



Making dreams a reality

Embracing the winds of change

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*The Athenaeum is fully operational
and had positioned itself as a creative and
cultural centre which supports
exhibitions, music and theatre productions, poetry
evenings, conferences and workshops.*
- Pierre Voges



The Athenaeum

Acronyms & Abbreviations

ACH	Arts, Culture and Heritage
AFS	Annual Financial Statements
B-BBEE	Broad-Based Black Economic Empowerment
CBD	Central Business District
CCI	Cultural and Creative Industries
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
DAC	Department of Arts and Culture
EDRS	Economic Development & Recreational Services (Directorate of NMBM)
EIA	Environmental Impact Assessment
EPRU	Eastern Province Rugby Union
FY	Financial Year
HURP	Helenvale Urban Renewal Programme
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
HRC	Helenvale Resource Centre
HURP	Helenvale Urban Renewal Programme
KfW	German Development Bank
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MBDA	Mandela Bay Development Agency
NAF	National Arts Festival
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
SDA	Service Delivery Agreement
SMME	Small, Micro, Medium-sized Enterprise
SOMAD	School of Music, Art & Design
SPUU	Safety & Peace through Urban Upgrading
SPV	Special Purpose Vehicle
SRA	Special Ratings Area
SSIF	Strategic Spatial Implementation Framework
DTI	Department of Trade & Industry





Section 01:

Introduction & Organisational Overview



1. 2013/14 Highlights

I. SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT

- Over R500-million, since inception spent on direct infrastructure and environmental upgrades, resulting in significant tangible expressions of the work done and a strong accumulated track record of successful projects.
- The R25-million Bird Street/Belmont Terrace upgrade saw Trinder Square completed in 2014.
- The securing of a €5-million grant from the KfW Bank (German Development Bank) has been ploughed into a Safety & Peace through Urban Upgrading (SPUU) programme in Helenvale, ensuring that some of the socio-economic challenges of this marginalised area are urgently addressed.
- A number of major projects primed to unlock the development potential of Nelson Mandela Bay were initiated: the Tramways building, Telkom Park, Singapi Street, Baakens Valley precinct, Schauderville/Korsten represent but a few.
- The Athenaeum is now fully operational and has positioned itself as a creative and cultural centre, which supports exhibitions, music and theatre productions, poetry evenings, conferences and workshops.
- Route 67 is now a viable tourism product – free to be experienced by all – and has attracted widespread publicity both nationally and internationally.
- The Donkin Reserve environmental upgrade is nearing completion and is currently in Phase 4, with maintenance ongoing.
- The King's Beach environmental upgrade has reached Phase 4, which includes expanded work on the pond and the management of some environmental challenges.
- The Uitenhage Market Square environmental upgrade and its statue of Zola Nqini and precinct development are making good progress.
- A Memorandum of Understanding between Transnet, Nelson Mandela Bay Municipality and the MBDA was signed, signifying another milestone for the port/waterfront/marina development.

II. OPERATIONS & LED

- Private sector investment in both the Port Elizabeth and Uitenhage CBDs has increased – and with it the associated economic multipliers of growing employment, improved local business income, generation of rates and rising property values are evident.
- The MBDA spent R1.9-million on maintenance within the organisation's mandate areas, including the Donkin Reserve, the Athenaeum, the Port Elizabeth and Uitenhage CBDs, and King's Beach. All maintenance targets were met on time and procurement followed stringent supply chain processes.
- Implementation of the final stage of the Mobile Parking Meter Plan initiative was completed and will be introduced in selected areas of its Port Elizabeth mandate area.
- Successes were achieved with the on-going regulation of informal trading and in supporting traders to become micro-enterprises; as well as in the continuation of the 'Go Green' recycling initiatives in designated areas.
- Establishment of the city's first Special Ratings Area (SRA), in Richmond Hill, was approved with the required 50%-plus-one vote from property owners. The SRA is proceeding well and property owners have established a not-for-profit company, which has started receiving the special rates and levies via the NMBM. These funds will be used for the improvement of the Richmond Hill area.
- Planning for new initiatives such as the proposed canine units for improved security in the Port Elizabeth CBD, and planning for an inner city parking meter system, commenced in 2013/14.
- During the period under review, the MBDA continued to deliver security, cleaning, maintenance, and informal trading regulation and management to completed projects in several key operational areas in the Port Elizabeth and Uitenhage CBDs resulting in positive increases in residential and business confidence.

III. GOOD GOVERNANCE, FINANCIAL & MANAGEMENT

- The MBDA received the PMR Africa Award – a Diamond Arrow – which identified the organisation as the leading development agency in the Eastern Cape.
- The MBDA was given a clean audit for both the 2012/13 and 2013/14 financial years – an achievement indicative of the strong organisational checks and balances in place.
- In 2013/14 the MBDA was recognised by the Institute of Municipal Finance Officers for the receipt of the clean audit for the 2012/13 financial year.
- During the 2013/14 period, the staff complement grew by five employees, in proportion with growth in the organisation and its projects, including the appointment of a new marketing manager.

IV. CORPORATE SOCIAL INVESTMENT

- During the 2013/14 financial year, the MBDA entered into a groundbreaking public-private partnership with Tavcor Motor Group to jointly support the Healing Hand Foundation through the purchase of a new vehicle. The vehicle purchased has enabled the organisation to become even more efficient and effective in reaching out to its stakeholders.
- The MBDA, through support of community and tourism related events that showcase the city, invested in excess of R600 000 in sponsorships and events that directly profile the MBDA upgrades and to engage people with emerging products.

V. TOWNSHIP DEVELOPMENT

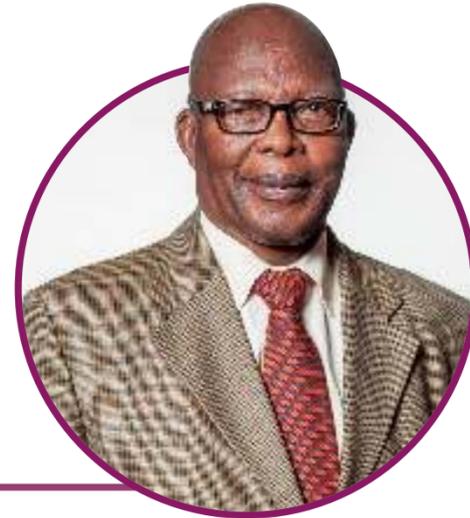
- The expansion of the MBDA's mandate to include the rejuvenation of neglected township areas marks a new era for the MBDA.
- Early township projects successes are evident in Walmer-Gqebera and Helenvale.
- The Singapi Street environmental upgrade project is the Agency's first major foray into full-scale township development and promises to be a key catalytic project that will result in a cultural gateway being formed.
- The procurement of emergent contractors in the township areas presents an opportunity for the MBDA to further its development and support of small, micro, and medium sized enterprises (SMMEs) many of which are black- and women-owned.
- The New Brighton Sports field upgrade project is 100% complete. The spectator stand, ablution facility and sports field have been upgraded.
- The Walmer-Gqebera Township Project (Phase 1) cemetery upgrade is 100% complete.

VI. MARKETING UPGRADES & PRODUCTS

- With a budget of less than R2.5-million in this financial year, the MBDA generated media coverage with an advertising value equivalent (AVE) of R12-million – a return on investment ratio of close to five.
- The newly-built Helenvale Resource Centre was officially opened and launched by the NMBM Executive Mayor, with 500 various dignitaries in attendance. A first in Helenvale, the event was attended by over 2000 residents.
- The Singapi Street project launch – community event – was attended by nearly 300 residents. The NMBM Executive Mayor, local Ward Councillor and CEO of the MBDA officiated.
- The Kings Beach Skate Park launch was well supported by the public; with foot traffic of close to 1000 people.
- The MBDA supported the International Ruby Board's (IRB) South African leg of the IRB Sevens, the Nelson Mandela Bay Rugby Sevens, event, a major driver of economic spinoffs for Nelson Mandela Bay and a key node earmarked for future development by the MBDA.



Foreword by the Executive Mayor of Nelson Mandela Bay



Cllr Benson Fihla

It was a great pleasure to take office in March 2013 knowing that a leading development agency was hard at work not only in the inner city of Nelson Mandela Bay, but also across our city in key nodes such as Helenvale, New Brighton and Walmer Township. I have watched over the past year with interest as the MBDA gathers momentum in bringing their experience and expertise in infrastructure development to areas in the most desperate need.

The city's leadership has further consolidated over the past year, under the united vision of a relatively new Executive Mayoral Committee, heralding a new focus on community needs, concerns and involvement in municipal planning and decision-making processes.

A vibrant IDP and budget public participation programme has been undertaken, which saw the city leadership address and interact with local communities, and the Executive Mayoral Committee members visiting and reaching out to communities.

While definite strides were made in improving the quality of life of our communities, it is acknowledged that challenges remain, specifically in securing greater public participation and engagement in decision-making and planning processes. The Municipality's budget is not sufficient to address all the needs and priorities of our residents, and we are thus prioritising the securing of external sources of funding and broadening our revenue base.

It is in this context that the vision mapped for the Mandela Bay Development Agency – a special development entity created by the Municipality some ten years ago – is taking great shape as it 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 – improving our communities as 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 has subsequently been extended to include township renewal, aimed at upgrading township areas so as to further promote tourism, job creation, investment and civic pride. At the same time, we acknowledge the need to address challenges such as aging and poorly maintained 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.

The Agency has in the period under review been successful in securing grants from external funders and a (EUR) €5-million investment by the KfW Bank (German Development Bank) on a government-to-government basis has been ploughed into a Safety & Peace through Urban Upgrading (SPUU) programme in Helenvale, further ensuring that some of the socio-economic challenges of this marginalised area are urgently addressed.

The MBDA is also undertaking urban renewal initiatives in the townships of our Municipality, in close consultation with their communities through comprehensive public participation processes to ensure that the real needs of the people are adequately identified and met and their voices are heard. This falls squarely in line with the community development and participation objectives of the Metro.

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 slowly beginning to return to these nodes, restoring vibrancy to areas affected by entrenched urban decay.

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. I would like to express my sincere gratitude to the Agency's Executive, Directors, management, officials and stakeholders for their dedication, support and co-operation, which has enabled the Agency to assert service delivery progress during the year under review.

In conclusion, I wish to laud the contribution and strategic guidance provided by the existing Board of Directors as they come to the end of their tenure in August 2014, and I wish the new incoming Directors all the best in ensuring that the NMBM's special purpose entity continues to deliver as it has over the past ten years, striving to provide hope to all citizens of Nelson Mandela Bay.

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

Chairperson's Report



The past financial year saw the MBDA make significant in-roads into a number of historic and priority township areas and suburbs in Nelson Mandela Bay. This marks a crystallisation of an approach it initiated two years back.

With major inner city developments complete and a number of tourism products developed and maintained, it made logical sense to begin linking existing developed areas with nodes in under-developed regions of Nelson Mandela Bay. This approach is guided by the goal of uniting precincts through a single, identifiable, common thread, expressed physically through infrastructure, and thereby creating a cohesive city community. Considerable headway was made in this regard in the year under review.

As the MBDA Board, we have endorsed and supported this approach as it speaks to national priorities for job creation, infrastructure development and the re-integration of peripheral township areas, side-lined by apartheid, into formal planning. This means the MBDA is working to ensure the

eventual re-integration and inclusion of these areas in the transformation of our city – returning them to the cultural core. The Route 67 tourism product, which has backward and forward linkages with this core, provides the roadmap for most of this integration – and is in itself a powerful symbol of change.

All indications are that the MBDA's solid track record of well-planned and designed infrastructure and urban upgrading will be replicated throughout the wider Nelson Mandela Bay. Personally, it gives me great joy to see this natural progression, from core to periphery, at work. Although the MBDA is tasked with improving urban infrastructure, this is a mandate beyond the obvious, or the bricks and mortar. Spaces remain empty until they are lived in and created into places. The MBDA is deeply entrenched in the process of using infrastructure to create social cohesion.

Given the MBDA's success with its inner city projects; the natural extension would be to reproduce that success in the areas that need it most. The outcomes are two-fold, supporting job creation while also satisfying the

need for peripheral urban development- with the added benefit of the creation of powerful tourism products. The socio-economic impact of the MBDA's township projects is important – with early successes evident at Helenvale and Walmer-Gqebera; and more to come as the Agency embeds itself further into these projects.

Essentially, a decade has passed since the establishment of the MBDA, and a new decade dawns. The MBDA is maturing and its experience and growth will stand it in good stead in the coming years as the mandate area expands and, with it, the incumbent and great responsibility of shaping – and changing – the urban fabric of Nelson Mandela Bay. Already two years into the next decade, the MBDA's methodology for urban renewal in the CBD is being replicated in emerging township areas. The redevelopment at Njoli Square is a case in point and the planned Singapi Street development is proof that this replication is possible.

I am extremely proud to be a part of such a credible and stable initiative. Much of the success of the MBDA is linked to its sound vision and concrete pathways of execution. With over R500-million spent on direct infrastructure upgrades and environmental improvements, there is now significant physical, tangible expression of the work done and a strong accumulated track record of successful projects. Moreover, the organisation has performed exceedingly well in terms of governance and compliance. The clean audit of this financial year is indicative of the strong organisational checks and balances in place.

An expanded mandate will come with its own complexities, but I have no doubt, with the current team at the helm, that continued success will follow. Expansion has, however, put pressure on already stretched human and financial resources and the MBDA requires further visionary planning to manage these challenges. A new five-year strategic outlook will be developed in the coming financial year and this will pave the way for managing the expanded mandate and complementing –indeed, at times, supplementing – the necessary development work of the Municipality.

A number of considerations in this regard need to be taken into account as the MBDA moves forward, including, inter alia, the need for a property portfolio and the inclusion of emerging contractors in the development process. A property portfolio would enable the accrual of assets, against which the MBDA could leverage capital for further development. This approach would also enable the MBDA to upgrade buildings in its mandate area to solidify the impact of work done. The buildings would hopefully thus not only be transferred for project management purposes but also onto the balance sheet, strengthening the ability of the Agency to increase its access to development funds. Essentially, this would unlock a series of

further urban development possibilities for the MBDA. The context in which the MBDA works requires the needs of the built environment and associated industries to be taken into account. To this end, the MBDA will need to look at Broad-Based Black Economic Empowerment (B-BBEE) within not only the construction sector, but also sectors associated with the services the Agency requires such as security, cleansing, marketing and catering. In strategic planning for the future, the Agency should put comprehensive plans in place to see small, micro and medium-sized (SMME) B-BBEE companies engaged and encouraged to take advantage of the various procurement opportunities within the Agency. This could be implemented alongside the development of an emerging contractor procurement policy (and applicable operations manual for its implementation), which is currently not in place. Given the bottom-up, people-centred and partnership-driven approach of the MBDA, I have no doubt that this approach is possible.

Looking ahead, there are a number of major projects primed to unlock the development potential of Nelson Mandela Bay: the Tramways building, Telkom Park, Singapi Street, Stadium precinct and Apple Express represent but a few. These will pave the way for further urban upgrading and a solidification of work already done. Drawing on key partnerships, such as those with the NMBM, Transnet and the Coega Development Corporation, the Agency is poised to continue its significant work.

In conclusion, I applaud the NMBM for continuing to support and enable the MBDA to deliver on its mandate. It is also time for the Board of Directors to make way for new blood and in this regard I wish to thank my colleagues on the Board for their support and strategic vision.

Further thanks are due to 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's projects and vision, but have brought them to life through investment and participation.

Saki Macozoma
Chairperson

Unlock
development
potential

Paving
the way

Chief Executive Officer's Report



You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete. - *Buckminster Fuller*

Looking back at the past decade, it is difficult not to reflect with pride. So much has been done and achieved. But, as always, there is more to do. The burden of the future weighs heavily on not only the MBDA's shoulders, but the South African government in general. Since its establishment in 2003, the MBDA has been the driving force behind urban regeneration in Nelson Mandela Bay, implementing a number of urban renewal projects, precinct upgrades, security and cleansing programmes and other strategic and ad hoc assignments that are collectively changing the face of the city and reinvigorating economic life in its central business districts.

Through strategic public sector investment geared to catalyse downstream private sector investment, the MBDA has seen the envisioned

transformation of Nelson Mandela Bay come to fruition. Private sector investment has increased and the associated economic multipliers of growing employment, improved local business income, generation of rates and rising property values are evident from our annual Economic Barometer review. I am pleased to report on the progress made in the 2013/14 financial year.

Over the past 12 years of our work, the MBDA's local economic development mandate has steadily expanded. This year saw the progression of our work in townships areas – a strategic move taken in acknowledgement of the MBDA's skills and experience and the positive potential outcomes of urban development in specific township nodes. We are now uniquely positioned to address needs not met by other more overburdened public and private sector resources.

In alignment and coordination with local government, the Agency works to further local economic development in a manner that is:

- Focused and decisive;
- Able to weigh trade-offs and make choices in the face of competing demands;
- Developed and implemented consistently through strategies and programmes; and
- Part of a shared vision by all key role players and stakeholders.

Herein lies the capacity of a local economic development (LED) agency to assist in providing advanced service delivery within a local government context wherein the parent municipality needs to focus on addressing more basic needs.

The power of the work we do comes down to approach. MBDA projects follow a signature, in-depth public participation process – particularly in the master plan and design phases. The Agency collaborates with important stakeholders in order to meet project design and implementation goals and remains in constant conversation with the various communities within its mandate areas, maintaining a people-centred approach to its development methodology and providing a collaborative framework through which to drive implementation.

Public participation is a relatively new development mechanism in the South African context. In this democratic process of engaging people, decisions and plans are derived through the creation of a forum which enables communities to play an active role in the development and operation of services that affect their lives. Community members are thus encouraged to define themselves through the capacities afforded to them – rather than by their limitations. As importantly, the MBDA gains valuable insight into the needs of the communities it serves and how best to meet them.

In the face of the successes achieved through public participation, however, is the need to maintain the integrity of participation endeavours; to protect against the process being used to 'rubber stamp the predetermined', as well as against reproductions of the dependency patterns that afflict our society. The MBDA thus strives to facilitate, enable and give voice to communities, engaging them in driving their own development. The creation of responsive locales through democratic engagement – as opposed to reactionary ones characterised by protest action – is envisaged to continue, resulting in meaningful interventions that make a tangible difference to the quality of life of community members. As the MBDA's five-year strategic plan reaches its final year of implementation, the Agency looks forward to the development of its next

five-year plan in November. TOWNSHIP PROJECTS

The expansion of the MBDA's mandate to include the rejuvenation of neglected township areas, from its initial focus on central business districts only, marks a new era for the MBDA.

Going forward, these initiatives will gain momentum as the challenges of inequalities in townships and other poverty-stricken areas are addressed by the NMBM – the focus being towards the correction of the imbalances and inequities of the past through more integrated and balanced development – empowering communities to overcome dependency.

