assets	165,000	42,000	-	207,000	-	-	-	-	207,000
	1,435,496	230,032	(68,190)	1,597,338	713,664	129,176	(50,504)	792,336	805,002

Note: No item of Property, Plant and Equipment has been pledged as security for liabilities.



7 INTANGIBLE ASSETS

	2013 R								Carrying Value
	Cost				Accumulated Amortisation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Amortia-sation	Disposal	Closing Balance	
Computer Software	153,369	14,562	(4,400)	163,531	113,131	34,188	(978)	146,341	17,190
	153,369	14,562	(4,400)	163,531	113,131	34,188	(978)	146,341	17,190

	2012 R								Carrying Value
	Cost				Accumulated Amortisation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Amortia-sation	Disposal	Closing Balance	
Computer Software	148,969	4,400	-	153,369	80,552	32,579	-	113,131	40,238
	148,969	4,400	-	153,369	80,552	32,579	-	113,131	40,238

	2013 R	2012 R
8 INVENTORY		
Craft Inventory	-	-
Project Spares	-	46,889
	-	46,889

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 june 2013

	2013 R	2012 R
9 TRADE AND OTHER RECEIVABLES		
Trade Debtors	5,545,170	3,335,115
Provision for Bad debts	(42,043)	(17,880)
Interest Receivable	164,873	237,874
Sundry Debtors	95,172	41,520
VAT	509,518	426,328
	6,272,690	4,022,957
<i>Trade debtors: Ageing</i>		
Current (0 - 30 days)	5,491,816	3,309,090
31 - 60 days	6,045	4,170
61 - 90 days	5,265	3,975
91 + days	42,043	17,880
	5,545,170	3,335,115
<i>NOTE Interest receivable, sundry debtors and VAT have not been aged as they are all current.</i>		
10 DEPOSITS		
Telkom	2,100	2,100
	2,100	2,100
11 CASH AND CASH EQUIVALENTS		
<i>The entity has the following bank accounts</i>		
Current Account (Primary Account)		
First National Bank, Govan Mbeki Avenue, Port Elizabeth Account Number - 62244870748		
Cashbook balance at beginning of year	111,945	345,065
Cashbook balance at end of the year	372,312	111,945
Bank statement balance at beginning of the year	111,945	345,065
Bank statement balance at end of the year	372,312	111,945
Call Account Deposits		
Rand Merchant Bank, Port Elizabeth Account Number - X021906134		
Cashbook balance at beginning of year	55,979,884	58,029,257
Cashbook balance at end of the year	60,280,112	55,979,884
Bank statement balance at beginning of the year	55,979,884	58,029,257
Bank statement balance at end of the year	60,280,112	55,979,884
Which are disclosed in the Statement of Financial Position as follows:-		
Cash and Cash Equivalents	60,652,424	56,091,829
Current Account (Primary Account)	372,312	111,945
Call Account Deposits	60,280,112	55,979,884
<i>All amounts of Cash and Cash Equivalents are available for use by the entity.</i>		
12 AMOUNTS DUE TO FUNDERS OF CONSTRUCTION CONTRACTS		
Cumulative Construction costs incurred	(133,425,081)	(104,742,869)
Cumulative Advances received	172,414,247	148,436,246
Amounts due to funders of construction contracts	38,989,166	43,693,377
<i>(Refer to note 5)</i>		

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 june 2013

	2013 R	2012 R
13 OTHER INCOME		
Request for Proposal Document Fees	33,860	39,583
Sundry income	2,905	79,548
Kiosk Rentals	66,054	56,579
NMBM Costs re-imburements	-	124,217
Public Toilet Fees	55,846	69,894
Discount Received	23,038	8,195
	181,703	378,016
14 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	5,951,358	4,739,655
Employee related costs - Social Contributions	1,488,491	1,236,241
Car allowances	108,000	108,000
Performance bonus	449,799	360,348
Total Employee Related Costs	7,997,647	6,444,244
Remuneration of the Chief Executive Officer		
Annual Remuneration including social contributions	1,331,396	1,240,370
Car allowance	60,000	60,000
Performance bonus	180,881	156,044
Total	1,572,278	1,456,414
Remuneration of Chief Financial Officer		
Annual Remuneration including social contributions	749,664	699,050
Car allowance	24,000	24,000
Performance bonus	100,576	101,227
Total	874,240	824,277
Remuneration of Planning and Development Manager		
Annual Remuneration including social contributions	661,155	628,529
Car allowance	24,000	24,000
Performance bonus	68,516	65,253
Total	753,671	717,782
Remuneration of Operations Manager		
Annual Remuneration including social contributions	439,174	420,263
Performance bonus	43,917	37,824
Total	483,092	458,087
Remuneration of Planning and Development Manager (Pro-rated over 8.5 months)		
Annual Remuneration including social contributions	425,000	-
Performance bonus	42,500	-
Total	467,500	-

