



*A Municipal Entity of the Nelson Mandela Bay Municipality*

## **BUDGET 2014/15 – 2016/17**



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## **PART 1 – ANNUAL BUDGET**

### **1.1 Chief Executive Officer's report**

The MBDA works within a Council approved Mandate Document, i.e. basically responsible for the revitalization of the CBD / inner cities of Nelson Mandela Bay through the introduction / improvement of municipal infrastructure, the creation of new developmental as well as the provision of certain basic services such as cleansing and regulation of informal trading etc. The key motivation is that CBD's are the engines of growth of any city. It creates by far the biggest component of the rates base, and if a CBD dies, then the rates base is restricted to such an extent that there will be less funding for the upgrading of infrastructure and the provision of services in the whole of the NMBM area. On the other hand, if the infrastructure investment and the provision of services are improved in the CBD, it will not only increase the Gross Domestic Product (GDP) but will also increase employment opportunities and expand the all important rates base.

Key Priorities identified in the MBDA's target areas for the ensuing period are:

1. Promotion of basic services in the MBDA's target areas such as cleansing and informal traders
2. Municipal infrastructure upgrading to promote the development of residential, retail, office and tourism/leisure/entertainment nodes
3. Tourism development around heritage and culture
4. Economic development around the creative industry i.e. Arts, music, craft etc
5. Redevelopment of derelict and unused NMBM buildings that have become a liability to the NMBM (as they are costing money) and is not an asset in their ability to add to the rates base
6. Ensuring that the new NMB multi-purpose stadium becomes a strong sport, leisure, entertainment, office, residential, tourism node
7. Urban renewal and transformation in the township areas of Nelson Mandela Bay.
8. Facilitating social housing developments with the NMBM

The MBDA increasingly has a project management role in urban renewal infrastructure projects on behalf of the Municipality and it has positioned itself as an agency for infrastructure project management purposes and support in Nelson Mandela Bay. This is further enshrined in the 5-year Strategic Plan developed by the MBDA and sanctioned by the Nelson Mandela Bay Municipality (NMBM) Mayoral Committee. The goal of the Strategic Plan over the five years is to act as an urban renewal agency, as well as to pay increased attention to the social transformation of the City.

The Agency as such has a developmental mandate, and it is in this context that we present the Agency's operating and capital budgets for the 2014/15 to 2016/17 periods. This budget is aligned to the NMBM's annual budget and Integrated Development Plan (IDP) in that it sets out various objectives that are meant to implement various projects that will encourage economic development, create employment, increase investor and stakeholder confidence and have the ultimate impact of creating a better life for all in Nelson Mandela Bay.

**PIERRE VOGES**  
**CHIEF EXECUTIVE OFFICER**

## 1.2 Resolutions

**1.2.1 *That in terms of section 87(3) of the Municipal Finance Management Act, 56 of 2003, the annual budget of the MBDA for the financial year 2014/15; and the indicative allocations for the projected outer years 2015/16 and 2016/17; and the multi-year and single year capital appropriations are approved as set-out in this report.***

**1.2.2 *That the budget of the MBDA be adopted as tabled.***

## 1.3 Executive Summary

The MBDA was created as a municipal entity and special purpose vehicle for urban renewal by the NMBM in 2003 and commenced with its operations in 2004. The MBDA has a 5-year Strategic Plan that culminates in annual Business Plans approved by the Board of Directors. The Strategic Plan is intended as an overall 5-year strategic approach, whereas the annual Business Plans provide an outcomes-based plan that is measurable in terms of annual objectives achieved.

The Agency has also developed a Strategic Spatial Implementation Framework (SSIF) which serves as a development blueprint for the implementation of its projects and has been the result of extensive market research.

The MBDA's projects and programmes are therefore governed by the following key documents:

- Mandate Document
- NMBM IDP
- 5-Year Strategic Plan
- Annual Business Plan and 3-year budget

The Strategic Plan of the MBDA addresses the broad priorities and objectives of urban renewal and the potential economic impact thereof.