The Singapi Street Environmental Upgrade project is the Agency's first major foray into full-scale township development and promises to be a key catalytic project that will result in a cultural gateway being formed. The upgrade will link the Red Location Museum with the inner city through the Route 67 public art project, as well as significantly improve the environment for the residents of Ward 15.

Another major project, Safety & Peace through Urban Upgrading (SPUU) in Helenvale – which is being funded by the German Development Bank KfW at EUR 5-million over a 48-month period – represents another significant node of development on the former periphery. This project forms part of a government-to-government funding agreement and the NMBM has appointed the MBDA as the project's implementing agent to ensure that a master plan for the project is developed and successfully rolled out to the benefit of the Helenvale township community.

The procurement of emergent contractors in the township areas presents an opportunity for the MBDA to further its development and support of small, micro, and medium sized enterprises (SMMEs) many of which are black- and women-owned. A growing interface with these enterprises is paving the way for a turnkey procurement policy to ensure that there is greater opportunity for these contractors in the scope of work offered by the MBDA.

Overall, the MBDA's township projects have run smoothly. The highlight in terms of delivery has been Helenvale, but many of the other projects have gone through significant planning phases and will start to see action on the ground in the coming financial year. As an integral part of the MBDA's fanning-out approach, what was once core is now being woven in to what is an ambitious, but achievable, goal to create a cohesive tapestry of infrastructure, culture and heritage in Nelson Mandela Bay.

SPUU
Helenvale

funded by German
Development Bank
KfW

EUR
5 mill



INNER CITY AND SPECIAL PROJECTS

The MBDA's core focus remains the transformation of urban places. To this end, it continues to deliver on its initial mandate by addressing urban decay and degeneration in the city of Port Elizabeth and in Uitenhage. The municipal infrastructure and environmental upgrading projects implemented thus far – representing expenditure in excess of R500-million – have been widely welcomed by all major stakeholders.

What's more, the momentum gained from tangible completed projects has opened the door to future development. A strong emergent theme in the MBDA's work is also a triple focus on the blue, green and golden economies. This is represented in the work done on integrating the Baakens Valley with the Port of Port Elizabeth and envisaged future marina development, a focus on sustainability and energy efficiency, and the development of strong cultural and creative industries in the city. The next few years look set for further exciting developments.

The 2013/14 financial year was a rewarding one in the inner city and saw several special projects completed. Significant projects drew nearer to closure, while others were completed within scope and budget.

Initially, like a three-dimensional picture, the MBDA's work might have seemed piecemeal to observers, certainly to its critics. But what has become plainly obvious through the completed projects, is an emerging tapestry of linked precincts from the inner city through Baakens Valley and South End to King's Beach, up to Walmer, and across to New Brighton and Helenvale.

A tangible experience offers much more value and suddenly, using the 3D analogy again, the picture emerges. Finished products then add impetus

to projects still under development, and citizens and visitors begin to see the bigger picture of urban development unfolding. Moreover, the precinct development is linked, beautifully and symbolically, by Route 67, the stand-out thread in the tapestry that represents unity and social cohesion through shared history, heritage, arts and culture.

In addition, the inner city and special projects boost socio-economic development through capital investment, tourism and job creation. A thriving CBD is representative of the lifeblood of a city. Responsive and creative developments centred on other socio-economic ends, such as business retention and expansion, are therefore, vital to ensuring the long-term competitiveness of the city.

The MBDA's work over the past five years in negotiation with Transnet for the release of non-port land for a waterfront development is slowly coming to fruition, with plans to develop a port marina for commercial and leisure purposes now approved by Transnet. Plans for the redevelopment of Telkom Park are also taking shape, with a call for proposals scheduled to be issued in the new financial period. Developers will be offered the opportunity to propose concepts and designs for the redevelopment of this prime municipal site into a vibrant new residential-business-leisure hub.

The MBDA's annual Economic Barometer is a key instrument of the Agency's performance-driven management philosophy, and further reflects the positive social and economic impacts of already-completed projects. The capital injected into developments 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.

Key to the MBDA's success to date – aside from the effective public participation processes undertaken – has been the introduction of arts, culture, heritage and the creative industries into its projects. These endeavours have also resulted in external funders engaging with the Agency and grants being made available for such projects. One project of this nature is the Route 67 Arts Journey funded by the National Lottery Distribution Trust Fund (NLDTF), commemorating the 67 years that Nelson Mandela devoted to political activity. Route 67 is now a viable tourism product, free to be experienced by all, that has attracted widespread publicity both nationally and internationally.

The redevelopment of the municipal-owned Athenaeum building into an arts, craft and heritage hub in the inner city for emerging artists has been a big success. The Athenaeum is fully operational and had positioned itself as a creative and cultural centre which supports exhibitions, music and theatre productions, poetry evenings, conferences and workshops.

There is no doubt that the face of Nelson Mandela Bay has changed dramatically in recent years. The development agenda underlying this visible transformation, and informing all the MBDA's work, is very clear –

to deliver catalytic projects that generate 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 a vision and corresponding strategies, manifesting these through the completion of sustainable projects that spur public confidence and investment in previously neglected and under-utilised spaces.

While many inner city projects are ready to be handed to the MBDA operations unit, the Agency will continue to unlock potential in the precincts to connect capital expenditure with job creation and the development of the creative and cultural industries to bring these projects to life. It is envisioned that property development may be used to leverage further capital for investment in the future

Within the unique South African context, the MBDA continues to strive towards the 'new institutionalism' emphasised by the National Framework for Local Economic Development that breaks down the distinction between economy and society, showing how economic decision-making and action is shaped by the shared values, norms, beliefs, meanings and rules and procedures of the formal and informal institutions of society. The inner city and special projects reveal this approach in action – as will likely be the case as the MBDA continues its mandate in township areas.

OPERATIONS

In order to ensure that project interventions translate into sustainable products, the MBDA has maintained its growing focus on security, cleaning, regulation and management of informal trading, and maintenance of its key projects. Essentially this is done on the basis of an acceptance that the 'basics' must be in place to instil public confidence and encourage usage of the finished product. This 'getting the basics right' approach is a cornerstone of the MBDA's development agenda and a key element in ensuring project success, but has in some cases resulted in the Agency assuming the parent municipality's role as provider of basic services.

The MBDA, with limited budgets and resources, has managed to maintain its projects and assist in upholding the quality of services in its mandate areas, which include CBDs, township projects and tourism nodes. Although this is not the core work of the MBDA, we are resolute against urban decay and determined that completed projects must be maintained, cleaned and secured. This work is only likely to escalate in the coming financial years.

In the 2013/14 financial year, great strides were made to proactively maintain current projects, and to implement support mechanisms that both complement and supplement the work of the parent municipality. Much potential for emergent job creation in these aspects is expected to culminate in the upcoming financial year.

MARKETING

The MBDA is incredibly proud of its successes – not only because they engender a sense of pride in the city, but also because of the tourism and resultant socio-economic impacts. The best way to instil pride and ensure that both citizens and visitors engage with the upgrades, which are essentially owned by them, is through marketing and communications. In marketing the MBDA's collective mandate areas, and Nelson Mandela Bay as a whole, as a first choice destination to live, work and play, the MBDA continues to implement a cohesive and integrated place marketing strategy. The strategy focuses on the communication of urban renewal, marketing of the urban spaces developed by the MBDA, and promotion of its successful projects.

With a budget of less than R2.5-million in this financial year, the MBDA generated media coverage with an advertising value equivalent (AVE) of R12-million – a return on investment ratio of close to five. This achievement was done through the implementation of a sound strategic marketing plan which generated positive coverage through publicity opportunities, events and newsworthy occurrences. The result is a promising profile of the MBDA's projects and positive reputational capital for the Agency. Further completed projects will unlock new marketing opportunities, which we look forward to in the coming years.

ACKNOWLEDGEMENTS

I wish to take this opportunity to thank the Chairperson and Board of Directors for all their support and strategic guidance afforded to myself and the MBDA management team over the past ten years and acknowledge their invaluable contribution. It has been an honour to be mentored and guided by such an experienced, professional and accomplished group. Their contribution has set a stable foundation in place, on which to grow the MBDA into the future. I further welcome the new Directors appointed and look forward to continuing this journey with them as the Agency enters into a new era of its purpose.

As communities in Nelson Mandela Bay continue to face new challenges, the MBDA will continue to meet those challenges head-on to facilitate prosperity and growth in the years to come.

Pierre Voges
Chief Executive Officer

Core
Focus
urban
places

blue
green
golden
Economies

The power of the work we do comes down to approach.
- Pierre Voges



This is our freedom

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 Nelson Mandela Bay Municipality (NMBM) and the Industrial Development Corporation (IDC) and is a wholly-owned entity of the NMBM. It was created in 2003 and mandated to drive urban regeneration in the Nelson Mandela Bay CBD – and other designated areas – following an acknowledgement by the city’s leadership of the urgent need to reverse a trend towards urban decay in the inner city.

The mandate area has been expanded to include a number of key township projects, with the aim of changing urban spaces in specific nodes to activate economic activity, create job opportunities and re-shape urban development.

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 Nelson Mandela Bay. 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 cultural and creative industries (CCI) and knowledge economies, for greater economic security.

Informed by an overall philosophy that cities and their CBDs are the engines of growth in a region, the NMBM undertook firm measures 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 ‘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.

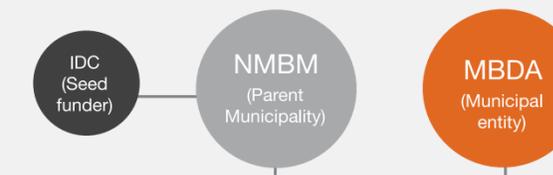
As a municipal entity, the MBDA is governed primarily by the Municipal Systems Act 32 of 2000, the Municipal Finance Management Act 56 of 2000 and the Companies Act No 71 of 2008. It operates under a specific, approved mandate document, which outlines a focused approach to be followed in respect of services provided, catalytic infrastructure projects and liaison with other parastatals and government departments in order to create a conducive investment environment in its mandate areas. 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.

During the next financial year, the SDA will be reviewed and a new five-year rolling strategy developed.

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. It 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 key performance indicator (KPI) targets being achieved. The MBDA relies on the NMBM for service delivery direction in terms of its contractual obligations contained in the SDA, 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. The MBDA management is responsible for operational aspects in line with the strategic planning and mandate documents of the Agency as well as the Integrated Development Plan (IDP) of its parent municipality.

ADMINISTRATIVE GOVERNANCE STRUCTURE

Board of Directors

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

Ronnie Ortlieb

Independent member

Human Resources & Remuneration Committee

Phillip Hugo Gutsche

Chairperson

Wilhela Magda Gie

Alfred da Costa

Executive Management

Pierre Voges

Chief Executive Officer

Ashwin Daya

Chief Financial Officer

Dorelle Sapere

Planning & Development Manager: Inner city & special projects

Eldrid Uithaler

Planning & Development Manager: Township projects

Mcebisi Mcalu

Operations Manager

Luvuyo Bangazi

Marketing & Communications Manager

Inter-governmental relations

Government stakeholders and engagements

The MBDA regularly interacts with 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. In addition, the MBDA engages with client departments that take ownership upon completion 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

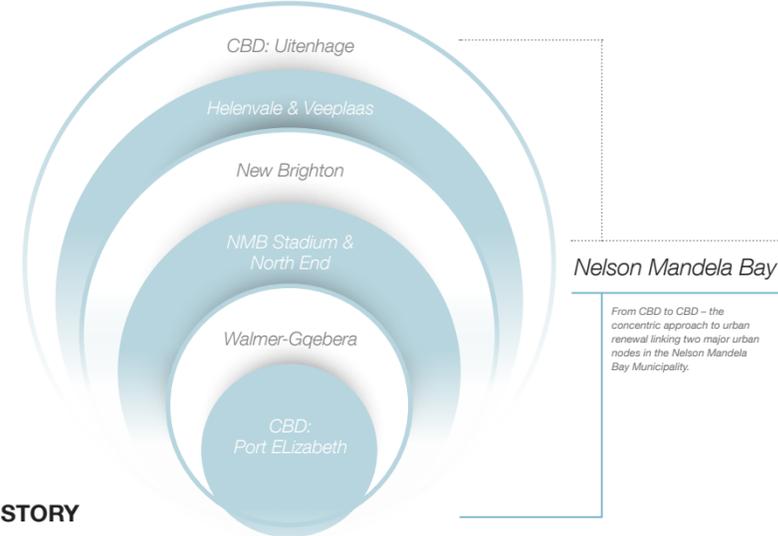
All MBDA projects follow an in-depth public participation process, particularly in the master plan and design phases, but also with increasing regularity, throughout the construction process. The Agency collaborates with key stakeholders in order to meet project design and implementation goals. Designs 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 its 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 in order to gauge public sentiment and ensure that 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 an entity wholly-owned by 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 precinct 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 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 Strategic Spatial Implementation Framework (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 into account and respond to 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 Key Performance Indicators (KPIs) that set out short- to medium-term objectives and programmes that will ensure sustained progress towards achieving the MBDA's vision. The MBDA has reached the end of its 2008/09-2013/14 five-year rolling plan and the new financial year will see the application of a new strategy, building on successes and lessons learnt over the past ten years of operations.

GROWTH STRATEGY

The MBDA has accumulated a successful track record through implementation of projects that have consistently achieved the goals of spurring socio-economic transformation, improving public confidence, and positively influencing decision-making by private sector real estate and corporate investors.

The increased enthusiasm of the private sector continues to present an opportunity for the MBDA as it continues its endeavour to encourage partnerships and include 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.

Moreover, the MBDA has partnered with various private sector businesses to collaborate on corporate social investment initiatives that also leave a lasting impact on communities.

During the 2013/14 period the MBDA continued to deliver on its vision under the SSIF. It will also expand on and enhance its competence in meeting the urban renewal needs of the greater Nelson Mandela Bay area. 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 aspects:**

- 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 and maintenance of infrastructure developed;
- Project management and coordination of diverse teams of consultants, contractors and service providers;
- Regeneration of historically marginalised areas; and
- Establishment of a particular brand of urban planning and renewal, with strong emphasis on public participation.

Other than being an implementing agent for 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.

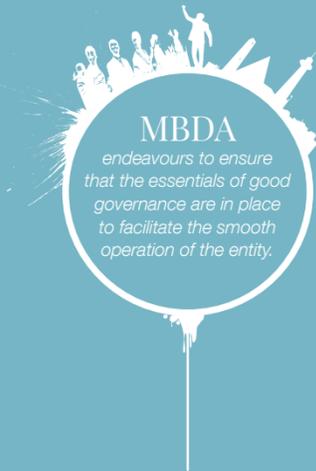
In terms of risk management, the Agency has undertaken a risk review process and has compiled a risk register which is reviewed on a quarterly basis. This register is also tabled at board and audit and risk committee meetings for discussion and appropriate action where necessary. A board-approved fraud and corruption policy has also been implemented by the Agency with ongoing 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, which in turn, is based on the National Treasury model policy. Compliance with this is mandatory and necessary to ensure processes are legitimate and fair.

Municipal by-laws indirectly affect the entire city. However, besides matters relating to informal traders, security and cleansing plan initiatives of the Agency, municipal by-laws as such do not directly impact the Agency's projects. The MBDA reports to the parent municipality's Economic Development, Tourism & Agriculture (EDTA) 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 in which it engages and through which site visitor activity is recorded. Requests for proposals are uploaded and tender announcements are made there as well. 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 emergent trends in public and stakeholder perception of the MBDA's urban renewal initiatives.



Section 03:

Service Delivery Performance

Overall, the MBDA has facilitated and invested in excess of R500-million in direct infrastructure upgrades to date – a bold show of confidence in the city's potential, and one that has yielded the desired result of increasing private sector investment, particularly in areas where projects are now completed.

The following key inner city and township projects were initiated, continued and/or completed in the 2013/14 financial year:

Inner City and Township Projects	Capex Incurred from Inception to 30 June 2014
Donkin Reserve Environmental upgrade – Project nearing completion (Currently in Phase 4, with maintenance ongoing)	R60-million
King's Beach environmental upgrade – Phase 4, which includes expanded work on the pond and mitigation of environmental challenges.	R33-million
Re-development of Tramways Building (nearing completion)	R27-million
Bird Street/Belmont Terrace upgrade – Trinder Square (Completed 2013/14).	R25-million
New Brighton Sports field Upgrade	R2-million
Singapi Street – As a component of the Route 67 and precinct approach, the Singapi Street development is in its initial stages with a total project budget of R 50 million over 3 years anticipated.	R2-million
Gqebera Cemetery Upgrade	R1-million
Sakhasonke Access Road – Gqebera	R600 000
Apple Express study	R400 000

Planning and Development: Inner City & Special Projects

The MBDA's projects in the inner city are the Agency's signature developments. They mark the coming together of significant planning to upgrade and revitalise the Port Elizabeth inner city and other catalytic city nodes. But more than that, the interlinked projects form part of a greater tapestry under development, which connects precincts, stimulates pride and investment (and, as a result, socio-economic development and job creation), enhances the tourism products on offer, and develops the creative and cultural industries. To this end, the 2013/14 financial year was a success with major projects completed and launched. Moreover, exciting planning and design processes were initiated to further strengthen nodal and precinct development.

In all, the nine major projects have come online over the past four years – including the year in review. They link with projects currently under development and those mooted for the future with the overall objective of transforming and connecting the urban, and thus social, fabric. The projects include the Parliament Street, Govan Mbeki Ave, Strand Street, Uitenhage Market Square, King's Beach, Donkin Reserve and Belmont Terrace/Bird Street Environmental Upgrades, the Athenaeum upgrade and the development of the Route 67 public art tourism product.

What is more, during 2013/14, significant advances were made on the re-development of the old Tramways building. The Singapi Street project also saw some major milestones and plans put in place to start the on-the-ground work on the project in the coming financial year. A number of tenders and design processes are underway that will link the completed developments and precincts with the Baakens Valley, Port Marina and Telkom Park upgrades in the forthcoming years.

The development of precincts is a fundamental next step in creating an overall urban and social fabric. The MBDA recognised this early on, but what started as planning has been converted to reality over the years and it is now possible to actually witness the power of emerging linked nodes and precincts. The tone of the developments is also important and what the MBDA is successfully achieving is more than just the upgrade of nodes, but the establishment of a visible thread that connects spaces, in the form of Route 67. This is done in the context of two critical objectives for the MBDA's inner city and special projects: Capital-intensive infrastructure development; and job creation and tourism development. An expanded MBDA Planning and Development: Inner City & Special Projects team has allowed a widened focus on these objectives to drive delivery under these key performance areas.

In all, the MBDA has facilitated and invested in excess of R500-million in direct infrastructure upgrades to date – a bold show of confidence in the city's potential, and one that has yielded the desired result of increasing private sector investment, particularly in areas where projects are now completed.