	2013 R	RESTATED 2012 R
15 CASH GENERATED FROM / (UTILISED IN) OPERATIONS		
Surplus / (Deficit) for the year	101,911	54,991
Depreciation	184,239	161,755
Loss / (Profit) on disposal of property, plant and equipment	19,690	17,686
Interest Received	(2,435,290)	(1,928,689)
Increase / (Decrease) in provisions	5,974	3,972
Operating loss before working capital changes:	(2,123,477)	(1,690,285)
(Decrease) / Increase in Trade and other Payables	5,198,646	(5,518,770)
Increase / (Decrease) in Unspent Conditional Grants	709,850	2,038,501
(Decrease) / Increase in Construction Contract Retention Creditors	848,969	(367,236)
Decrease / (Increase) in Inventory	46,889	32,565
Decrease / (Increase) in Trade and other Receivables	(2,249,733)	1,527,075
Decrease / (Increase) in Deposits Paid	-	1,400
Cash generated from / (utilised in) operations	2,431,143	(3,976,750)

16 INTEREST PAID

Interest on present valuing Retention Creditors	158,567	195,187
	158,567	195,187

This amount relates to a book entry with respect to the valuation of retention creditors at financial year end and is reversed once the retention is paid.

17 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

17.1 Audit fees

Opening balance	122,045	178,978
Current year audit fee	489,335	410,756
Amount paid - current year	(470,008)	(288,711)
Amount paid - previous year	(122,045)	(178,978)
Balance unpaid	19,327	122,045

17.2 PAYE and UIF

Opening balance	90,653	83,911
Current year payroll deductions	1,484,445	1,235,363
Amount paid - current year	(1,370,678)	(1,144,710)
Amount paid - previous year	(90,653)	(83,911)
Balance unpaid	113,767	90,653

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 June 2013

	2013 R	2012 R
17.3 Performance Bonuses		
Opening balance	360,348	265,727
Amount paid	(360,348)	(265,727)
Provisions for the year	449,799	360,348
Balance unpaid	449,799	360,348

17.4 Provident Fund		
Opening balance	59,499	54,077
Amount paid	(849,037)	(700,159)
Expenditure	867,853	705,581
Balance unpaid	78,315	59,499

The entity contributes to the Liberty Corporate Selection Group Life Scheme, a defined contribution plan which is required to be actuarially valued. The fund is governed under the Pension Fund Act, 1956 as amended. The employer makes a monthly contribution of 15% of staff members' salary in respect of members belonging to the Provident Fund. A total of 21 members belong to the fund.

17.5 Supply Chain Management Policy

In accordance with section 36(1)(a)(i) of SCM policy regulations there were deviations from the normal procurement process to the value of R256 275.

In accordance with section 36(1)(a)(ii) of SCM policy regulations there were deviations from the normal procurement process to the value of R348 420.

In accordance with section 36(1)(a)(iii) of SCM policy regulations there were deviations from the normal procurement process to the value of R769 500.

In accordance with section 36(1)(a)(v) of SCM policy regulations there were deviations from the normal procurement process to the value of R1 976 955.

In accordance with section 36(1)(b) of SCM policy regulations there were deviations from the normal procurement process to the value of R25 641.

18 VALUE ADDED TAX

As at 30 June 2013 all VAT returns have been submitted timeously to the South African Revenue Services.