The Business Plan addresses the projects and programmes followed in respect of urban revitalization, the infrastructure projects implemented to be a catalyst for investment in retail, residential, office and tourism/leisure/entertainment, with an overall Gross Domestic Product (GDP), employment and rates and taxes objectives. Of key importance are the performance management information and key performance indicators (KPIs) of the Agency which are also reflected in this document and against which the NMBM measures the performance of the MBDA.

It also addresses urban renewal initiatives such as cleansing that underpin the broad approach of "getting the basics right". Further aspects covered in the Business Plan are the infrastructure development projects that are embarked upon to be the basis and catalyst for private sector investment as well as issues relating to the regulation of informal trading.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contains new or improvements to existing NMBM infrastructure assets such as

roads, precincts, heritage assets, buildings, etc. The Operating Budget mainly comprises operating and administration expenses such as employee costs, advertising/marketing, travel & accommodation, legal fees, rental of premises etc. Furthermore it also contains operational project costs such as the PE and Uitenhage CBD cleansing plans as well as various feasibility study costs to be undertaken.

It is important to note that the Agency has expanded its mandate from the inner city to the township areas and the budget reflects operating and capital expenditure planned for areas such as New Brighton, Missionvale, Kwazakhele and Korsten/Schauderville. Furthermore, work is also planned for Uitenhage in respect of certain urban renewal interventions.

The masterplan for the Helenvale SPUU (Safety and Peace through Urban Upgrading) programme, funded by the German Development Bank KfW is also budgeted for.

One of the objectives of the budget timetable is to ensure integration between the development of the IDP and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from Budget & Treasury who in turn have received such guidelines from National Treasury (expenditure growth) and other external bodies. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R33.9 million. Funding for operating costs (R20.4 million) is obtained primarily from the NMBM being the parent municipality with the Industrial Development Corporation (IDC) being a minority funder of R5.5 million which will cover certain feasibility studies and operating costs, the Eastern Cape Development Corporation (ECDC) – R3.5 million as well as the German Development Bank KfW – R4.5 million for the Helenvale SPUU.

The Capital Budget totals R49.0 million. R44.0 million of this amount is funded from grants received from the NMBM and the balance of R5.0 million is funded by the German Development Bank KfW.

## 1.4 Annual Budget Tables

Mandela Bay Development Agency - Table D1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	2,804	2,167	2,600	2,500	2,500	2,500	2,600	2,600	2,700
Transfers recognised - operational	14,591	64,233	66,849	61,179	115,244	115,244	80,464	90,702	94,703
Other own revenue	355	(47,729)	(46,822)	(41,240)	(85,128)	(85,128)	(49,320)	(66,971)	(69,783)
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>17,750</b>	<b>18,671</b>	<b>22,628</b>	<b>22,439</b>	<b>32,617</b>	<b>32,617</b>	<b>33,744</b>	<b>26,331</b>	<b>27,619</b>
Employee costs	5,720	6,444	7,998	9,180	11,553	11,553	12,279	13,138	14,058
Remuneration of Board Members	-	-	-	-	-	-	-	-	-
Depreciation and debt impairment	182	10	24	10	10	10	30	35	50
Finance charges	164	195	159	180	180	180	150	159	169
Materials and bulk purchases	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	92,218	60,073	61,349	54,379	106,372	106,372	70,415	79,776	82,927
<b>Total Expenditure</b>	<b>98,284</b>	<b>66,723</b>	<b>69,529</b>	<b>63,749</b>	<b>118,114</b>	<b>118,114</b>	<b>82,874</b>	<b>93,108</b>	<b>97,203</b>
<b>Surplus/(Deficit)</b>	<b>(80,533)</b>	<b>(48,052)</b>	<b>(46,902)</b>	<b>(41,310)</b>	<b>(85,498)</b>	<b>(85,498)</b>	<b>(49,130)</b>	<b>(66,777)</b>	<b>(69,584)</b>
Transfers recognised - capital	80,582	48,107	47,003	41,490	85,378	85,378	49,530	67,201	70,033
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>48</b>	<b>55</b>	<b>102</b>	<b>180</b>	<b>(120)</b>	<b>(120)</b>	<b>400</b>	<b>424</b>	<b>449</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>48</b>	<b>55</b>	<b>102</b>	<b>180</b>	<b>(120)</b>	<b>(120)</b>	<b>400</b>	<b>424</b>	<b>449</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>220</b>	<b>192</b>	<b>283</b>	<b>41,994</b>	<b>85,478</b>	<b>85,478</b>	<b>49,530</b>	<b>67,201</b>	<b>70,033</b>
Transfers recognised - capital	220	192	283	41,994	85,478	85,478	49,530	67,201	70,033
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>220</b>	<b>192</b>	<b>283</b>	<b>41,994</b>	<b>85,478</b>	<b>85,478</b>	<b>49,530</b>	<b>67,201</b>	<b>70,033</b>
<b>Financial position</b>									
Total current assets	64,007	60,164	66,927	40,195	46,195	46,195	48,195	44,680	43,175
Total non current assets	790	845	947	980	980	980	980	1,060	1,090
Total current liabilities	64,007	60,164	66,927	40,995	47,295	47,295	48,775	45,316	43,816
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	790	845	947	180	(120)	(120)	400	424	449
<b>Cash flows</b>									
Net cash from (used) operating	16,552	52,933	51,513	39,314	52,058	52,058	60,776	74,979	74,698
Net cash from (used) investing	(220)	(55,216)	(46,953)	(42,824)	(62,449)	(62,449)	(62,918)	(78,479)	(76,198)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>58,374</b>	<b>56,092</b>	<b>60,652</b>	<b>57,142</b>	<b>50,262</b>	<b>50,262</b>	<b>48,120</b>	<b>44,620</b>	<b>43,120</b>