With the backdrop set and precincts emerging, the MBDA in the coming years will be focused on activating the nodes developed and ensuring that recognisable, localised urban culture, expressed through the public art content of Route 67, becomes synonymous with the city. Naturally this takes place cognisant of the MBDA's mandate areas and what is central versus what is 'nice to have'. Critical components in the delivery of sustainable infrastructure development are the availability of funding and resources; and enhanced public buy-in and participation. Funding remains a particular challenge, due to strained municipal budgets and increasing demands for basic service delivery. Prioritisation towards infrastructure development, job creation and tourism is thus crucial.

Over the 2013/14 financial year, headway was made in planning for future projects linked to the SSIF, while the MBDA was actively involved in the following inner city and special projects:

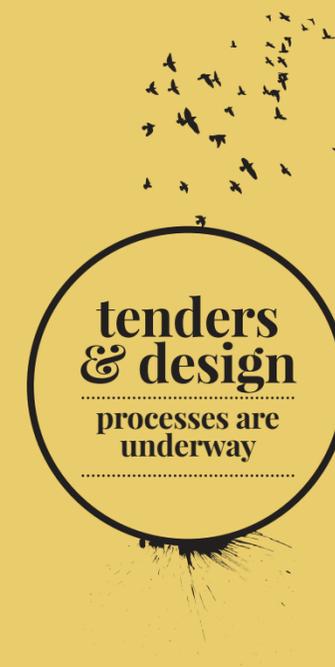
- Bird Street/Belmont Terrace precinct
- Development of the creative and cultural industries
- 'Conversations with the Queen' art piece
- Tramways Building redevelopment
- Singapi Road environmental upgrade

The spine connecting all the precincts is Route 67, which provides the connectivity to all the projects, from the inner city projects, to South End and Kings Beach, across to Singapi Street and Helenvale and on through to the Uitenhage CBD. A strong emergent theme in the MBDA's work is also a triple focus on the blue, green and golden economies, representing work done on integrating the Baakens Valley with the Port Marina, focus on sustainability and energy efficiency, and the development of a strong CCI in the city. The sections below cover the 2013/14 highlights and project developments.

I. BIRD STREET/BELMONT TERRACE PRECINCT

The Belmont Terrace/Bird Street environmental upgrade, which commenced in September 2012, was completed in the period under review. It is one of the highlights of the year, as it successfully enabled the MBDA to achieve its core objectives in terms of infrastructure improvement, tourism product development, support of the creative industries, and job creation. The completed project propels the development of a cultural neighbourhood and precinct that will harmonise with Route 67. It also strengthened the case for the retention of the Bird Street Campus of Nelson Mandela Metropolitan University (NMMU), which will become the site of the university's School of Music, Art and Design (SoMAD) in the coming years. The completed project will also likely stimulate further private sector investment that will attract new professional, residential and business tenants; while simultaneously offsetting the illegal activity synonymous with some pockets of the precinct.

The precinct is a main arterial linking various arts, heritage and culture nodes, as well as a thriving legal quarter and home to various local businesses which contribute to the GDP of the city. With its completion



and ongoing maintenance –and with the impending relocation of NMMU's SoMAD – the precinct's potential as a creative quarter can be realised. Furthermore, the United States embassy is seriously considering the area as a site for establishing its 'American Corner', a cultural node for sharing information about the country with locals. This, and other developments around the area, advances the vision of the node as a hub for economic development that fosters heritage, cultural and creative capital to attract private investment. The tourism potential is another major factor. Its close linkages with the Athenaeum and the Donkin Reserve also complete the connection via Route 67, enhancing the tapestry-like feel of the inner city nodes. Further, this precinct is intimately linked to the near-complete Tramways redevelopment.

The MBDA continues to lobby the NMBM to declare Belmont Terrace/Bird Street and its surrounds as a heritage precinct; to incentivise investment and promote conservation of the built and natural environment; and to 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 2013/14.

II. CREATIVE AND CULTURAL INDUSTRIES

The CCI sector spans economic, arts, cultural and heritage policy areas, creating a complex policy environment. The 1996 White Paper on Arts, Culture and Heritage continues to provide the overall policy direction in this area. The White Paper sets out government policy for establishing the optimum funding arrangements and institutional frameworks for the creation, promotion and protection of South African arts, culture, heritage and their associated practitioners. The national Department of Arts and Culture's (DAC) mission, derived from the 1996 White Paper, was to "realise the full potential of arts, culture, science and technology in social and economic development, nurture creativity and innovation, and promote the diverse heritage of our nation".

The DAC supports:

- Arts, culture and heritage, by valuing diversity and promoting economic activity;
- The linguistic diversity of our country as a resource in empowering all South Africans fully to participate in their country's social, political and economic life; and
- The equitable development and preservation of our experiences, heritage and symbols.

For the CCIs directly, the 1996 White Paper continues to provide the overall policy direction, but the DAC has widely acknowledged that there are major gaps in the policy and thus, in 2005, initiated a review culminating in a new draft policy which is currently open for comment, according to the DAC's Five Year End of Term Review for the period 2009/10-2013/14 (2014).

The Draft Revised White Paper on Arts and Culture (RWP) (2013) seeks to achieve a set of fifteen outcomes, namely:

- A policy and legislative environment that ensures effective transformation, organisation, development, co-ordination, management and delivery of Arts, Culture and Heritage (ACH);
- The existence of high quality, well-maintained and accessible infrastructure that supports the CCI;
- The CCI holistically supported in all activities of the ACH value chain;
- The existence of appropriate, streamlined institutional arrangements and structures designed for effective and efficient delivery of services, programmes and projects;
- An increased number of suitably skilled and qualified CCI practitioners that meet the human resource and capacity needs of the sector, and are active participants in socio-economic development;
- The CCI transformed in terms of demographic representation and involvement at all levels of the value chain of ACH activities and the approach to delivering ACH to all;
- The CCI actively contributes to the creation of decent work and economic growth;
- Tangible and visibly higher levels of inclusion, social cohesion, social justice and social solidarity;
- Tangible and visibly higher levels of active citizenship and citizen responsibility;
- Tangible and visible alignment of work between government and all CCI role-players, based on a common understanding and approach;
- Enhanced co-operative governance between DAC, provincial and local government structures and government departments that have an impact on the delivery of ACH;
- ACH promoted, protected and preserved whilst increasing access to, and participation by all;
- Increased delivery of ACH in rural areas;
- Tangible and visibly increased levels of moral regeneration and national consciousness; and
- Support and enhance the international competitiveness of South Africa's CCI (DAC, 2013).

The tone is much stronger than that of the 1996 White Paper and lays a clearer path to ensuring that the CCI sector is an active and supported part of the wider local and global economy. In general, South African CCIs are becoming more organised and cohesive. There are growing intra-, inter- and extra- networks being formed, which add value to the lobbying ability of the CCI sector at large.

The Mzansi Golden Economy (2011) document sets out a range of proposed initiatives to grow and develop the sector overall, along with its various sub-sectors. The creative industries have been identified as a priority sector and the Department of Trade & Industry (the dti) houses a creative industries sector desk within the Industrial Development Division. However, the relatively recent policy focus on creative trade as an economic sector still needs to translate fully into trade support.

To this end, the incorporation of CCIs into MBDA projects, to drive job creation and socio-economic development in tandem with tourism product development, has been experimentally successful and thus ground-breaking for South Africa. While South Africa has a vibrant creative and cultural industries sector, the funding thereof has at times been limited, particularly in times of economic hardship. Nevertheless, the MBDA has acknowledged the transformative and economic potential of the CCIs and hence their incorporation, indeed centrality, in the infrastructure work done, particularly the Route 67 public art programme.

In this regard, the MBDA has established solid partnerships with the NLDTF, National Arts Festival (NAF) and the DAC, as well as the NMMU SoMAD and both public and private-owned art and performance spaces, playing a leading role in driving and nurturing the existing and emergent Nelson Mandela Bay CCIs. The MBDA is represented on a number of boards and bodies which shape the CCI agenda in the city.

During 2013/14, the NLDTF provided funding for a collaborative effort on the part of the MBDA and the National Arts Festival (NAF) for the hosting of six performances at the Athenaeum during the Festival in July 2014. Furthermore, the DAC funded a number of infrastructure items for the Athenaeum and some art projects outlined below. In addition, the national exhibition, "Wish You Were Here" – geared to promote the city – was also supported by the DAC. Collectively, the creative and cultural industries projects, further elaborated upon below, facilitate job creation and tourism development, adding vibrant life to Route 67 and the precincts.

Conversations with the Queen

At the outset of the 2013/14 financial year, some minor sub-components of the Route 67 public art programme remained incomplete, pending confirmation of support from the DAC. Some headway in resolving this was made when the DAC issued funding to supplement the budget for completion of the Conversation piece castings. The "Conversations with the Queen" art piece was created by a sculpture collective of students and lecturers from NMMU. The pieces represent the full-body likenesses of 12 apartheid activists, including Nelson Mandela, Raymond Mhlaba and Govan Mbeki, "in conversation" with Queen Victoria, a colonial statue of the British Queen in front of the city library in Port Elizabeth. The current artworks are temporary ones, cast in fibre glass and resin, and designed to be placed in Vuyisile Mini Square to elicit public comment and participation on what the public art pieces for the square should be. The project was highly successful and the MBDA now plans to cast the pieces in more durable material to ensure that the works can be placed in various parts of the city, including the township areas, while upgrades are being undertaken. This will be done in collaboration with the NMBM to celebrate 20 years of democracy. The casting of the final artworks will be done by 10 artists collaborating together in a workshop, as opposed to being commissioned individually, in order to promote collective empowerment.

Promoting Graffiti Art

The often misunderstood art form of graffiti has been given a platform through several MBDA interventions during the 2013/14 financial year. A

developing young artist from the NMMU Art School with a distinction in graffiti was commissioned to complete an existing carved wood public art piece in the Athenaeum garden. This supported the Athenaeum as community art space and was an extension of the Mandela Poster Project exhibition, which was hosted in the Athenaeum over the National Art Festival period. Given the urban nature of the MBDA's work, graffiti artwork – and its inherent ability to stimulate social commentary while also beautifying inner city spaces – is a natural bedfellow. The aim behind this ongoing graffiti intervention project is to disrupt stereotypes about what essentially is a professional skill and under-acknowledged art form, with the potential for communication, community education and also aesthetic upliftment. This initiative was coupled with workshops for local graffiti artists, and included the opportunity to create works on degraded buildings in order to transform them into works of art. The project is being managed by NMMU and will continue into the next financial year.

The Athenaeum

The MBDA continues to lobby for funding to activate the usage and functioning of its Athenaeum building project. Following on from its investment in the upgrade of the gallery and theatre, via a R4-million grant from the NLDTF, the focus is now to ensure the optimum operation, usage and maintenance of the building.

Marketplace for National Arts Festival fringe events

The Athenaeum has been re-developed with the objective of transforming it into a creative and cultural industries hub. To this end the MBDA has supported various initiatives within the building to stimulate usage and the reach of creative activities hosted by the building. This includes support of the likes of the Design Indaba and linkages with the National Arts Festival.

A 'sharing initiative' between the NAF and the MBDA, in the first month of the 2014/15 financial year, saw six NAF productions staged at the Little Theatre. Funds were also received for critical exhibition infrastructure which allowed the hosting of two high-profile exhibitions during the Festival. This infrastructure – which included a new hanging system and multi-media equipment – further enables optimal functioning of the Athenaeum as an exhibition venue going forward. Various components of audio-visual equipment were also acquired via the DAC grant. A Cultural Festival is planned for 2014/15 to profile the Bird Street/Belmont Terrace precinct, of which the Athenaeum is a part, and showcase the city's cultural assets.

III. TRAMWAYS BUILDING

Significant headway was made over the course of the 2013/14 financial year on the complete overhaul and refurbishment of the 116-year-old Tramways Building on the corner of Lower Valley Road and Baakens Street. Again, this forms part of the development of a new inner city precinct which will link the Port-Marina-Baakens nexus. In addition, it



creates a strong arterial route to South End and King's Beach and up toward the Belmont Terrace/Bird Street and Donkin Reserve precincts and nodes. Also, given its centrality to major transport linkages – the Port of Port Elizabeth and the N2 highway interchange – the precinct also links with the other nodal developments the MBDA is involved in at Walmer Township, New Brighton/Singapi Street, Helenvale and Uitenhage.

The refurbished building will house the new MBDA offices. An environmentally conscious anchor tenant is being considered to share the space, while the other areas within 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 completed building. The exterior, particularly on the Baakens Street and Lower Valley Road side, will be restored to 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 Phases 2 and 3, 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.

Refurbishment processes, initiated in February 2012/13, are due for completion in 2015/16 over a number of incremental phases. An EIA is currently in process for phase 2 of the project. The investment to date (30 June 2014) is R27-million, with the total project value anticipated to be in the region of R50-million. The area under development is envisioned to manifest as a water-green-cultural economic hub. This catalytic investment also integrates with the triple development of blue, green and golden economies.

IV. SINGAPI STREET

The Singapi Street development in New Brighton is a key connector for creating continuity between Route 67 in the inner city and the Red Location Museum in New Brighton. Singapi Street is rich in arts, culture, heritage and resistance history. It is home to a 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.

The MBDA engaged in a public participation process during the 2012/13 financial year in order to facilitate broader community engagement in the development of a master plan and design for the rollout of infrastructure upgrades in the area. Many delays were experienced on the project in the 2013/14 period, with emerging contractors demanding that they be included in the procurement processes. This resulted in the issuing of a revised sub-contracting tender document in respect of the scope of work, which was approved by the Ward Councillor. The sub-contracting tender

was advertised and the contractor(s) will be appointed in July 2014. Work on this important project is planned to commence in August 2014.

The Singapi Street Project has thus far constituted a valuable learning curve and pilot project for the MBDA and resulted in the development of a policy and criteria for procurement of SMMEs from local communities in which projects are carried out. This policy is reflective of the challenges encountered and experience gained from the project.

V. CONCLUSION

The 2013/14 financial year was a rewarding one for the MBDA. Significant projects drew nearer to closure, while others were completed within scope and budget. The emerging tapestry of linked precincts has texture and can be tangibly experienced. This adds impetus and real value to projects still under development, as citizens and visitors can start to draw on the visible transformation of one node in order to better understand future developments and how they are linked. The inner city has a different face – and many of the completed nodes are now set to catalyse further public and private investment. While many inner city projects now move under the MBDA operations unit, the MBDA will continue to unlock potential in the precincts to connect capital expenditure with job creation and the development of the creative and cultural industries to bring these projects to life. Meanwhile, the 2014/15 financial year is looking exciting with the Tramways and phase 1 of Singapi Street under construction.

Planning and Development: Township projects

Township projects represent a fairly new focus for the MBDA, in terms of its original mandate which has since been expanded. However, it is a natural continuation of the Agency's work in that the methods of implementation that proved successful in urban regeneration projects, may now be put to work in areas needing improved equality of infrastructure.

The township projects are envisioned to repeat the development possibilities and outcomes achieved in more economically advantaged areas, creating a continuity and unification between the inner city, urban centres and townships. In this way, Nelson Mandela Bay can continue its transformation towards becoming a cohesive, multi-cultural community, linked through representative urban renewal and art. This has been the core focus of both planning and development during the 2013/14 financial year; and it will likely become central to the MBDA's work going forward.

It is hoped that, through empowering residents in more peripheral communities to have an "inner city" experience within their own immediate localities, environmental determinism might be displaced. In turn, the hope is, that through urban renewal in these nodes, the social dynamic

and cohesion might be improved, leading to improved daily life and, in the long-term, set the context for greater delivery. Such empowerment serves to resolve the disconnect between the core and the periphery. It does not stop at renewal, and a long-term relationship with these localities is a significant angle of the MBDA's approach, where maintenance, cleansing and security – and the support of the NMBM in this regard – are therefore crucial.

Work undertaken in impoverished communities and the public participation processes attached to such work are also intimately bound to measurement, monitoring and evaluation. The most common challenge encountered by the MBDA, both in this financial year and previously, is philosophical in nature. Does the MBDA raise awareness or expectations? In this context, space is just space, unless people see it as a place – and thus, ongoing consultation, communication and inclusion are always key.

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 select projects based 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 2013/14 financial period in the following areas:

- Helenvale (Ward 13)
- New Brighton (Ward 17)
- Qaqawuli: New community hall
- Zondi Street Sports Field
- Veeplaas (Ward 30)
- Walmer-Gqebera (Ward 4)

I. HELENVALE

The MBDA received funding from KfW (German Development Bank) for the implementation of a Safety and Peace through Urban Upgrading (SPUU) programme to the value of (EUR) €5-million in Helenvale. This was preceded by the signing of a financial cooperation agreement between the NMBM and KfW, and a separate agreement between the MBDA and KfW in 2012.

The 2013/14 financial year saw the Helenvale Resource Centre (Phase 2) and Art Project completed and launched. The development was received positively and celebrated by the community. Deputy President Kgalema Motlanthe visited the project towards the end of 2013.

Following a tender process, a consortium of German and South African consultants (SUM-Matrix) was appointed in February 2014 to assist a project implementation unit within the MBDA to implement the SPUU

programme. A broad public participation process ensued, involving the widest possible range of stakeholder groupings, in order to: Update the previous feasibility study; undertake a baseline study; and through this process develop a master plan containing a suite of projects clustered into five component areas, including: Safer schools, domestic violence prevention, youth employment promotion, physical space upgrading, and a methodology for housing scenarios (a pilot housing project) in Helenvale.

At the close of the financial year, the resulting reports were being reviewed by both the MBDA and KfW so as to provide for rectification of any matters still of concern and ultimately for KfW to provide a 'no objection' so that implementation can start. The Master Plan is due for completion in 2014/2015 and roll-out will start soon thereafter.

Helenvale Precinct Phase 3:

Stemming from the 2001 announcement of identified and planned urban renewal nodes in the country, Helenvale was chosen as a pilot node for urban renewal by the MBDA. The Helenvale Urban Renewal Programme (HURP) was structured and envisioned as the modality to drive the further upgrading of the area. The HURP comprised five projects for implementation over a five-year period (to end in 2014/15), which included sidewalk upgrades, precinct phase 1 and 2 development and the construction of the Helenvale Resource Centre. These projects were funded by National Treasury through the Neighbourhood Development Partnership Grant (NDPG). The HURP was initially implemented by the NMBM Special Programmes Directorate (SPD) and was subsequently transferred for continued implementation to the MBDA in 2012.

The Gaat upgrade comprises the Helenvale Precinct Phase 3 and is the final project to be completed under this funding regime ending in 2014/15. During the 2013/14 financial year, the public participation process, design and plan approvals were completed ahead of rollout. During this financial period the MBDA also provided funding assistance to the value of approximately R1.5-million for 'soft' projects in Helenvale which included various training programmes, assistance to non-profit organisations, workshops and sporting activities and events involving children, youth and women.