19 RELATED PARTIES

19.1 Relations

Parent Municipality: Nelson Mandela Bay Municipality

Funder: Industrial Development Corporation

Funder: National Lotteries Board

19.2 Related party balances

Amounts included in Trade and Other Receivables (Trade and Other Payables) regarding related parties

Nelson Mandela Bay Municipality	5,485,441	2,979,291
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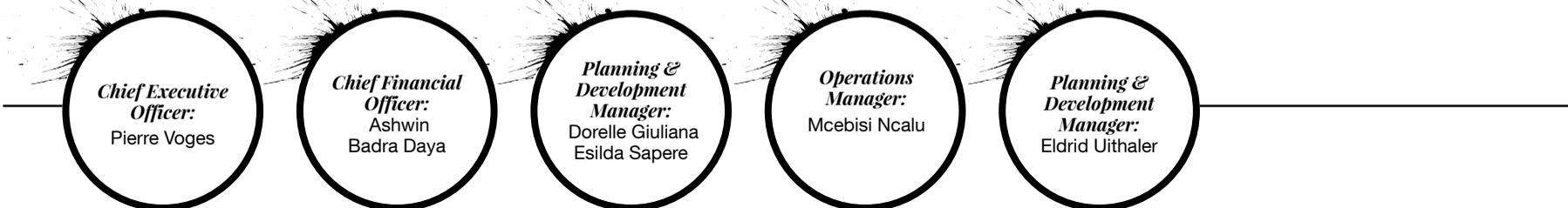
These balances have no fixed terms and conditions.

Refer to note 5 relating to NMBM, IDC and NLB unspent conditional grants.

	2013 R	2012 R
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20 KEY MANAGEMENT PERSONNEL

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, directly or indirectly including any director of MBDA:



Their short term employee benefits are disclosed in note 14.

21 CONTINGENT LIABILITY

We are not aware of the existence of any contingent liabilities at the financial year end.

22 CONTINGENT ASSETS

We are not aware of the existence of any contingent assets at the financial year end.

23 IN-KIND DONATIONS

No in-kind donations and/or assistance was received during the financial year that would require adjustments to the annual financial statements.

24 POST BALANCE SHEET EVENTS

No events post balance sheet date occurred that would require adjustments to the annual financial statements.

25 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

25.1 Unauthorised Expenditure

No such expenditure was incurred by the entity.

25.2 Irregular Expenditure

Balance at beginning of year	4,467,140	4,467,140
Incurred during the year	-	-
Condoned by the Board	-4,467,140	-
Balance at end of year	-	4,467,140

Irregular expenditure incurred was condoned by the Board during the 2011/12 financial year but due to uncertainty such condonation was not disclosed. National Treasury have since released MFMA Circular 68 confirming the treatment of irregular expenditure and such condonation is now disclosed.

	2013 R	2012 R
25.3 Fruitless and Wasteful Expenditure		
Balance at beginning of year	26,548	26,548
Incurring during the year	-	-
Condoned by The Board	(26,548)	-
Balance at end of year	-	26,548

The fruitless and wasteful expenditure incurred was condoned by the Board during the 2010/11 financial year and reflected as such in the 2010/11 financial statements. Due to uncertainty regarding such disclosure, this amount was reclassified in 2011/12 as fruitless and wasteful expenditure. National Treasury have since released MFMA Circular 68 confirming the treatment of fruitless and wasteful expenditure and such condonation is now once again disclosed.

26 OPERATING LEASES

The following are the total minimum future lease payments

	0 - 1 year	1 - 5 years
Office plants rental	5,380	-
Public toilets rental	35,984	227,994
Office rental	719,823	1,486,759

NOTE: The entity is the lessee for all these leases.



	2013 R	2012 R
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27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The entity's principal financial liabilities comprise Trade and Other Payables. The entity's financial assets comprise Trade and Other Receivables (excluding VAT Receivables) and cash and short-term deposits.

Classification of Financial Instruments

Financial Assets

Loans and Receivables*	66,415,595	59,688,458
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Financial Liabilities

At amortised cost	10,373,192	4,325,578
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* Loans and receivable excludes VAT Receivable

27.1 Interest Rate Risk

The entity's exposure to the risk of changes in market interest rates relates primarily to the entity's positive bank balance. As part of the process of managing the entity's interest rate risk, the entity's income and operating cash flows are substantially independent of changes in the market rates.

Interest Rate Risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on profit before taxation (through the impact on floating rate borrowings). There is no impact on equity.

Cash and cash equivalents	60 652 424	56 091 829
Effect of a 100 basis point movement in the interest rate	(606 524)	(560 918)

27.2 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity mainly transacts with entities who provides grants to fund operations and projects. Trade Receivables at year end consist mainly of the Nelson Mandela Bay Municipality.