Mandela Bay Development Agency - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Revenue by Source</b>	1									
Property rates		-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-
Interest earned - external investments		2,804	2,167	2,600	2,500	2,500	2,500	2,600	2,600	2,700
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-
Licences and permits		-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers recognised - operational		14,591	16,126	19,846	19,689	29,867	29,867	30,934	23,501	24,669
Other revenue		355	378	182	250	250	250	210	230	250
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>17,750</b>	<b>18,671</b>	<b>22,628</b>	<b>22,439</b>	<b>32,617</b>	<b>32,617</b>	<b>33,744</b>	<b>26,331</b>	<b>27,619</b>
<b>Expenditure By Type</b>										
Employee related costs		5,720	6,444	7,998	9,180	11,553	11,553	12,279	13,138	14,058
Remuneration of Directors		-	-	-	-	-	-	-	-	-
Debt impairment	4	10	10	24	10	10	10	30	35	50
Collection costs		-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		172	162	184	220	220	220	150	159	169
Finance charges		164	195	159	180	180	180	150	159	169
Bulk purchases	2	-	-	-	-	-	-	-	-	-
Other materials	5	-	-	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-
Other expenditure	3	92,218	59,911	61,165	54,159	106,152	106,152	70,265	79,617	82,759
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>98,284</b>	<b>66,723</b>	<b>69,529</b>	<b>63,749</b>	<b>118,114</b>	<b>118,114</b>	<b>82,874</b>	<b>93,108</b>	<b>97,203</b>
<b>Surplus/(Deficit)</b>		<b>(80,533)</b>	<b>(48,052)</b>	<b>(46,902)</b>	<b>(41,310)</b>	<b>(85,498)</b>	<b>(85,498)</b>	<b>(49,130)</b>	<b>(66,777)</b>	<b>(69,584)</b>
Transfers recognised - capital		80,582	48,107	47,003	41,490	85,378	85,378	49,530	67,201	70,033
Contributions recognised - capital		-	-	-	-	-	-	-	-	-
Contributions of PPE		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>48</b>	<b>55</b>	<b>102</b>	<b>180</b>	<b>(120)</b>	<b>(120)</b>	<b>400</b>	<b>424</b>	<b>449</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>48</b>	<b>55</b>	<b>102</b>	<b>180</b>	<b>(120)</b>	<b>(120)</b>	<b>400</b>	<b>424</b>	<b>449</b>

Included in "Transfers recognized – operational" is NMBM operating expenditure budget (R17 454 710), IDC funding (R5.5 million), KfW funding (R4.5 million for 2014/15 and R4.85 for each of the 2 outer years) and ECDC funding (R3 479 649).