II. NEW BRIGHTON

The Zondi Street soccer field and clubhouse were completed and handed over to the NMBM in May 2014. The soccer field was constructed on an open space that had caused many challenges in Ward 17, used over a long period for illegal dumping and overgrown with various species of alien plants – creating an ideal space for criminal activities. The Ward Councillor approached the MBDA for assistance in transforming the site into a community asset as a high-priority ward project.

The sports field's elements included the levelling and laying of the pitch and planting of grass, establishment of fencing, erection of grand stands and netted goal posts and the construction of a change room with ablution facilities. An emerging SMME contractor, Qingqani Ma Afrika Construction, was appointed to implement the upgrade and construction with the support and guidance of the MBDA on certain facets of the project, to achieve successful and on-time completion. On the completion of the construction of the sports field, the contractor further committed to a five-month maintenance period. Plans for the twinning of the field's ablution block will be completed in the 2013/14 year and rollout is anticipated in the 2014/15 year.

Qaqawuli Community Hall

The Ward 17 councillor approached the MBDA for assistance in the construction of a hall for the Qaqawuli community, as an established need and component of the ward's priorities. The MBDA addressed this request as part of its mandate for place-making. Through a tender process, PDNA/Mott McDonald were appointed as the design and implementation consultants. The tender called for the construction of a facility, comprising a 150-200 seating arrangement, a small kitchen, ablution facilities, fencing and parking. The design of the hall was conceptualised through a participatory community process. Once the community expressed satisfaction with the design, the consultant submitted the drawings for NMBM approval. Approval was obtained and the site rezoned. The implementation phase is due to commence in the 2014/15 year.

III. VEEPLAAS

Veeplaas Business Incubator

The Veeplaas Business Incubator was built by the EDTA directorate in 2009 but was never used and subsequently fell into a dilapidated state. The Veeplaas in Action (VIA) community group expressed great concern over the matter and requested intervention by the MBDA. As a result, various projects for the area were identified in agreement with the local Ward Councillor, VIA and the MBDA. The EDTA also transferred the building to the MBDA for the purpose of revamping and making it operational.

Through a tender process, the MBDA appointed a consultant to design the changes proposed by VIA. The consultant, PDNA/Mott McDonald, is currently completing the site development plan (SDP) as required by the NMBM for the approval of the drawings. The consultants have met various departments to rectify the SDP to meet requirements. There was an indication from the NMBM Town Planning department that the erven on the site need to be properly zoned and consolidated. PDNA is currently undertaking the consolidation of the erven through the Surveyor General's office.

Veeplaas Carwash

The carwash is one of the projects identified to facilitate youth development and employment in Veeplaas. The space originally occupied by the hawkers' facilities in Koyana Street and which had also become dilapidated was handed to the MBDA by EDTA to construct a carwash. A contractor has been appointed and the project implementation phase will start in the new financial period.

Creative Industries

This project was initiated to assist the emergent arts, culture and heritage group in Veeplaas. It is also aligned with the MBDA's objectives to create a thriving CCI sector through catalytic projects which stimulate sustainable job creation. This facility will be constructed on the abutting property behind the Veeplaas Business Incubator and will house six industries. A contractor has been appointed and the project implementation phase will commence in the new financial period.

IV. WALMER /QEBERA

Sakhasonke Village Park

The Sakhasonke community requested the MBDA's assistance in the construction of play parks for children, as no operational recreational facilities exist in the village. This need is further compounded by illegal dumping prevalent at open sites. The play site that was initially established during construction of the Village currently poses a safety risk to children. It is on this site that the MBDA plans to develop new play sites.

The design and construction of the parks and an access road was initiated in the current period and implementation runs into the next financial year. A tender was issued for the supply and erection of playground equipment, fencing and landscaping. Design and implementation were subsequently initiated and the project remains ongoing into the next financial year.

Sazule Educational and Recreational Park

The Sazule Educational and Recreational Park was identified both by the community of Area O in Qqebera and the Ward Councillor, as part of a ward priority to develop a park on an unused open space. Area O is a newly established housing development without recreational facilities for children. An interactive park is envisioned for the area, which will ultimately be handed back to the Municipality following one year of establishment/maintenance after final completion.

The MBDA put the design and implementation of this facility out to tender. Bid evaluations led to the appointment of Red Landscape Architects. Through public participation, the design of the park was conceptualised with the community stakeholders and the Ward Councillor. Final designs were then presented to community stakeholders and met with their approval. The MBDA then proceeded to procure services

for the construction of the park. From the tenders received, Gau Flora Landscaping was appointed as the successful bidder. Gau Flora is currently conducting site establishment.

During the 2013/14 financial year, the Qqebera cemetery upgrade and renewal was completed and fenced and handed over to the NMBM's Parks and Cemeteries Department towards the end of 2013. It has unfortunately, since then become in need of further and ongoing maintenance. The MBDA will allocate funding for a once-off clean-up of the cemetery in the next financial period.

V. SCHAUDERVILLE/KORSTEN

Engagements with the Cities Network were initiated toward establishing a development vision for Schauderville and Korsten. This will take the form of workshops with the community that will provide a platform for community-based planning. A public participation process also commenced with various stakeholder groups to select a representative group that will attend the workshops.

VI. CONCLUSION

Overall, the MBDA's township projects have run smoothly. The highlight in terms of delivery has been Helenvale; but many of the other projects have gone through significant planning phases and in the coming financial year will start to see action on the ground. The future of the MBDA's work is becoming increasingly focused on townships and creating seamless integration with the inner city work done in Port Elizabeth and Uitenhage. As an integral part of the MBDA's fanning-out approach, what was once core is now being woven into an ambitious, but achievable, goal to create social cohesion and economic opportunities in Nelson Mandela Bay.

Operations

In order to ensure that project interventions translate into sustainable products, the MBDA has maintained its growing focus on security, cleaning, regulation and management of informal trading, and maintenance of its key projects. Essentially this is done on the basis of an acceptance that the 'basics' must be in place to instil public confidence and encourage usage of the finished product. The 'getting the basics right' approach is a cornerstone of the MBDA's development agenda, and a key element in ensuring project success. However, it has in some cases resulted in the Agency assuming the parent municipality's role as provider of basic services.

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 the on-going regulation of informal trading and in supporting traders to become micro-enterprises; as well as in the continuation of the "Go Green" recycling initiatives in designated areas. Moreover, a number of exciting new initiatives were launched in the form of proposed new canine units for improved security in the Port Elizabeth CBD, and planning for an inner city parking meter system.

The City's first Special Ratings Area (SRA), in Richmond Hill, was approved with the required 50%-plus-one vote from property owners. The SRA is proceeding well and property owners have established a not-for-profit company which has started receiving the special rates and levies via the NMBM. These funds will be used for the improvement of the Richmond Hill area. It is envisaged that special rating areas will be formed in other parts of Nelson Mandela Bay as success in this pilot area is steadily realised.

During the period under review, the MBDA continued to deliver security, cleaning, maintenance, and informal trading regulation and management to completed projects in several key operational areas:

- i. Urban cleansing in the inner city areas of Port Elizabeth and Uitenhage;
- ii. Security in the Port Elizabeth and Uitenhage inner cities;
- iii. Regulation and management of informal trading throughout the Port Elizabeth and Uitenhage CBDs;
- iv. Maintenance of completed projects in 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;
- v. The completion of a quarterly CBD business/community perception survey in the Port Elizabeth and Uitenhage mandate areas;
- vi. The continuation and growth of recycling initiatives in designated areas through the Go Green programme;
- vii. Appointment of a service provider for the upkeep and maintenance of the King's Beach lake while continuing considerations as to the best options of maintaining it;
- viii. Incrementally embarking on increased security presence in hotspots of the Port Elizabeth CBD mandate area and also entering negotiations with NMBM Budget and Treasury for funding in order to introduce guards with dogs (K9s) in key nodes such as the Donkin Reserve, Govan Mbeki Avenue/Strand Street, the Athenaeum, Parliament Street and Kings Beach; and
- ix. Implementing the final stage of the Mobile Parking Meter Plan initiative, which will be introduced in selected areas of its Port Elizabeth mandate area.

I. OPERATIONAL CONTEXT

With an expanding basket of completed projects, the MBDA has taken up the responsibility of ensuring these projects are maintained, despite maintenance-related activities not being the core mandate of the Agency. Increasingly, the MBDA has found it necessary to integrate its infrastructure development work with maintenance of projects. Under ideal circumstances the MBDA would hand over operational management and maintenance of completed projects to the parent municipality. However, at the request of the Municipality – given its limited human and financial resources to take on this role due to a focus on basic service delivery – the MBDA has now assumed this role. The result is an increased operations portfolio within the MBDA. This represents both an opportunity and a challenge for the organisation.

During the 2013/14 financial year the MBDA built on operational work done to ensure delivery of key maintenance, cleansing and security activities. The Agency continues to support informal traders as job-creating, micro-enterprises in the CBDs of Port Elizabeth and Uitenhage. The allocated kiosks have proven invaluable to informal traders, creating a viable space from which to trade, while saving on storage and transport costs and also providing water, electrical points and refuse disposal. The MBDA also continued to issue trading permits over the 2013/14 period – an action that maintains harmony between formal businesses and the informal traders in the two CBD areas. It is hoped that the introduction of canine units, a combination of trained dogs and guards, in the Port Elizabeth CBD will aid in managing crime in the area.

The MBDA in prior years experimented with the usage of a tuk-tuk (small transport vehicle) to supplement public transport within the CBD, but this was limited in its ability to ascend hills. The vehicles do have value on level ground, however, and several more are mooted for nodes such as King's Beach and some heritage sites of the Metro.

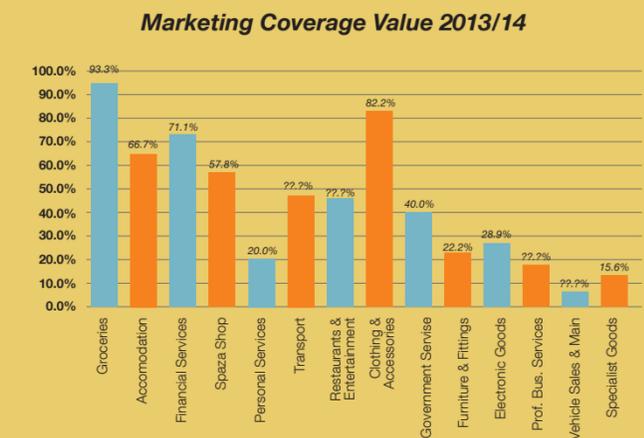
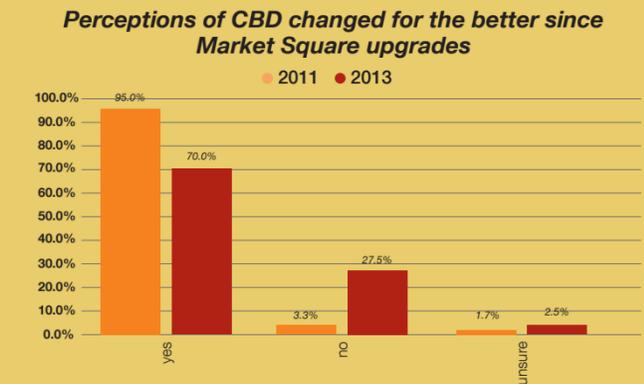
II. KEY PROJECTS

A growing number of operational services were initiated and implemented in the mandate areas in the period under review. The main focal areas were cleansing and security plans, regulation and management of informal trading, and maintenance projects.

Cleansing Plan Project

The two major inner-city cleansing plans are focused on the Port Elizabeth and Uitenhage CBDs, at a cost of R2.3-million and R1.8-million respectively. The activities include environmental cleansing such as street sweeping, refuse management, poster removal and weed removal. This enhances and maintains the projects developed by the MBDA while increasing local residents' and businesses' confidence in the area. The cleansing projects have had significant positive impacts on public perception, hence the ongoing investment by the MBDA.

The chart below indicates the results of the two surveys performed over the financial year.



Security Plan

The MBDA continued to deliver a limited security plan in the Port Elizabeth inner city during 2013/14 in order to improve confidence and a sense of safety in an area traditionally perceived to be very dangerous. This service was bolstered by the introduction of a Humewood Community Policing Forum (CPF)/MBDA Tourism Ambassador programme, comprising 12 members and creating the same number of jobs. Four of these ambassadors are based in the South End CCTV Operations Room, six in the Port Elizabeth CBD and two in the Uitenhage CBD. The results show positive trends in the MBDA mandate areas since the cancellation of the Omega Security contract by the NMBM, within limited scope and

budget. Car break-ins have drastically reduced in areas where security has been upgraded. Further, illegal gambling on the sidewalks of Uitenhage – previously a major problem – appears to have stopped altogether.

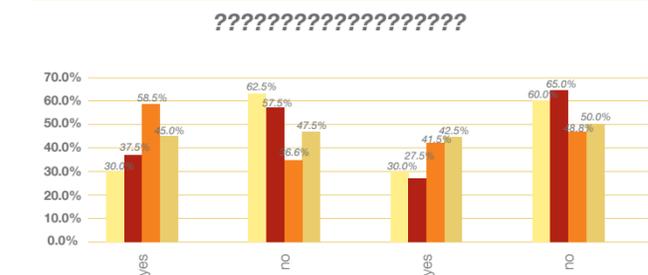
The challenge in Port Elizabeth is two-fold: Inadequate budget and a wide geographic area. Despite these obstacles limiting security service delivery, businesses and residents have indicated steady and growing satisfaction with the security services in place.

The MBDA will move to further improve service levels in the new year, with plans to bolster the security service with the introduction of canine-assisted guards in certain areas, including:

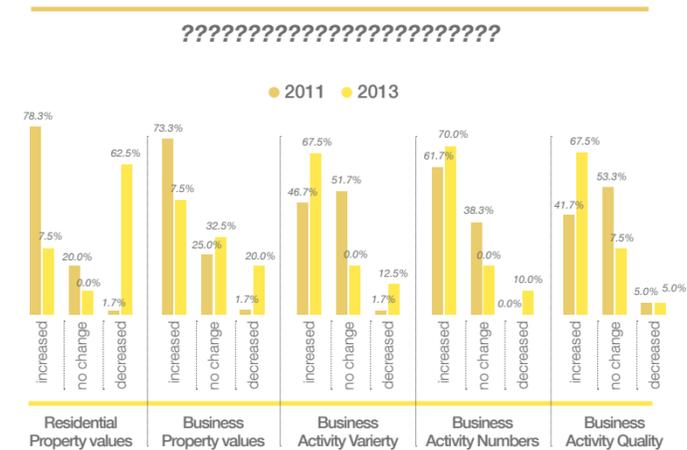
- Govan Mbeki Avenue.
- The Athenaeum.
- Donkin Reserve.
- Clyde and Havelock Streets.
- Parliament Street.
- King's Beach.

Greater funding allocations in this regard will further enhance safety in MBDA mandate areas. A programme for the manning of the CCTV cameras in the South End Joint Operations Control centre by employing people with disabilities is planned for the next financial year. The Singapi Street area will also receive improved security upon completion.

The chart below depicts the results of the 2013/14 quarterly perception surveys.



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



Maintenance Expenses

During the year under review, the MBDA spent R1.9-million on maintenance within the organisation's mandate areas, including the Donkin Reserve, the Athenaeum, the Port Elizabeth and Uitenhage CBDs, and King's Beach. All maintenance targets were met on time and procurement followed stringent supply chain processes. Maintenance activities require large budgets. Painting of buildings is expensive and tends to swallow large portions of maintenance funds. One of the challenges faced by the MBDA is unplanned maintenance expenses incurred by vandalism and repairs to infrastructure of poor quality.

Going forward, the MBDA intends to enforce planned and uniform quality control measures in order to limit the need to repair infrastructure such as drainage and to ensure all work contracted is properly carried out. Improved security measures significantly reduce vandalism, especially on the Donkin Reserve, where vandals damage ground lights in order to darken the area to enable criminal activity.

Recycling

The MBDA's KPIs require consistent operation of two recycling initiatives. These currently require further planning and are expected to be fully operational within the next year. However, the Go Green campaign is active on some of the MBDA projects.

Members of the public are encouraged to participate in the project by collecting recyclable materials such as cardboard boxes, bottles, cans, plastic bottles, plastic, newspapers and printing paper and delivering them to the MBDA Baakens River Valley site where they will be sorted and separated for sale or re-use, washed and otherwise prepared for re-use in the manufacture of various goods.

Members of the public are encouraged to adopt and own this initiative towards its envisaged creation of jobs, alleviation of poverty and reduction of rubbish, toxic gases in the environment and contribution to the economy of the city and the Nelson Mandela Bay region.

III. CONCLUSION

The MBDA, with limited budgets and resources, has managed to maintain its projects and assist in upholding the quality of services in its mandate areas, which include CBDs and other key nodes such as township projects and tourism areas. Although this is not the core work of the MBDA, the Agency has assumed an emergent responsibility to ensure that public pride and usage of the products developed takes place. The MBDA is resolute against urban decay and as such feels it necessary to maintain, clean and secure its projects. This work is only likely to escalate in the coming financial years. In the 2013/14 financial year, great strides were made to proactively maintain the current projects, and to implement support mechanisms that both complement and supplement the work of the parent municipality.

4. Marketing

I. MARKETING PRIORITIES FOR 2013/14

- The clear articulation of the MBDA mandate through various public platforms and media initiatives.
- To establish brand clarity, differentiation and awareness of the MBDA brand.
- Development and implementation of an effective media relations and stakeholder engagement programme.
- Promotion of investment in mandate areas through various marketing platforms and events.
- Positioning the Agency as a thought leader in the Urban Renewal space and thinking through various public interfaces, conference circuits, and broadcast, print, digital and online platforms.
- Promotion of the Agency as a caring corporate citizen through a corporate social investment programme.

II. MARKETING & COMMUNICATIONS SUCCESSES

The MBDA has been successful over the past decade in carrying out its mandate for facilitating the urban renewal and economic rejuvenation of specific nodes across Nelson Mandela Bay. The results speak for themselves – evident in a number of economic impact studies performed. Moreover, the tales of success, based on an exceptionally positive track record, have ensured that the MBDA has a strong basis on which to

market the work that it does. After more than ten years of strategic tourism real estate delivery and the implementation of various socio-economic interventions, the MBDA's story is one that will continue to inspire the city's residents, attract investment and outline the strategic importance and relevance of the Agency.

A focus on ongoing story-telling – through marketing and communication tools – is fundamentally rooted in a number of outcomes which include, inter alia, actively changing negative perceptions about the city and positioning it as a thriving metropolis that is both realising its potential and attracting investment that will unlock its future potential. These activities require a strong marketing and communications platform in order to be realised. One such plan was developed and implemented during the period in review.