2013
R

2012
R

27.3 *Liquidity Risk*

Liquidity Risk Management

The entity manages its liquidity risk by ensuring sufficient cash reserves to settle liabilities.

Liquidity Tables

The following table details the entity's remaining contractual maturity for its financial liabilities with agreed repayment periods.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the debt can be required to pay.

Tables include both interest and principal cash flows.

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
30-Jun-13				
Trade and Other Payables	7,793,237	-	-	-
Construction Contract Retention Creditors	-	-	410,232	2,169,724
	<u>7,793,237</u>	<u>-</u>	<u>410,232</u>	<u>2,169,724</u>
30-Jun-12				
Trade and Other Payables	2,594,591	-	-	-
Construction Contract Retention Creditors	-	-	1,615,354	115,633
	<u>2,594,591</u>	<u>-</u>	<u>1,615,354</u>	<u>115,633</u>

27.4 *Foreign Currency Risk*

The entity is not exposed to foreign currency risk as all trading is done locally.

28 PRIOR PERIOD RESTATEMENT

28.1 The Agency discovered that an amount of R40,471 relating to the present valuing of an outstanding invoice from NMBM was incorrectly disclosed as interest paid in the 2011/12 financial year. The prior period was adjusted retrospectively and the effect of the restatement is as follows:

<i>Statement of Financial Performance</i>	Previously Stated	Change	Restated
	2012		2012
Interest Paid	235,660	-40,473	195,187
Revenue from non Exchange Transactions (NMBM Conditional Grants & Receipts)	-15,190,439	40,473	-15,149,966
Net impact on Statement of financial performance		<u>-</u>	

28.2 The Agency discovered that an amount of R207,000 relating to property, plant and equipment acquired through the National Lotteries Board funding was incorrectly recorded as revenue received from the NMBM in the previous years. The prior period was adjusted retrospectively and the effect of the restatement is as follows:

	Previously Stated 2012	Change	Restated 2012
Statement of Financial Performance			
Revenue from non Exchange Transactions (NMBM Conditional Grants & Receipts)	-15,149,966	207,000	-14,942,966
Revenue from non Exchange Transactions (National Lotteries Board Receipts)	-506,547	-207,000	-713,547
Net impact on Statement of financial performance		-	
Statement of Financial Position			
Unspent Conditional Grants (National Lotteries Board)	-2,068,183	207,000	-1,861,183
Unspent Conditional Grants (NMBM)	-53,316,692	-207,000	-53,523,692
Net impact on Statement of financial position		-	

28.3 The entity discovered that an amount of R1,900,000 relating to Refurbishment of the Athenaeum Club Building funded by the National Lotteries Board was incorrectly recorded as revenue received from the NMBM in the previous years. The prior period was adjusted retrospectively and the effect of the restatement is as follows:

Statement of Financial Performance			
Revenue from Exchange Transactions (NMBM Conditional Grants & Receipts)	-44,075,020	1,900,000	-42,175,020
Revenue from Exchange Transactions (National Lotteries Board Receipts)	-4,032,046	-1,900,000	-5,932,046
Net impact on Statement of financial performance		-	
Statement of Financial Position			
Unspent Conditional Grants (National Lotteries Board)	-1,861,183	1,900,000	38,817
Unspent Conditional Grants (NMBM)	-53,523,692	-1,900,000	-55,423,692
Net impact on Statement of financial position		-	

29 NATIONAL LOTTERIES BOARD EXPENSES

These expenses relate to an arts grant that was awarded to the entity by the National Lotteries Board (NLB).

30 STRATEGIC SPATIAL FRAMEWORK STUDIES

These expenses relate to feasibility and development studies and are predominantly funded by the Industrial Development Corporation (IDC).



MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 june 2013

	2013 Actual R	2013 Budget R	Actual vs Budget Variance R	Actual vs Budget Variance %	Notes
31 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)					
<i>Revenue</i>	69,631,291	116,455,182	(46,823,891)	(40.21)	
<i>Expenditure</i>					
Advertising & Media	155,789	160,000	(4,211)	(2.63)	
Audit Fees	429,282	535,000	(105,718)	(19.76)	
Bad Debts	24,163	25,000	(837)	(3.35)	
Bank Charges	7,806	8,000	(194)	(2.43)	
Capital Projects Cost	46,844,867	85,982,600	(39,137,733)	(45.52)	1
CBD Facilities	1,483,489	1,558,266	(74,777)	(4.80)	
Cleaning & Safety	50,118	51,000	(882)	(1.73)	
Cleansing Plan Project	3,541,797	3,914,631	(372,834)	(9.52)	
Computer Expenses	14,697	16,000	(1,303)	(8.14)	
Consumables	5,564	6,000	(436)	(7.27)	
Course Fees, Education & Training	103,277	105,000	(1,723)	(1.64)	
Depreciation and amortisation	184,239	190,000	(5,761)	(3.03)	
Donations & Social Responsibility	79,000	303,000	(224,000)	(73.93)	2
Electricity, Water & Rates	170,474	171,000	(526)	(0.31)	
Employee Related Costs	7,997,647	8,660,730	(663,083)	(7.66)	
Entertainment	65,054	125,000	(59,946)	(47.96)	2
Equipment Lease & Rentals	64,596	75,000	(10,404)	(13.87)	
Helenvale Urban Renewal Program	850,258	1,200,000	(349,742)	(29.15)	3
Insurance	69,492	105,000	(35,508)	(33.82)	2
Interest Paid	158,567	160,000	(1,433)	(0.90)	
IT Support Costs	89,468	119,000	(29,532)	(24.82)	2
Legal Fees	214,143	525,000	(310,857)	(59.21)	2
Meeting Expenses	62,832	65,000	(2,168)	(3.34)	
National Lottery Fund Expenses	632,924	645,614	(12,690)	(1.97)	
Office Decor & Fittings	21,265	25,000	(3,735)	(14.94)	
Office Rentals	662,154	740,393	(78,239)	(10.57)	
Postage & Courier	4,082	20,000	(15,918)	(79.59)	2
Printing & Stationery	45,831	50,000	(4,169)	(8.34)	
Professional & Consultant Fees	671,129	1,048,191	(377,062)	(35.97)	2
Public Relations & Marketing	1,824,631	1,940,000	(115,369)	(5.95)	
Recruitment Costs	40,780	50,000	(9,220)	(18.44)	
Refreshments	28,601	29,000	(399)	(1.37)	
Repairs & Maintenance	50,700	51,000	(300)	(0.59)	
Security Plan Project	1,872,088	2,396,757	(524,669)	(21.89)	3

	2013 Actual R	2013 Budget R	Actual vs Budget Variance R	Actual vs Budget Variance %	Notes
31 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) (Continued)					
Strategic Spatial Implementation Framework Studies	440,000	4,750,000	(4,310,000)	(90.74)	4
Subscriptions	50,926	51,000	(75)	(0.15)	
Sundry Expenses	87,169	88,000	(831)	(0.94)	
Telephone & Fax	144,225	150,000	(5,775)	(3.85)	
Travel & Accommodation	286,253	360,000	(73,747)	(20.49)	2
TOTAL EXPENDITURE	69,529,379	116,455,182	-46,925,803	(40.30)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	101,911	-	101,911		

All variances below 20% are not explained

1. Refer to Note 5 of the annual financial statements
2. These relate to cost savings incurred during the financial year
3. These funds have been fully committed and will be spent in the 2013/14 financial year
4. This relates to IDC operational grant funding of R3.5 million that is now only expected to be received in the 2013/14 financial year.

	2013 Actual R	2013 Budget R	Actual vs Budget Variance R	Actual vs Budget Variance %	Notes
32 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT)					
Computer Equipment	65,917	115,000	(49,083)	(42.68)	1
Computer Software	14,562	40,000	(25,438)	(63.60)	1
Office Equipment	89,549	90,000	(451)	(0.50)	
Furniture & Fittings	-	55,000	(55,000)	(100.00)	1
Motor Vehicles	113,311	115,000	(1,689)	(1.47)	
Heritage Assets	22,500	30,000	(7,500)	(25.00)	1
TOTAL EXPENDITURE	305,839	445,000	(139,161)	(31.27)	

1. There was an overall saving of 31% on the property, plant and equipment budget for the financial year, and which mainly related to savings incurred during the financial period.



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