Through this, and other means, the MBDA has enjoyed a significant share of voice in the media. It features most prominently in Nelson Mandela Bay's local media space, and bigger stories of its successes, innovations and interventions have made national and, at times, international headlines. This media coverage can be attributed to a number of factors, including the accessible senior management team, the topical nature of urban renewal, and tangible and visible infrastructure projects. Given that the work being done in the city is of an international standard, there is significant interest in the process and outcomes – hence the importance of communicating about projects. Moreover, the MBDA's approach to undertaking its work also leverages on significant community trust and participation, and as a result, open and transparent communication is important in maintaining continued support and endorsement.

In the 2013/14 financial year, the MBDA benefitted from the appointment of marketing and communications manager Luvuyo Bangazi. He joined the Agency's executive management team on 1 July 2013 and immediately set about actively re-shaping the MBDA's marketing approach. Prior to this, the Agency didn't have a dedicated, management-level resource to direct and manage all marketing and communications.

By developing an effective marketing and communication strategy, the MBDA made significant progress in clarifying and articulating its vision, mission and purpose to its diverse stakeholders and publics. It also proactively planned and implemented a strategic communications drive, targeting various publics, crafting relevant messages and delivering them through appropriate media. The final component of the marketing and communication strategy is analysis and for this, the MBDA makes use of monitoring and evaluation mechanisms that continuously measure impact through the advertising value equivalent (AVE) tool.

Marketing activity	Description of activity	Rationale/Purpose
Appointment of Marketing and Communications Manager	The agency's new Marketing and Communications Manager started on 1 July 2013. The first task was to formulate a marketing and communications strategy, budget and implementation plan.	The strategy and budget would be the key point of reference and driver for all marketing and communications activities for 2013/14.
PMR Africa Award	The MBDA was awarded a Diamond Arrow as the leading Development Agency in the Eastern Cape.	The awards, voted for by peers in the public and private sectors, celebrate and reward organisations identified as leaders in their sector.
Singapi Street project launch	A community event attended by nearly 300 residents. The Executive Mayor, local Ward Councillor and CEO of the MBDA officiated at the event.	The purpose was to activate the project in the community and bring all stakeholders together – demonstrating that the MBDA delivers on behalf of the NMBM.
Kings Beach Skate Park launch	The event was well supported by the public; with foot traffic of close to 1000 people. Various activities took place including Parkour, Demo Skating, BMX, break dancing and more.	The purpose of the event was to officially open the facility, demonstrate its purpose and to bring back the excitement associated with a beachfront, while again proving that the MBDA delivers on behalf of the NMBM.
Mandela Bay Urban Run	This event has grown year on year. It features an obstacle course dotted in between all the upgraded areas of the MBDA. It's great fun for the whole family and draws people of the city and visitors into key nodes that have been developed by the MBDA.	The purpose is to market the Port Elizabeth inner city. The event also serves to highlight all upgraded public infrastructure, changing perceptions about the city.
Media Indaba/Breakfast	The MBDA hosted a breakfast session to facilitate better and mutually beneficial relationships with the media – journalists in particular. One of South Africa's leading business daily newspaper editors was selected as guest speaker. The event drew more than 30 journalists from across the media spectrum; print, radio, television, blogs and various community media.	The purpose of the session was to find a practical and implementable way of working together to better profile Nelson Mandela Bay in order to improve its perception and standing nationally.
Helenvale Resource Centre Launch	The newly-built Helenvale Resource Centre was officially opened by the Executive Mayor, with 500 various dignitaries in attendance. A first in Helenvale, the event was attended by over 2000 residents with celebrations and entertainment led by talented Helenvale artists, schools and cultural groups.	The purpose was to officially open the facility and to demonstrate its capacity and potential to the people of Helenvale and to those in the greater Northern Areas. It again demonstrated that the MBDA delivers on behalf of the NMBM.
Nelson Mandela Bay Rugby Sevens	Nelson Mandela Bay plays host to the annual International Rugby Board Sevens Tournament – the only city in South Africa with that honour. The MBDA forms part of the management committee of the tournament, directing all activities, budgeting and spend. In 2013, the tournament reached a magical 58 000 spectator count, the biggest so far in the history of the tournament in South Africa.	The event is hosted in the city in order to maximize on existing city event infrastructure in the form of the Nelson Mandela Bay Stadium. The most important aspect is to market the event effectively so that it generates economic benefit to the city's tourism and leisure industry.
MBDA Brand Refresh	In line with a new approach to marketing, i.e. promoting the relevance and purpose of the MBDA, it became necessary to revisit the Agency's brand identity. After a number of engagement sessions with staff and management, a review of industry trends and research, it was apparent that the MBDA identity needed a small evolution. The new slogan/pay-off line was implemented: "Renew, Revive, Inspire".	With the old brand almost a decade in use it was necessary to reposition the organisation. The purpose of the refresh was to realign with the emerging new face of the Agency.
Design Indaba Simulcast	Once again, the MBDA hosted the popular Design Indaba Simulcast at the Athenaeum. The "Indaba" is the annual pilgrimage of design, arts, architecture and creative minds. The multi-day event attracted many young creative people from across the city, discussing various elements of design and creativity.	The MBDA supports the event because it leverages the Athenaeum investment. The event also draws young professionals back into the CBD and in that way changes negative perceptions and encourages young professionals to consider the heart of the city as a safe place to live, work and play.
Economic Impact Results (Barometer) breakfast	The MBDA has for the past five years commissioned an Economic Impact Assessment (Barometer) that seeks to establish the public and business sentiment, investment impact, induced investment, job creation and economic contribution to GDP resulting from MBDA projects.	The breakfast event was attended by key business leaders from across the city, various media houses and other stakeholders. The main purpose was to kick-start the dissemination of the Barometer results to reach as many of Nelson Mandela Bay's citizens as possible.
NMB Investment Conference	This conference brought together big and small business and investors under one roof. It focused on the city's investment potential as well as major shifts that need to take place in order to stimulate further investment. The Global Chief of Coca Cola Sabco was one of the key guest speakers, who also included two representatives of the MBDA.	The purpose of the conference was to discuss and deliberate on investment opportunities in Nelson Mandela Bay. The MBDA used the platform to highlight the results of the recent Economic Impact study.
NMB Leadership Summit	The Leadership Summit is a unique platform that comprises thought leaders in business and governance. The annual event is hosted by the NMMU Business School. Speakers are drawn from various spheres including government, academia and business.	As a co-partner in hosting the event, the MBDA's goal was to influence decision makers, highlighting the role other sectors have to play in urban renewal.

III. BUDGETING APPROACH

The MBDA has a limited marketing budget and makes use of low-spend, high-impact approaches. The approach during 2013/14 was therefore to seek opportunities that would give a sizeable return on investment. In the marketing and communications industry, there are a number of ways to maximize return while minimizing expenditure. Among these are public relations initiatives, events, direct media relations and engagement, communications-led news items, and some branding, marketing and advertising. A significant percentage of the MBDA's marketing resources were directed towards event sponsorships, public relations stunts and strategic advertising in order to extend reach, coverage and value.

IV. MARKETING AND EVENTS HIGHLIGHTS

Below are some of the marketing activities that generated significant 'talk', enhanced the MBDA's share of voice across shared, earned and bought media platforms and generated AVE value, media coverage, stakeholder interface opportunities and positive engagements.

V. OTHER INITIATIVES

Other than the activities highlighted above, the MBDA marketing team were further instrumental in a number of other initiatives, including:

- Project Nelson Mandela Bay – This is a lobby group established by civil society in order to lobby for and promote Nelson Mandela Bay as a great city in which to live, work, play and invest.
- South African Property Owners' Association (SAPOA) – The MBDA is represented in this organisation in order to maintain the subject of urban renewal on the agenda of major property owners, developers and agents.
- National African Federation of Chambers of Commerce (NAFCOC) – The MBDA is a member of this business chamber and participated in various roadshows targeting SMMEs and highlighting business opportunities available through the Agency's infrastructure programme.
- Eastern Cape Institute of Architects – The MBDA sponsored the 2013 Urban Assembly conference, which discussed the interface of architecture and the urban environment in the context of the academic, public and private sectors – which need to work together to ensure meaningful urban development.
- Business Vision 2045 – The Nelson Mandela Bay Business Chamber and the NMMU Business School are in the process of crafting a business Vision 2045 for the City. The MBDA is an active participant in the working group of this critical initiative.

- Eye on Arts TV programme – The MBDA initiated and rolled out a 13-episode series focused on the emergent creative and cultural industries in Nelson Mandela Bay on the city's local television station, BayTV, broadcast on Channel 260 on satellite broadcaster DSTV. The series articulated the Agency's vision of incorporating arts and heritage in public spaces through urban renewal.

VI. CORPORATE SOCIAL INVESTMENT

The MBDA Board approved a comprehensive corporate social responsibility/investment (CSR/CSI) policy in 2013. The marketing manager, as chair of the CSI committee, is tasked with guidance, management and oversight of the policy's implementation.

During the 2013/14 financial year, the highlight was a ground-breaking public-private partnership that culminated in the MBDA linking with Tavor Motor Group to jointly support the Healing Hand Foundation through the purchase of a new vehicle. The Foundation, previously only able to access approximately 5 000 needy and vulnerable residents per month, now feeds in excess of 15 000 per month across Nelson Mandela Bay. The vehicle purchased has enabled the organisation to become even more efficient and effective in reaching out to its stakeholders.

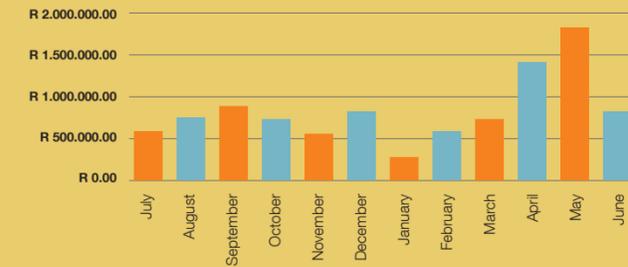
VII. MEDIA HIGHLIGHTS

The month of May 2014 boasted the highest yield in media coverage of the year, generating coverage with an advertising value equivalent (AVE) of R1.8-million. This was a result of the release of a number of newsworthy items, including the MBDA Economic Impact / Barometer results and the NMB Investment Seminar presentations.

Other media highlights included regular thought leadership pieces, extensive coverage of the Nelson Mandela Bay Investment Conference and in general, coverage of the Route 67 Public Art Journey and tourism product.

In total the AVE for the 2013/14 financial year was in excess of R12-million – a significant return on investment. This is a conservative figure for public relations-led exercises which often multiply AVE by three times as a measurement. Nevertheless, the success of the 2013/14 financial year sets the tone for a renewed MBDA as it moves more actively into township development in its effort to re-shape the urban spaces of Nelson Mandela Bay.

Marketing Coverage Value 2013/14



VIII. CONCLUSION

Marketing and communications are critical in shaping the image and profile of an institution such as the MBDA. Well-planned and implemented marketing builds social capital (brand equity); and helps mitigate against uncertainties and future changes or contextual instabilities. Understanding media dynamics is critical and advantageous to ensuring the MBDA's message penetrates and the Agency has a strong "share of voice" in the public arena on matters relating to urban development, creative and cultural industries, arts, culture and heritage, and township development. Leveraging the marketing budget and generating positive coverage is a key element of the strategy – and in that, during the 2013/14 financial year, the MBDA has made every rand "sweat".

The high return on investment, in excess of R12-million worth of positive mentions – a return multiple of nearly five – is a positive indication of our success. This success serves to confirm that the strategic approach adopted, of generating positive coverage through publicity stunts, events and newsworthy occurrences, is paying off. The MBDA does not have the budget to generate this kind of coverage on advertising alone, and it would never have been in a position to pay R12-million for media coverage. On this basis, the strategy going forward and for the new financial year is to continue to leverage positive and newsworthy events to profile the work of the MBDA.



Route 67 - Great Flag / Piazza Mosaic



Belmont Terrace-Treder Benches



Uitenhage - Fountains



Route 67 - Posters



The Athenæum



Govan Mbeki

Section 04: Organisational Development Performance

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

The five main key 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); facilitation of 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 13 Target	Qtr Ending 30 Sept 13 Actual	Qtr Ending 31 Dec 13 Target	Qtr Ending 31 Dec 13 Actual	Qtr Ending 31 Mar 14 Target	Qtr Ending 31 Mar 14 Actual	Qtr Ending 31 June 14 Target	Qtr Ending 31 June 14 Actual
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Service Delivery Budget Implementation Plan (SDBIP)/Mandela Bay Development Agency

KPA 1: Basic Service Delivery and Infrastructure Development

1.1 Cleansing and Security services (Central Business Districts Central and Uitenhage)

% satisfaction with cleansing services in Port Elizabeth and Uitenhage Central Business District	80% satisfaction by June 2014	Internal Survey conducted	Internal Survey conducted	50% satisfaction achieved	0.8375	Survey conducted by service provider	Survey conducted by service provider	80% satisfaction by June 2014	97.30%
% satisfaction with security services in Port Elizabeth Central Business District	80% satisfaction by June 2014	Internal Survey conducted	Internal Survey conducted	50% satisfaction achieved	68% satisfaction achieved	Survey conducted by service provider	Survey conducted by service provider	80% satisfaction by June 2014	37.5%

The reason for under-performance is insufficient personnel to patrol the area. Five guards per shift must cover the area bounded by Russell Road, Strand Street, Cuyler Street/Gordon Terrace and Rink Street. More security personnel will be employed during the 2014/2015 financial year to patrol the mandate areas.

1.1 Cleansing and Security services (Central Business Districts Central and Uitenhage)

Number of Special Rating Areas (SRA) operational	1 (Richmond Hill)	Voting campaign conducted. Public participation conducted.	Voting process completed	SRA Policy adopted by Council	Target not met	MOU with Richmond Hill Residents' Association finalised	Target not met	1 (Richmond Hill)	Target not met
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The non-achievement of the target was due to the delay in the approval of the Special Rating Area (SRA) Policy which is a pre-requisite for the conclusion of the Memorandum of Understanding (MoU). The SRA Policy was approved by Council on 27 March 2014. The draft Memorandum of Incorporation (MoI) and Finance Agreement are in place and awaiting approval from the Richmond Hill Residents' Association. It is envisaged that the SRA will be operational during the 2014/15 financial year.

% completion of inner city renewal capital development projects (King's Beach Southern Beachfront Redevelopment Phase 3)	100%	Design completed	Target not met	20%	0.00%	60%	10.00%	100%	97.00%
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Phase 3 of the King's Beach Southern Beachfront Redevelopment was delayed as a result of defective design related issues, e.g. water bodies. The manager responsible for overseeing the design process has since been replaced. The rectification work on Phases 1 and 2 has since been completed and Phase 3 is 97% complete. The 97% constitutes: Grass blocks to storm water channel and CCTV trenching and cabling. Work on Phase 3 is expected to be completed in July 2014.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 13 Target	Qtr Ending 30 Sept 13 Actual	Qtr Ending 31 Dec 13 Target	Qtr Ending 31 Dec 13 Actual	Qtr Ending 31 Mar 14 Target	Qtr Ending 31 Mar 14 Actual	Qtr Ending 31 June 14 Target	Qtr Ending 31 June 14 Actual
100% of Belmont Terrace and Bird Street (Phase 3) Environmental Upgrade completed	100%	10%	45.00%	40%	50.66%	75%	54.00%	100%	100.00%
The KPI was amended to measure 100% of Belmont Terrace and Bird Street (Phase 3) Environmental Upgrade completed during mid-term as per Council resolution dated 23 January 2014. Phase 2 was replaced with Phase 3. The 100% completion of the Belmont Terrace and Bird Street (Phase 3) Environmental Upgrade as reported, constitutes the refurbishment of public amenities, a new sports facility (Mini Football) on Trinder Square, the development of the Trinder Square site, including separately commissioned public amenities and the installation of Post-top Street Lighting of Trinder Square (both streets adjacent to Square) and general landscaping.									
% completion of inner city renewal capital development projects (Tramways Building Redevelopment completed (exterior shell of building and substation completed))	50%	15%	55.00%	25%	60.00%	40%	67.00%	50%	84.00%
The 84% completion of the Tramways Building Redevelopment project constitutes site establishment, site cleaning, exterior shell of building and substation building work. The over-performance in respect of this key performance indicator is the result of close monitoring of project implementation through regular site meetings. The remaining 16% constitutes roofing and other internal works.									
% completion of inner city renewal capital development projects (Completion of Vuyisile Mini Square Design Master plan)	100%	Baseline Investigations Completed	Target not met	Public Participation conducted	Target not met	50%	N/A	100%	N/A
The completion of the Vuyisile Mini Square Development Master plan target was deleted from the NMBM 2013/14 IDP, SDBIP and MBDA Scorecard as per Council resolution dated 23 January 2014, due to a lack of dedicated budget.									
% completion of inner city renewal capital development projects (Completion of Western Road Precinct Design Master plan)	100%	Baseline Investigations Completed	Target not met	Public Participation conducted	Target not met	50%	N/A	100%	N/A

The completion of the Western Road Precinct Development Master plan target was deleted from the NMBM 2013/14 IDP, SDBIP and MBDA Scorecard as per Council resolution dated 23 January 2014, due to a lack of dedicated budget.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 13 Target	Qtr Ending 30 Sept 13 Actual	Qtr Ending 31 Dec 13 Target	Qtr Ending 31 Dec 13 Actual	Qtr Ending 31 Mar 14 Target	Qtr Ending 31 Mar 14 Actual	Qtr Ending 31 June 14 Target	Qtr Ending 31 June 14 Actual
% completion of Township Rejuvenation Projects (New Brighton Sports field upgrade completed (spectator stand completed ablation facility completed and field upgraded))	100%	50%	55.00%	100%	85.00%		100% achieved in March 2014		100% achieved in March 2014 against the annual target date: 100% by December 2013
The New Brighton Sports field Upgrade project is 100% complete. The spectator stand, ablation facility and sports field have been upgraded. (Achieved, but not within the targeted timeframe.)									
% completion of Township Rejuvenation Project (Red Location Singapi and Olaf Palmer St Road Upgrade (Phase 2))	100%	10%	0%	25%	0%	60%	0.00%	100%	0%
The under-performance in respect of this key performance indicator is the result of prolonged processes for the appointment of a consultant, as well as extensive stakeholder engagements. A consulting engineer has been appointed. The construction tender was advertised on 28 February 2014. The closing date for the tender was extended to 17 April 2014. The tenders received are currently undergoing evaluation and adjudication processes. It is envisaged that a contractor will be appointed in July 2014.									
% completion of Township Rejuvenation Project (Completion of Veeplaas Informal Trading Area Upgrade (structure and trade facilities for 10 informal traders completed))	100%	15%	0%	25%	0%	50%	0.00%	100%	0%
The under-performance against this key performance indicator is due to the fact that a new site had to be identified for the Veeplaas Informal Trading Area Upgrade. The initial site identified for the project was used for the Integrated Public Transport System (IPTS). The construction tender was advertised in June 2014. It is envisaged that a contractor will be appointed during the 2014/2015 financial year.									

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 13 Target	Qtr Ending 30 Sept 13 Actual	Qtr Ending 31 Dec 13 Target	Qtr Ending 31 Dec 13 Actual	Qtr Ending 31 Mar 14 Target	Qtr Ending 31 Mar 14 Actual	Qtr Ending 31 June 14 Target	Qtr Ending 31 June 14 Actual
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% completion of Township Rejuvenation Project (100% completion of Walmer-Gqebera Township Project (Phase 1) – Cemetery Upgrading (Perimeter fencing completed, removal of unwanted objects and upgrade of road completed, grass cutting and general maintenance completed) by December 2013)	100%	50%	98.00%	100%	98.00%		100% achieved in March 2014		100% achieved in March 2014 against the annual target date: 100% by December 2013
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The Walmer-Gqebera Township Project (Phase 1) – Cemetery Upgrading (Perimeter fencing completed, removal of unwanted objects, upgrade of road completed, grass cutting and general maintenance) is 100% complete. (Achieved, but not within the targeted timeframe.)

KPA 2: Municipal Transformation and Organisational Development

2.1 Human Resource Transformation

Number of officials trained in National Treasury minimum competencies in line with set regulations (Government Gazette number 29967)	6.00	2.00	0.00	4.00	0.00	5.00	0.00	6.00	0.00
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The under-performance against this key performance indicator is due to time constraints. Officials were not able to attend monthly classes due to other competing priorities. The Agency has requested approval from Cacadu District Municipality to use the service provider appointed on an RPL basis and four senior managers have joined the NMBM programme. It is envisaged that the required minimum competencies may only be completed during the next financial period.

% attainment of prescribed National Treasury Minimum Competencies as prescribed by Government Gazette No. 29967	100.00%	25.00%	17.00%	50.00%	17.00%	75.00%	18.75%	100.00%	18.75%
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The under-performance against this key performance indicator is due to time constraints. Officials were not able to attend monthly classes due to other competing priorities. The Agency has received approval from Cacadu District Municipality to use the service provider appointed on an RPL basis and 4 senior managers have joined the NMBM programme. It is envisaged that the required minimum competencies may only be completed during the next financial period.

Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 13 Target	Qtr Ending 30 Sept 13 Actual	Qtr Ending 31 Dec 13 Target	Qtr Ending 31 Dec 13 Actual	Qtr Ending 31 Mar 14 Target	Qtr Ending 31 Mar 14 Actual	Qtr Ending 31 June 14 Target	Qtr Ending 31 June 14 Actual
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2.2 Performance management

Submission of performance reports indicating performance gaps and improvements	Director performance information populated and applied within 10 work days after quarter end	2011/12 Director Q4 performance info populated & app on IS by 13/07/2012	Director performance info populated & app within 10 work days after quarter end	Director Q1 PM info app by 12/10 and Director Q2 PM info app by 31/12	Director Q1 PM info app by 12/10 and Director Q2 PM info app by 31/12	All final performance info & evidence Q2 populated & app on IS	All final performance info & evidence Q2 populated & app on IS	2012/13 Director Q3 performance info populated & app on IS by 14/04/2013	Submission of performance reports indicating performance gaps and improvements
Roll out of performance management (down to Salary Grade 12)	By June 2014	ED performance plan concluded & Directors' performance plans in place	In progress	Performance plans above salary grade 12 in place	Managers' performance , plans in place	Gr12 performance plans in place; mid-term assessment done with direct reportees	Gr12 performance plans in place; mid-term assessment done with direct reportees	Q3 assessment / review done with direct reportees	By June 2014

KPA 3: Local Economic Development

3.1 Job creation and Expanded Public Work Programme (EPWP)

Number of Full Time Equivalent Jobs created	150.00	20.00	18.00	60.00	42.00	80.00	65.30	150.00	100.00
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KPA 4 : Municipal Financial Viability and Management

4.1 Budgeting and Financial accounting

% of the Directorate's capital budget spent on capital projects identified as per the IDP	95% by June 2014	12.00%	14.00%	32.00%	22.00%	46.00%	32.00%	95.00%	44.00%
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The reasons for under-spending: The capital projects of the Agency are multi-year in nature and subject to many aspects such as master planning, concept designing, public participation processes, heritage approvals etc. Singapi Street; King's Beach Phase 3 and Belmont Terrace projects were slightly behind schedule.

% of Directorate training budget spent on implementing its Workplace Skills Plan	95% by June 2014	25.00%	11.00%	50.00%	30.00%	75.00%	55.00%	95.00%	100.00%
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Turnaround time for the payment of creditors (from the receipt of invoice to the actual payment) in line with Section 65(2) (e) of the Local Government Municipal Finance Management Act No 56 of 2003	days30								
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Key Performance Indicator (KPI)	Annual Target	Qtr Ending 30 Sept 13 Target	Qtr Ending 30 Sept 13 Actual	Qtr Ending 31 Dec 13 Target	Qtr Ending 31 Dec 13 Actual	Qtr Ending 31 Mar 14 Target	Qtr Ending 31 Mar 14 Actual	Qtr Ending 31 June 14 Target	Qtr Ending 31 June 14 Actual
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KPA 5: Good Governance and Public Participation

5.1 Risk management

Number of Directorate Risk Management Reports submitted to the Office of the Chief Operating Officer	4.00	1.00	1.00	2.00	1.00	3.00	2.00	4.00	3.00
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Only three Board meetings have been held to date. A meeting was scheduled for November but was subsequently cancelled due to non-availability of Directors. The next Board meeting is scheduled for 25/07/2014.

5.2 Internal Controls

Turnaround time from the request for additional performance information from Internal Audit to the Directorate's response	days5.00	days5.00	days3.00	days5.00	days0.00	days5.00	days0.00	days5.00	days3.00
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Requests were responded to within 3 days

Turnaround time from the request for additional information from the Auditor-General to the Directorate's response	days3.00	days3.00	days3.00	days3.00	days0.00		days0.00		days0.00
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No additional requests were received

% reduction on Directorate recurring items by the Auditor-General's Office	80% reduction on 2012 AG Report recurring items by 03/2014	2011/12 Audit Report Action Plan implemented	Target not met	Info submitted & 2012/13 Report received from the AG	Info submitted & 2012/13 Report received from the AG	80% reduction on 2012 AG report recurring items by 03/2014	80% reduction on 2012 AG report recurring items by 03/2014		80% reduction on 2012 AG Report recurring items by 03/2014
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2. Human resources

During the 2013/14 period, the staff complement grew by five employees, in proportion with growth in the organisation and its projects. The MBDA's staff complement as at 30 June 2014 and as per employment equity principles is reflected below:

RACE

Level	Black	White	Coloured	Indian	Total
Management	2	2	1	1	6
Professional	3	1	4	1	9
Administration	5	1	6		12
TOTAL	10	4	11	2	27

GENDER

Level	Male	Female	Total
Management	5	1	6
Professional	4	5	9
Administration	4	8	12
TOTAL	13	14	27



Organisational structure

The MBDA staff organogram as at 30 June 2014 is reflected in the following diagram.



RENEW
REVIVE
INSPIRE

3. Impact on community – Economic barometer review

Since its establishment in 2003, the MBDA has driven urban renewal in Nelson Mandela Bay, specifically in the city's two major urban centres –the Port Elizabeth CBD and Uitenhage CBD. In an effort to map the impact of the capital investment projects and resultant sentiment change, the MBDA has sought to quantify the outcomes of its work through an economic barometer which:

1. Measures the impact of the upgrades on business activity; and
2. Assesses the impacts of the upgrades on the perceptions of business people and residents in the targeted areas.

This economic barometer review is comprised of two components: A formal economic impact assessment for the various projects undertaken by the MBDA; and two distinct surveys administered to businesses and residents in the areas in which projects had been undertaken. The surveys and impact assessments take place periodically very three years. To date, two economic barometer analyses have been performed, the last of which was completed in the period under review, in both established and new mandate areas.

The major objective of the surveys is to create and update baseline data sets and assess any resultant residential/business perception trends emanating from the MBDA's interventions. There are now two major sets of data available to inform the MBDA's decision-making and which represent a sound set of statistical information from which to benchmark future developments against, and adjust and improve annually. The most recent set of data, generated between 2011 and 2013, offers the first comparative analysis, leveraging off baseline data recorded between 2009 and 2011.

The 2013 period saw the expansion of the study boundary to include a number of new areas, namely: Richmond Hill, New Brighton and Helenvale. As a result, six new surveys were developed and administered. The outcomes from these expanded surveys represent baseline data concerning business and property-owners' current perceptions regarding the MBDA upgrades in their locales. In the case of the New Brighton area, no upgrades had yet been undertaken, but are planned in the future.

It is important to note that given the length of time between the MBDA's initial upgrades of Central, certain questions asked and aspects assessed in 2009 to 2011 were no longer applicable. As a result, in the new survey, several questions were removed and replaced with those more currently applicable. For example, in the initial survey, businesses and residents were asked about the aesthetics and functional improvements of the Parliament Street upgrades, which were completed in 2009. Now outdated, the question was amended to reflect new upgrades at Trinder Square and the Donkin Reserve.

In all, the results continue to show that the MBDA delivers on catalytic projects and has become a crucial socio-economic development vehicle for the city. It does so by using infrastructure and environmental upgrades, and cleansing and security to inspire transformation, improving public confidence, and positively influencing decision-making by private sector real estate and business investors.

I. PORT ELIZABETH CBD: SURVEY OUTCOMES

The MBDA has invested over R 140-million in several anchor projects in Central. These projects include the:

- Upgrade of Govan Mbeki Avenue and Parliament Street;
- Strand Street redevelopment;
- Donkin Reserve environmental upgrade;
- Upgrade of the Athenaeum; and
- Belmont Terrace and Bird Street Precinct environmental upgrade.

These new business sales, job opportunities, and additional GDP-R arose from the direct, indirect and induced effects of the upgrades and were defined for specific periods during construction of these projects.

The outcomes of the primary research in respect private sector investment indicated that 39.1% of businesses within Central made improvements to their properties in 2013 – compared to 53.5% of businesses in 2011. In contrast, 50.0% of residents who own their properties made improvements in 2013 (2011: 75.0%). It should be noted that residents who responded in the survey that indicated that they own their property was very small (2013: 2.3% of sample; 2011: 1.6% of sample).

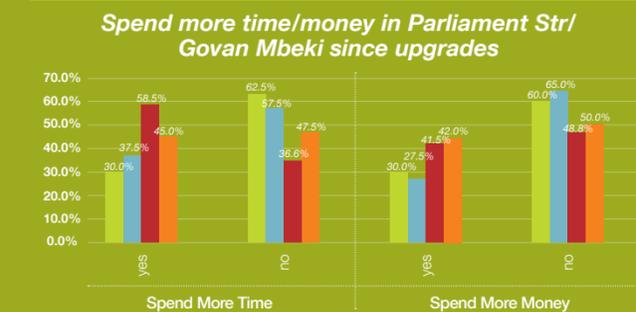
Of the businesses that participated in the survey, 12.1% reported having made improvements to their properties in 2013 (2011: 10.0%). A total of 42.8% of residents reported having made improvements (2011: 18.9%) indicated that their upgrades were as a direct result of the MBDA's investment in the area.

Based on the average value of improvements and the number of respondents that indicated that they made improvements to their properties it is possible to estimate the total value of private sector investment in the area. These estimates suggest that Central businesses invested R7.2-million in 2013 (2011: R8.1-million) while residents invested R210 000 in 2013 (2011: R415 000). The total combined value invested by Central businesses in their properties over the two survey periods was R 46.8-million.

Businesses were asked how they would rate their overall confidence in the business environment in Central (for example, prospects growth and trading conditions). Over half (55.6%) of businesses surveyed indicated that they were either extremely positive (18.8%) or positive (36.8%) about the

current Central operating environment. Average business confidence in 2013 reported was 65.9%.

As part of the survey process, residents living outside of Central were asked whether, following the MBDA upgrades, they spend more time and money in the area. Of those who participated in the survey, 42.5% of respondents indicated that they spend more money in Central than they had before the upgrades (2011: 41.5%) – a slight improvement, while 45.0% indicated that they spend more time in Central (2011: 58.5%), a 13% decline from 2011 results.



Average rental rates for Central, based on the survey sample, declined by 11.3% between 2011 and 2013, equating to an average annual decline of 5.8% per year over the period. The average 2013 commercial rental rate of R103.61p/m² is the second lowest over the recorded period (2009 – 2011; 2013) as well as being below the 2009 figure (R111.85). The 2013 commercial rental rate is however in line with the historical average of R102.17 over the recorded period (2009-2011, 2013).

Environmental factors were also taken into consideration during the survey. Respondents were required to rank an assortment of factors on a scale of one to five. Lighting and informal trading were the two environmental factors that had the highest average scores in 2013. This means that these were the two factors that 2013 respondents felt had shown the greatest improvement following the MBDA upgrades of Central.

The rankings of the various environmental factors showed that amongst all survey respondents, the MBDA's upgrades had been highly effective at addressing the number of derelict properties in Central. This was evident by the fact that derelict properties were the assessed factor that reflected the third greatest improvement between 2011 and 2013.

Although both businesses and residents continue to feel that crime is a problem in Central, the survey data indicates that the MBDA upgrades have had a positive impact on individual's perceptions of these crime-related factors.

Businesses and residents (both inside and outside of Central) reported viewing the aesthetic improvements to the Donkin Reserve very positively. Residents within Central were the most positive, with 94% indicating either a positive or extremely positive response. A significant percentage of respondents (38.1%) reported having a neutral response. This is likely attributable to the fact that, at the time of the survey, the Trinder Square upgrades were still underway.

II. UITENHAGE CBD: SURVEY OUTCOMES

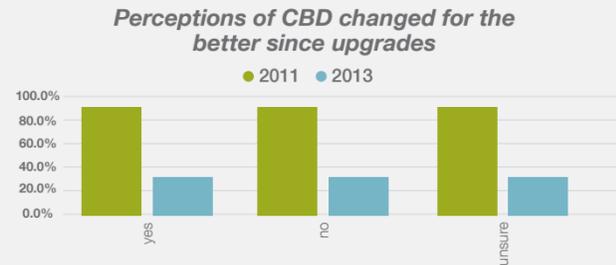
Following from the successful upgrade of Govan Mbeki Avenue and Parliament Street, the MBDA investigated the potential of conducting similar upgrades in the Uitenhage CBD. The overall aim of the upgrades were to transform the Uitenhage Market Square precinct from a parking area into a civic and pedestrian central space, thereby rehabilitating and revitalising the area and allowing it to serve as a catalyst for private sector investment.

The Uitenhage CBD was included in the MBDA's economic barometer assessment in 2011, following the completion of the upgrades. The economic barometer review includes a business survey administered to enterprises operating in and around Market Square as well as a CBD user survey.

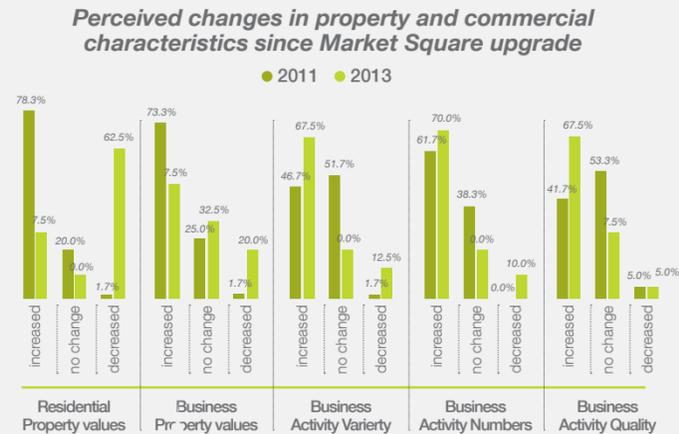
Almost 80% of businesses surveyed indicated that they were either extremely positive (17.7%) or positive (60.8%) about the current Uitenhage operating environment. A total of 70% of the CBD users surveyed indicated that the upgrades undertaken by the MBDA had been successful in changing their perceptions of the Uitenhage CBD. This was 13% higher than the figure recorded in 2011 (57%).

Applying the same methodology that was used for Central, business respondents in the Uitenhage CBD were asked to how they would rate the changes within a set of environmental factors following the MBDA upgrades. Lighting and noise levels remained the two environmental factors that received the highest average scores in 2013. The average score for lighting declined by -5.1%. Respondents also indicated that the level of congestion had deteriorated significantly following the MBDA upgrade.

The MBDA's upgrades of the Uitenhage CBD were assessed to have had a greater impact on business owners' perceptions of crime and other illegal activities than the corresponding upgrades in the Port Elizabeth CBD. This is evident by the average score for perceptions of crime in the Uitenhage CBD relative to those of the Port Elizabeth CBD.



The cleansing project has had significant impacts on public perception, hence the ongoing investment by the MBDA.



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

III. CONCLUSION

The MBDA continues to manifest as a force for positive change in two central nodes of the Nelson Mandela Bay Municipality. Upgrades – both infrastructural and environmental – have transformed both residential and business perceptions of the Port Elizabeth and Uitenhage CBDs. The work undertaken has proven to have offset the entrenched urban decay, which ensued, following global trends, in the 1990s, when many businesses or key sectors migrated from the traditional ‘main-street’ or central business district trade into previously semi-residential areas. Coupled with volatility in the secondary sector (motor manufacturing and related industries), the public sector was compelled to act to mitigate the capital flight and grow the tertiary sector (tourism, property, services, retail), which traditionally has enjoyed more consistent growth, as a strategic sector for unlocking local economic development and job opportunities. The reversal of negative trends and the positive outlook indicated in both the private and residential sectors thus further endorse the value of the MBDA’s work.

The MBDA continues to manifest as a force for positive change in two central nodes of the Nelson Mandela Bay Municipality.



Helenvale Resource Centre

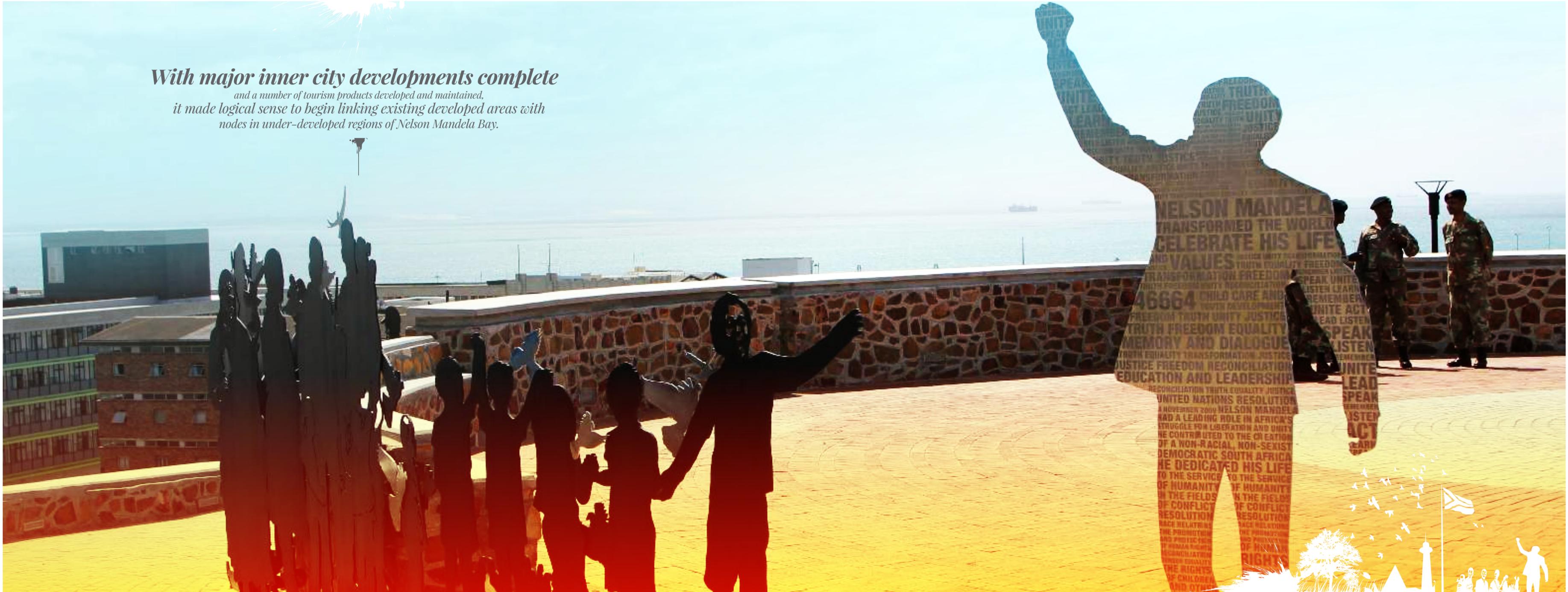


Zond Street - Sports Field



The Donkin Reserve - Fish Bird

*With major inner city developments complete
and a number of tourism products developed and maintained,
it made logical sense to begin linking existing developed areas with
nodes in under-developed regions of Nelson Mandela Bay.*



Section 05: Auditor- General's Report

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND COUNCIL OF THE NELSON MANDELA BAY METROPOLITAN MUNICIPALITY ON THE MANDELA BAY DEVELOPMENT AGENCY NPC

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- I have audited the financial statements of the Mandela Bay Development Agency NPC set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

- The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act, 2008 (Act No. 71 of 2008) and for such internal control as the accounting authority 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

- 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.
- 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.

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

Opinion

- In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mandela Bay Development Agency NPC as at 30 June 2014 and their financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matter

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

Other reports required by the Companies Act

- As part of my audit of the financial statements for the year ended 30 June 2014, I have read the directors' report for the purpose of determining whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective companies. Based on reading these reports, 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 thereon.

Unaudited disclosure notes

- In terms of section 129(2)(c) of the MFMA, the entity is required to disclose particulars of non-compliance with this legislation. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against pre-determined objectives for the selected development priority presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each sub-heading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Pre-determined objectives

- I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priority presented in the annual performance report of the municipality for the year ended 30 June 2014:
 - Development priority 2: Facilitating public capital projects on pages XX to XX
- I evaluated the reported performance information against the overall criteria of usefulness and reliability.
- I tested the usefulness of the reported performance information to determine whether I was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for measuring programme performance information (FMPPI).
- I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected development priority.

Additional matter

- Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected development priority, I draw attention to the following matter:

Achievement of planned targets

- Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year.

Compliance with legislation

- I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management, and other related matters. I did not identify any instances of material non-compliance with specific matters of key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

- I considered internal control relevant to my audit of the financial statements, performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General
East London
29 November 2014


AUDITOR-GENERAL
EASTERN CAPE
Auditor-General Eastern Cape

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 2014."

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 and facilitated public investment in excess of R500-million in infrastructure upgrades, environmental improvements and various other urban renewal initiatives, building up a track record of successful projects which has resulted in an expansion of its mandate area.

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. A further successful intervention has been the introduction of various arts, culture and heritage projects by the Agency that promotes the creative industries in taking its rightful place in the development of emerging artists with a view to creating sustainable economic opportunities for them.

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

In Progress / Completed Projects

During the year under review the entity completed the Bird Street / Belmont Terrace Phases 2 and 3 and this precinct is developing into a legal / cultural precinct with the Athenaeum Building and NMMU Satellite Campus acting as book marks. The Donkin Reserve Phase 4 Upgrade was completed and this entire project with its Route 67 Arts Journey has become a landmark for Nelson Mandela Bay, receiving recognition both nationally and internationally. The Kings Beach Phase 3 development is nearing completion and has become a popular recreational destination for both residents as well as tourists. The Helenvale Resource Centre was completed and an operator appointed and this complex was utilised by the community during the period under review, as it was a much needed intervention in a township that has major socio-economic challenges. The New Brighton sportsfield in Zondi Street was completed amidst much excitement amongst the residents and plans are now in place to provide further amenities on the site in the new year. Other township projects completed were the Gqebera Cemetery Upgrade and Sakhasonke Access Road. The redevelopment of the Tramways Buiding in the Baakens River Valley is progressing well and this municipal owned heritage asset is attracting much attention in terms of its strategic position in relation to the new commercial port marina development which has been approved by Transnet and planned to commence in 2017.

New 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 Singapi Street Environmental Upgrade project will commence in the new year and this project is planned to be completed in two phases over

a period of three years. It is the Agency's first major infrastructure project in Red Location, New Brighton and is expected to change the face of this area which is a gateway to the Red Location Museum precinct. Phase 3 of the Helenvale nodal and precinct development will also commence in the new year while consultants appointed for the German government funded Helenvale Safety and Protection through Urban Ugrading (SPUU) will finalise a masterplan that will act as a development blueprint for various social and infrastructure projects to be rolled out over the next 2 to 3 years. Other projects planned for 2014/15 are the Uitenhage Market Square Zola Nqini Art-piece, construction of a community hall in Qaqawuli, a playpark in Sawule Street, Gqebera and the development of a business incubator and carwash in Veeplaas. Phase 4 of the Bird Street / Belmont Terrace Environmental Upgrade will also commence.

Future Projects

The Agency plans in 2015/16, inter alia, to build a community hall in Kleinskool and upgrade a sportsfield in Missionvale and will in the next year start the planning process with the appointment of consultants for these projects. In addition the neglected Campanile monument will undergo a structural investigation with a view to this important tourism product being upgraded. The Executive Mayor has also approved that the Vuyisile Mini Square undergoes a major rehabilitation and the Agency has been mandated to source funds for this project from the Budget & Treasury directorate of the parent municipality. This project is expected to commence in 2015/16 and will be implemented over a period of 2-3 years. Going forward the Agency also plans to purchase derelict property at market related prices in order that it can redevelop and commercialise these properties so that it can further bolster urban renewal in Nelson Mandela Bay as well as develop an income stream for the Agency.

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 & Secretary

The non-executive directors of the company as at 30 June 2014 were:

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 Mayoral Committee of the Nelson Mandela Bay Municipality resolved in August 2014 that with the exception of Daniel Alexander Jordaan, the tenure of these directors with the Agency be ended on 31 August 2014. This decision was ratified by the members of the Agency and the following new directors have been appointed with effect from 01 September 2014.

Darryl Alfred Dennis
Nomalizo Jessie Mandaba
Melikhaya Lucky Gosani
Kasaven Govender
Monde Ngonyama
Samkelo Dluwane
Chantal du Pisani
Mncebisi Griffiths Sitoto
Daniel Alexander Jordaan
Donovan Nadison
Khulile Nzo
Vuyo Zitumane
Motse Maxwell Mfuleni
Ngaba Mhlaba
Luvuyo Bono

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 2014

	Notes	2014 R	2013 R
<i>Net assets and liabilities</i>			
NET ASSETS			
Accumulated Surplus		903,741	947,151
<i>Non Current Liabilities</i>			
Construction Contract Retention Creditors	2	1,004,580	2,169,724
<i>Current Liabilities</i>			
Trade and Other Payables	3	6,520,936	7,793,237
Provisions	4	44,109	33,797
Unspent Conditional Grants	5, 27	63,098,590	52,180,289
Short term portion of Construction Contract Retention Creditors	2	1,009,929	410,232
TOTAL NET ASSETS AND LIABILITIES		72,581,886	63,534,430
ASSETS			
<i>Non-current Assets</i>			
Property, Plant & Equipment	6	879,367	929,961
Intangible Assets	7	24,374	17,190
<i>Current Assets</i>			
Trade and Other Receivables	8, 27	13,614,302	1,932,755
Deposits	9	2,100	2,100
Cash and Cash Equivalents	10	58,061,743	60,652,424
TOTAL ASSETS		72,581,886	63,534,430

MANDELA BAY DEVELOPMENT AGENCY NPC
Statement of financial performance for the year ended 30 June 2014

	Notes	2014 R	RESTATED 2013 R
<i>Revenue from Exchange Transactions</i>			
- Nelson Mandela Bay Municipality Grants		39,207,871	45,579,403
- Department of Arts and Culture Grants		560,000	-
- National Lotteries Board Grants		-	1,424,032
Revenue from non Exchange Transactions		31,858,150	22,446,153
- Industrial Development Corporation Grants		-	425,499
- Nelson Mandela Bay Municipality Grants		23,783,627	18,765,066
- Department of Arts and Culture Grants		147,304	-
- Eastern Cape Development Corporation Grants		343,200	-
- KfW Bank Grants		4,397,025	-
- National Lotteries Board Grants		646,861	655,424
- Interest Received		2,540,132	2,600,164
TOTAL REVENUE		71,626,022	69,449,587
OTHER INCOME			
Other Income	12	199,060	181,703
EXPENDITURE			
Audit Fees		644,895	429,282
Athenaeum Club Operating Costs		69,117	-
Bad Debts		56,040	24,163
Bank Charges		17,355	7,806
Capital Projects Cost		39,600,402	46,844,867
CBD Facilities		1,801,255	1,483,489
Cleaning, Safety & Security		70,883	50,118
Cleansing Plan Project		3,804,815	3,541,797
Consumables		30,717	5,564



	Notes	2013 R	RESTATED 2012 R
Course Fees, Education & Training		187,441	103,277
Department of Arts and Culture Expenses	30	147,304	-
Depreciation and amortisation	6, 7	159,820	184,239
Donations & Social Responsibility		296,741	79,000
Electricity, Water & Rates		140,358	170,474
Employee Related Costs	13	10,342,896	7,997,647
Entertainment		85,545	65,054
Equipment Lease & Rentals		78,440	64,596
Helenvale Urban Renewal Program		917,776	850,258
Helenvale Resource Centre Operating Costs		773,011	-
Helenvale SPUU Expenses	31	4,397,025	-
Insurance		81,739	69,492
Interest Paid	15	167,469	158,567
IT Support Costs & Computer Expenses		101,035	104,165
Legal Fees		230,679	214,143
Meeting Expenses		27,089	62,832
National Lotteries Board Expenses	28	625,861	632,924
Office Decor & Fittings		23,249	21,265
Office Rentals		722,246	662,154
Postage & Courier		3,460	4,082
Printing & Stationery		72,958	45,831
Professional & Consultant Fees		168,138	671,129
Public Relations & Marketing		2,307,382	1,980,420
Recruitment Costs		40,750	40,780
Refreshments		35,113	28,601
Repairs & Maintenance		75,839	50,700
Security Plan Project		1,915,203	1,872,088
Strategic Spatial Framework Studies	29	1,089,650	440,000
Subscriptions		72,921	50,926
Sundry Expenses		20,937	87,169
Telephone & Fax		191,651	144,225
Travel & Accommodation		273,289	286,253
SURPLUS/(DEFICIT) FOR THE YEAR		(43,410)	101,911

	R	R
	Accumulated Surplus	Total
BALANCE AT 1 JULY 2012	845,240	845,240
Surplus for the year	101,911	101,911
BALANCE AT 1 JULY 2013	947,151	947,151
Surplus for the year	(43,410)	(43,410)
BALANCE AT 30 JUNE 2014	903,741	903,741

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	2014 R	2013 R
CASH FLOW FROM OPERATING ACTIVITIES			
Gross cash receipts from Nelson Mandela Bay Municipality		73,249,663	68,445,579
Gross cash receipts from ECDC, DAC and others		5,710,977	9,856,642
Cash paid to suppliers and employees		83,728,684	75,871,077
Cash generated from / (utilised in) operations	14	(4,768,045)	2,431,143
Interest received		2,295,623	2,435,290
NET CASH FROM OPERATING ACTIVITIES		(2,472,422)	4,866,434
<i>Cash from investing activities</i>			
Purchase of property, plant and equipment	6	(101,551)	(291,277)
Purchase of intangible assets	7	(16,708)	(14,562)
NET CASH FROM INVESTING ACTIVITIES		(118,259)	(305,839)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,590,681)	4,560,595
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		60,652,424	56,091,829
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	58,061,743	60,652,424
		58,061,743	



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 and emerging development nodes in Nelson Mandela Bay 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 11 – 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 the statement of financial performance 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
- 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 INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary asset without physical substance and are carried at cost less accumulated amortisation and impairments.

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method. The annual amortisation rates are based on the following estimated average asset lives:

<i>Assets</i>	<i>Useful life in Years</i>
- Computer Software	3 – 5

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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

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.

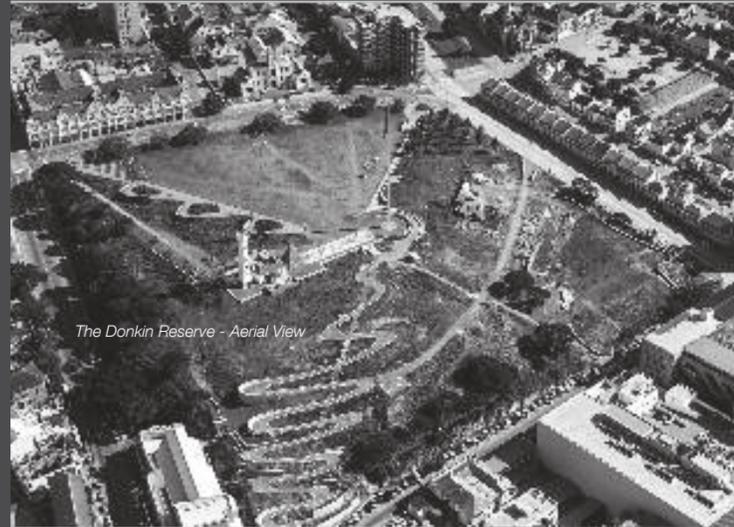
Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.



.....
is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.



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.



The Donkin Reserve - Aerial View



Ultenhage Square - Fountains



King Beach - Skate Park



Athenæum - Little Theatre



MANDELA BAY DEVELOPMENT AGENCY NPC
Notes to the annual financial statements for the year ended 30 june 2014

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 deficit 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.

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.



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

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 27 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 32 Standard of GRAP on Service Concession Arrangements: Grantor	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
GRAP 108 Standard of GRAP on Statutory Receivables	No effective date gazetted to date

Cash and cash equivalents are measured at fair value.

The company has a defined contribution plan

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 June 2014

	2014 R	2013 R
2 CONSTRUCTION CONTRACT RETENTION CREDITORS		
Mawethu Civils - Kings Beach Triangle Upgrade Phase 1	-	332,086
Mawethu Civils - Kings Beach Triangle Upgrade Phase 2A	-	48,889
Mawethu Civils - Kings Beach Triangle Upgrade Phase 2B	312,334	573,772
Ngelethu Construction - Donkin Reserve Upgrade Phase 4	198,530	367,301
Techni Civils - Bird Street/Belmont Terrace Upgrade Phase 1 & 2	327,638	1,007,382
GVK Siyazama - Tramways Building Redevelopment Phase 1A	1,004,580	208,281
BM Machesa Construction - Gqebera Old Cemetery Upgrade	-	29,257
Qingqani MaAfrika - New Brighton Sportsfield Upgrade	50,389	12,988
Andile Truck Hire - Sakhasonke Access Road	8,448	-
DDP Valuers - Strand Street Fountain rehabilitation	4,684	-
B.R.O Civils - Kings Beach Triangle Upgrade Ph3	99,016	-
Qingqani MaAfrika - Sakhasonke Village Park	8,890	-
	2,014,509	2,579,956
Less: Short term portion transferred to Current Liabilities	(1,009,929)	(410,232)
	1,004,580	2,169,724

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	1,835,928	3,733,105
PAYE	142,387	107,800
UIF	7,330	5,967
Audit fees	5,863	19,374
Staff leave	377,519	293,554
Performance Bonuses	604,878	449,799
13th Cheque	141,998	116,037
Provident Fund	91,874	78,315
Accruals	3,313,160	2,989,287
	6,520,936	7,793,237

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

4 PROVISIONS

Workmen's Compensation		
Balance at beginning of year	33,797	27,823
Current year provision	44,109	33,797
Adjustment for underprovision	(29,077)	35,922
Expenditure incurred	(4,721)	(63,745)
Balance at end of year	44,109	33,797
TOTAL	44,109	33,797

MANDELA BAY DEVELOPMENT AGENCY NPC

Notes to the annual financial statements for the year ended 30 June 2014

	2014 R	RESTATED 2013 R
5 UNSPENT CONDITIONAL GRANTS	63,098,590	52,180,289
Industrial Development Corporation (IDC)	-	-
Opening Balance	-	425,499
Amount Received	-	-
Recognised as Revenue	-	(425,499)
	280,480	927,341
National Lotteries Board (NLB)	927,341	(38,817)
Opening Balance	-	3,045,614
Amount Received	-	(1,424,032)
Capital expenditure portion of grant recognised as Revenue	(646,861)	(655,424)
Operating expenditure portion of grant recognised as Revenue		
	36,800	-
Eastern Cape Development Corporation (ECDC)	-	-
Opening Balance	380,000	-
Amount Received	(343,200)	-
Recognised as Revenue		
	-	-
Department of Arts and Culture (DAC)	-	-
Opening Balance	701,754	-
Amount Received	(560,000)	-
Capital expenditure portion of grant recognised as Revenue	(141,754)	-
Operating expenditure portion of grant recognised as Revenue		
	62,781,310	51,252,948
Nelson Mandela Bay Municipality (NMBM)	51,252,948	55,423,692
Opening Balance		
Grants for the year	74,519,861	60,173,724
Capital project expenditure portion of grant recognised as Exchange Revenue	(39,207,871)	(45,579,403)
Operating and capital expenditure portion of grant recognised as Non-Exchange Revenue	(23,783,627)	(18,765,066)
Interest Received	2,540,132	2,600,163
Sundry Income	199,060	181,703
Property Plant & Equipment	(97,259)	(283,339)
Operating expenses	(26,425,561)	(21,263,593)
Made up as follows:	63,098,590*	52,180,289
Capital Projects in progress - Contract Creditors (refer to note 11)	45,491,452	38,989,166
Other (Operating grants, interest received, sundry income etc)	17,289,858	12,263,782
National Lotteries Board Grant	280,480	927,341
Eastern Cape Development Corporation Grant	36,800	-

*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 2014 comprised mainly of:

Project Name	Unspent Grants at 30 June 2014	Project Status
Campanile Upgrade (Strand Street Phase 5)	2,500,000	Consultants appointed, structural investigation to commence in 2014/15
Baakens Street Circle Art Works	440,000	Project delayed, rolled over into 2014/15
Donkin Reserve Environmental Upgrade Phase 4	504,287	Practical completion achieved
Uitenhage Market Square Art Works	714,000	Project delayed, rolled over into 2014/15
Red Location Upgrade - Singapi Road	13,158,503	Tender evaluation stage, contractor to be appointed in 2014/15
Refurbishment of the Tramways Building	10,467,636	Construction in progress and project planned to be completed mid-2015
Qaqawuli Community Hall - New Brighton	2,096,100	Tender evaluation stage, contractor to be appointed in 2014/15
Gqebera Carwash	1,322,968	Project cancelled, funds rolled over and reallocated in 2014/15
Wallabies Rugby Sports Ground Clubhouse - Gqebera	1,975,000	Project cancelled, funds rolled over and reallocated in 2014/15
Sakhasonke Village Park - Gqebera	1,396,740	Construction in progress, to be completed during 2014/15
Sawule Street Playpark - Gqebera	1,640,335	Tender evaluation stage, contractor to be appointed in 2014/15
Veeplaas Carwash	889,224	Tender evaluation stage, contractor to be appointed in 2014/15
Veeplaas Creative Industries/Informal Trading Area	3,000,000	Tender evaluation stage, contractor to be appointed in 2014/15
Business Incubator Upgrade - Veeplaas	2,377,623	Consultants appointed, construction to commence in 2014/15
Helenvale Precinct Upgrade Phase 3	5,000,000	Construction tender to be advertised 2014/15
Kings Beach Phase 4	2,000,000	Construction tender to be advertised 2014/15
Rugby Sevens Income	3,103,662	Accrued for but only receivable in the 2014/15 financial year
Prior year Interest & Sundry Income	5,144,203	Rolled over into the 2014/15 financial year
Operating Cost Savings	4,894,866	Savings, rolled over into the 2014/15 financial year

6 PROPERTY, PLANT AND EQUIPMENT

	2014 R								Carrying Value
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	697,861	57,798	(12,323)	743,336	467,568	52,950	(10,474)	510,044	233,292
Office Equipment	191,206	22,753	-	213,959	55,666	31,805	-	87,471	126,488
Furniture & Fittings	427,871	-	-	427,871	272,339	35,497	-	307,836	120,035
Motor Vehicles	249,364	-	-	249,364	123,283	26,731	-	150,014	99,351
Containers	62,120	-	-	62,120	9,105	3,313	-	12,418	49,702
Heritage Assets	229,500	21,000	-	250,500	-	-	-	-	250,500
	1,857,922	101,551	(12,323)	1,947,150	927,961	150,297	(10,474)	1,067,784	879,367

	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

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

7 INTANGIBLE ASSETS

	2014 R								Carrying Value
	Cost			Accumulated Amortisation					
	Opening Balance	Additions	Disposal	Opening Balance	Amortisation	Disposal	Closing Balance		
Computer Software	163,531	16,708	-	180,239	146,341	9,524	-	155,865	24,374
	163,531	16,708	-	180,239	146,341	9,524	-	155,865	24,374

	2013 R								Carrying Value
	Cost			Accumulated Amortisation					
	Opening Balance	Additions	Disposal	Opening Balance	Amortisation	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

A vibrant IDP and budget public participation programme has been undertaken

- Cllr Benson Fihla

8 TRADE AND OTHER RECEIVABLES

	2014 R	2013 R
Trade Debtors	12,542,875	1,205,235
Provision for Bad debts	(98,084)	(42,043)
Interest Receivable	283,551	164,873
Sundry Debtors	29,625	95,172
VAT	856,334	509,518
	13,614,302	1,932,755
<i>Trade debtors: Ageing</i>		
Current (0 - 30 days)	5,718,491	1,151,881
31 - 60 days	6,718,140	6,045
61 - 90 days	8,160	5,265
91 + days	98,083	42,043
	12,542,875	1,205,235

NOTE Interest receivable, sundry debtors and VAT have not been aged as they are all current.

9 DEPOSITS

Telkom	2,100	2,100
	2,100	2,100

10 CASH AND CASH EQUIVALENTS

The entity has the following bank accounts

Current Account (Primary Account)

First National Bank, Govan Mbeki Avenue, Port Elizabeth
Account Number - 62244870748

Cashbook balance at beginning of year	372,312	111,945
Cashbook balance at end of the year	726,410	372,312
Bank statement balance at beginning of the year	372,312	111,945
Bank statement balance at end of the year	726,410	372,312

Call Account Deposits

Rand Merchant Bank, Port Elizabeth
Account Number - X021906134

Cashbook balance at beginning of year	60,280,112	55,979,884
Cashbook balance at end of the year	57,335,333	60,280,112
Bank statement balance at beginning of the year	60,280,112	55,979,884
Bank statement balance at end of the year	57,335,333	60,280,112

Which are disclosed in the Statement of Financial Position as follows:-

Cash and Cash Equivalents	58,061,743	60,652,424
Current Account (Primary Account)	726,410	372,312
Call Account Deposits	57,335,333	60,280,112

All amounts of Cash and Cash Equivalents are available for use by the entity.

11 AMOUNTS DUE TO FUNDERS OF CONSTRUCTION CONTRACTS

Cumulative Construction costs incurred	(102,100,824)	(133,425,081)
Cumulative Advances received	147,592,276	172,414,247
Amounts due to funders of construction contracts	45,491,452	38,989,166

(Refer to note 5)

	2014 R	2013 R
12 OTHER INCOME		
Request for Proposal Document Fees	64,893	33,860
Sundry income	-	2,905
Kiosk Rentals	68,134	66,054
Helenvale Resource Centre Income	28,150	-
Public Toilet Fees	35,602	55,846
Discount Received	2,282	23,038
	199,060	181,703
13 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	7,765,643	5,951,358
Employee related costs - Social Contributions	1,864,376	1,488,491
Car allowances	108,000	108,000
Performance bonus	604,878	449,799
Total Employee Related Costs	10,342,896	7,997,647
Remuneration of the Chief Executive Officer		
Annual Remuneration including social contributions	1,421,837	1,331,396
Car allowance	60,000	60,000
Performance bonus	200,048	180,881
Total	1,681,885	1,572,278
Remuneration of Chief Financial Officer		
Annual Remuneration including social contributions	799,952	749,664
Car allowance	24,000	24,000
Performance bonus	111,233	100,576
Total	935,185	874,240
Remuneration of Planning and Development Manager (Inner City)		
Annual Remuneration including social contributions	695,413	661,155
Car allowance	24,000	24,000
Performance bonus	86,330	68,516
Total	805,743	753,671
Remuneration Operations Manager		
Annual Remuneration including social contributions	461,133	439,174
Performance bonus	50,725	43,917
Total	511,858	483,092
Remuneration of Planning & Development Manager (Townships)		
Annual Remuneration including social contributions	681,600	425,000 *
Performance bonus	81,792	42,500
Total	763,392	467,500
	<i>* Pro-rated over 8.5 months</i>	
Remuneration of Marketing and Communications Manager		
Annual Remuneration including social contributions	650,000	-
Performance bonus	74,750	-
Total	724,750	-

	2014 R	RESTATED 2013 R
14 CASH GENERATED FROM / (UTILISED IN) OPERATIONS		
Surplus / (Deficit) for the year	(43,410)	101,911
Depreciation	159,820	184,239
Loss / (Profit) on disposal of property, plant and equipment	1,848	19,690
Interest Received	(2,295,623)	(2,435,290)
Interest Paid	-	-
Increase / (Decrease) in provisions	10,312	5,974
Operating loss before working capital changes:	(2,167,052)	(2,123,477)
(Decrease) / Increase in Trade and other Payables	(1,272,300)	5,118,909
Increase / (Decrease) in Unspent Conditional Grants	10,918,301	1,731,217
(Decrease) / Increase in Construction Contract Retention Creditors	(565,447)	848,969
Decrease / (Increase) in Inventory	-	46,889
Decrease / (Increase) in Trade and other Receivables	(11,681,547)	(3,191,364)
Decrease / (Increase) in Deposits Paid	-	-
Cash generated from / (utilised in) operations	(4,768,045)	2,431,143
15 INTEREST PAID		
Interest on present valuing Retention Creditors	167,469	158,567
	167,469	158,567
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.		
16 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
16.1 Audit fees		
Opening balance	19,327	122,045
Current year audit fee	735,180	489,335
Amount paid - current year	(728,933)	(470,008)
Amount paid - previous year	(19,711)	(122,045)
Balance unpaid	5,863	19,327
16.2 PAYE and UIF		
Opening balance	113,767	90,653
Current year payroll deductions	1,913,500	1,484,445
Amount paid - current year	(1,763,782)	(1,370,678)
Amount paid - previous year	(113,767)	(90,653)
Balance unpaid	149,718	113,767

	2014 R	2013 R
16.3 Performance Bonuses		
Opening balance	449,799	360,348
Amount paid	(449,799)	(360,348)
Provisions for the year	604,878	449,799
Balance unpaid	604,878	449,799
16.4 Provident Fund		
Opening balance	78,315	59,499
Amount paid	(1,050,353)	(849,037)
Expenditure	1,063,911	867,853
Balance unpaid	91,874	78,315

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 25 members belong to the fund.

16.5 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 R143 061.

In accordance with section 36(1)(a)(ii) of SCM policy regulations there were deviations from the normal procurement process to the value of R564 949.

In accordance with section 36(1)(a)(iii) of SCM policy regulations there were deviations from the normal procurement process to the value of R51 345.

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 247 545.

17 VALUE ADDED TAX

As at 30 June 2014 all VAT returns have been submitted timeously to the South African Revenue Services.

18 RELATED PARTIES

18.1 Relations

Parent Municipality	Nelson Mandela Bay Municipality
Funder	Industrial Development Corporation
Funder	National Lotteries Board
Funder	Eastern Cape Development Corporation
Funder	Department of Arts and Culture
Funder	KfW Bank

18.2 Related party balances

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

Nelson Mandela Bay Municipality	12,423,851	1,145,506
Department of Arts & Culture	5,550	-

These balances have no fixed terms and conditions.

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

	2014 R	2013 R
19 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 13.

20 CONTINGENT LIABILITY

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

21 CONTINGENT ASSETS

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

22 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.

23 POST BALANCE SHEET EVENTS

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

24 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

24.1 Unauthorised Expenditure

No such expenditure was incurred by the entity.

24.2 Irregular Expenditure

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

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.

	2014 R	2013 R
24.3 Fruitless and Wasteful Expenditure		
Balance at beginning of year	-	26,548
Incurred during the year	-	-
Condoned by The Board	-	(26,548)
Balance at end of year	-	-

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.

25 OPERATING LEASES

The following are the total minimum future lease payments

	0 - 1 year	1 - 5 years
Office plants rental	5,956	-
Public toilets rental	41,972	60,822
Office rental	855,222	765,346
SPUU copier rental	12,612	19,969

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

Balance at the beginning of the year
Balance at the end of the year

	2014 R	2013 R
26 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*	70,819,710	62,075,660
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Financial Liabilities

At amortised cost	8,535,445	10,373,192
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* Loans and receivable excludes VAT Receivable

26.1 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	58 061 743	60 652 424
Effect of a 100 basis point movement in the interest rate	(580 617)	(606 524)

26.2 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.

2014
R

2013
R

26.3 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.

30-Jun-14	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
Trade and Other Payables	6,520,936	-	-	-
Construction Contract Retention Creditors	-	-	1,009,929	1,004,580
	6,520,936	-	1,009,929	1,004,580

30-Jun-13	Less than 1 month	1-3 months	3 months to 1 year	1-5 years
Trade and Other Payables	7,793,237	-	-	-
Construction Contract Retention Creditors	-	-	410,232	2,169,724
	7,793,237	-	410,232	2,169,724

26.4 Foreign Currency Risk

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

27 PRIOR PERIOD RESTATEMENT

During December 2013, a resolution was passed by the NMBM council that the Rugby Sevens Joint Venture profit share of R5 035 812 (incl. VAT) be paid over to EP Rugby. Since the MBDA had already invoiced the NMBM for this amount, a credit note was then issued thus reducing the debtors and unspent grants balances by this amount. The effect of the restatement is as follows:

Statement of Financial Performance	Previously Stated	Change	Restated
	2013		2013
Trade Debtors	5,545,170	-4,339,935	1,205,235
Unspent Conditional Grants (NMBM)	-55,592,883	4,339,935	-51,252,948
Net impact on Statement of financial performance		-	

28 NATIONAL LOTTERIES BOARD EXPENSES

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

29 STRATEGIC SPATIAL FRAMEWORK STUDIES

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

30 DEPARTMENT OF ARTS AND CULTURE EXPENSES

These expenses relate to an arts grant that was awarded to the entity by the Department of Arts and Culture (DAC).

31 HELENVALE SPUU EXPENSES

These expenses relate to a foreign donor funded project between Nelson Mandela Bay Municipality and KfW Bank, Germany where the entity has been appointed to be the project implementation agent on behalf of the parent municipality.



Over R500-million,
since inception spent on direct infrastructure and environmental upgrades,
resulting in significant tangible expressions
of the work done and a strong accumulated track record of successful projects.

- Saki Macozoma

	2014 Actual R	2014 Budget R	Actual vs Budget Variance R	Actual vs Budget Variance %	Notes
31 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)					
<i>Revenue</i>	71,825,082	122,415,538	(50,590,456)	(41.33)	
<i>Expenditure</i>					
Audit Fees	644,895	693,718	(48,823)	(7.04)	
Athenaeum Club Operating Costs	69,117	80,000	(10,883)	(13.60)	
Bad Debts	56,040	60,000	(3,960)	(6.60)	
Bank Charges	17,355	18,000	(645)	(3.58)	
Capital Projects Cost	39,600,402	85,259,323	(45,658,921)	(53.55)	1
CBD Facilities	1,801,255	1,921,157	(119,902)	(6.24)	
Cleaning & Safety	70,883	72,000	(1,117)	(1.55)	
Cleansing Plan Project	3,804,815	4,007,362	(202,547)	(5.05)	
Consumables	30,717	35,000	(4,283)	(12.24)	
Course Fees, Education & Training	187,441	190,000	(2,559)	(1.35)	
Department of Arts and Culture Expenses	147,304	200,000	(52,696)	(26.35)	2
Depreciation and amortisation	159,820	160,000	(180)	(0.11)	
Donations & Social Responsibility	296,741	299,000	(2,259)	(0.76)	
Electricity, Water & Rates	140,358	160,000	(19,642)	(12.28)	
Employee Related Costs	10,342,896	11,552,747	(1,209,851)	(10.47)	
Entertainment	85,545	94,946	(9,402)	(9.90)	
Equipment Lease & Rentals	78,440	80,000	(1,560)	(1.95)	
Helenvale Urban Renewal Program	917,776	1,233,222	(315,446)	(25.58)	3
Helenvale Resource Centre Operating Costs	773,011	1,500,000	(726,989)	(48.47)	3
Helenvale SPUU	4,397,025	4,397,025	-	-	
Insurance	81,739	85,000	(3,261)	(3.84)	
Interest Paid	167,469	180,000	(12,531)	(6.96)	
IT Support Costs & Computer Expenses	101,035	125,000	(23,965)	(19.17)	
Legal Fees	230,679	360,857	(130,178)	(36.07)	4
Meeting Expenses	27,089	28,000	(911)	(3.25)	
National Lottery Fund Expenses	625,861	927,341	(301,480)	(32.51)	5
Office Decor & Fittings	23,249	25,000	(1,751)	(7.00)	
Office Rentals	722,246	800,239	(77,994)	(9.75)	
Postage & Courier	3,460	3,500	(40)	(1.13)	
Printing & Stationery	72,958	75,000	(2,042)	(2.72)	
Professional & Consultant Fees	168,138	676,062	(507,924)	(75.13)	4
Public Relations & Marketing	2,307,382	2,345,369	(37,987)	(1.62)	
Recruitment Costs	40,750	50,000	(9,250)	(18.50)	
Refreshments	35,113	36,000	(887)	(2.46)	

	2014 Actual R	2014 Budget R	Actual vs Budget Variance R	Actual vs Budget Variance %	Notes
Repairs & Maintenance	75,839	80,000	(4,161)	(5.20)	
Security Plan Project	1,915,203	2,334,669	(419,466)	(17.97)	
Strategic Spatial Implementation Framework Studies	1,089,650	1,700,000	(610,350)	(35.90)	6
Subscriptions	72,921	75,000	(2,079)	(2.77)	
Sundry Expenses	20,937	25,000	(4,063)	(16.25)	
Telephone & Fax	191,651	195,000	(3,349)	(1.72)	
Travel & Accommodation	273,289	275,000	(1,711)	(0.62)	
TOTAL EXPENDITURE	71,868,492	122,415,538	-50,547,046	(41.29)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(43,410)	-	(43,410)		

Variances of 20% and above are explained

1. Refer to Note 5 of the annual financial statements
2. These funds were received during April 2014 and have been fully committed.
3. These funds have been committed in 2013/14 and will be rolled over into 2014/15
4. These relate to cost savings incurred during the year.
5. This is an arts grant from Lotto and the balance will be spent during the 2014/15 period on various public and community art projects.
6. Tramways Bridge EIA study, City Network Future Cities Project and Economic Data Barometer studies are all committed and in progress and will be rolled over into the 2014/15 period.

33 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT)

Computer Equipment	57,798	60,000	(2,202)	(3.67)	
Computer Software	16,708	17,000	(292)	(1.72)	
Office Equipment	22,753	23,000	(247)	(1.07)	
Heritage Assets	21,000	25,000	(4,000)	(16.00)	
TOTAL EXPENDITURE	118,259	125,000	(6,741)	(5.39)	



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2nd Floor • BCX Building • 106 Park Drive • Central • PO Box 74 • Port Elizabeth • South Africa • 6000
T: +27 41 811 8200 • F: +27 41 582 5235 • E: info@mbda.co.za • W: www.mbda.co.za