"Other expenditure" is made up of the sum of NMBM operating and capital budget, IDC funding, KfW funding as well as ECDC funding, reduced by the amounts that have been individually shown i.e. employee related costs, debt impairment, depreciation as well as finance charges.

"Transfers recognized – capital" relates to approved capital budget from the NMBM (R44.0 million) and KfW (R5.0 million). The budget amounts for the two outer years are as follows:

- NMBM – R46.6 million (2015/16) and R49.4 million (2016/17)
- KfW – R20.0 million (2015/16) and R20.0 million (2016/17)

Mandela Bay Development Agency - Table D3 Capital Budget by vote and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<b>R thousands</b>	1									
<b>Multi-Year expenditure</b>										
Bird Street / Belmont Terrace Upgrade Phases 4/5		-	-	-	-	-	-	6,000	-	-
Zola Nqini Statue - Uitenhage		-	-	-	-	-	-	1,000	-	-
Vuyisile Mini Square Upgrade		-	-	-	-	-	-	3,000	-	-
Kleinskool Community Hall		-	-	-	-	-	-	1,000	4,000	-
Singapi Rd Upgrade - Phase 2 and 3		-	-	-	-	-	-	10,000	10,000	10,000
Tramways Building Redevelopment & Refurbishment - Phase 2/3		-	-	-	-	-	-	7,500	5,000	9,415
Campanile Upgrade		-	-	-	-	-	-	-	-	-
Mermaids Building		-	-	-	-	-	-	-	5,000	10,000
Rehabilitation of Baakens River		-	-	-	-	-	-	-	-	-
Uitenhage Market Square - Electricity Building		-	-	-	-	-	-	1,000	3,000	-
Matanzima Square Uitenhage		-	-	-	-	-	-	1,000	2,500	-
Helenvale SPUU Project		-	-	-	-	-	-	5,000	20,000	20,000
Korsten / Schauderville Parks		-	-	-	-	-	-	500	3,000	-
Missionvale Sportsfield Upgrade		-	-	-	-	-	-	2,000	3,000	-
Kings Beach Lifesaving Club Building		-	-	-	-	-	-	5,000	-	-
Kwazakele Community Hall and other initiatives		-	-	-	-	-	-	-	3,000	5,000
New Brighton Swimming Pool Upgrade		-	-	-	-	-	-	-	3,000	5,000
Other Township Projects		-	-	-	-	-	-	-	-	5,000
Acquisition of Immovable Property & Refurbishments		-	-	-	-	-	-	5,980	5,118	5,000
Bird Street / Belmont Terrace Upgrade Phase 1,2 & 3		-	-	-	8,000	7,504	7,504	-	-	-
Strand Street Upgrade Phase 4 (Fountain Rehabilitation)		-	-	-	-	300	300	-	-	-
Baakens Street Circle Art Works		-	-	-	-	500	500	-	-	-
Donkin Reserve Environmental Upgrade Phase 4		-	-	-	2,000	2,220	2,220	-	-	-
Vuyisile Mini Square Upgrade		-	-	-	5,000	-	-	-	-	-
Township Refurbishment and Upgrades - Other		-	-	-	6,490	-	-	-	-	-
Uitenhage Market Square Art Works		-	-	-	-	750	750	-	-	-
Kings Beach Southern Beachfront Upgrade Phase 2B		-	-	-	-	1,692	1,692	-	-	-
Kings Beach Southern Beachfront Upgrade - Phase 3		-	-	-	10,000	2,500	2,500	-	-	-
Red Location Upgrade - Singapi Road		-	-	-	10,000	15,000	15,000	-	-	-
Refurbishment of Immovable Property - Tramways Phase 1		-	-	-	-	30,576	30,576	-	-	-
New Brighton Sportsfield		-	-	-	-	2,148	2,148	-	-	-
Qaqawuli Community Hall - New Brighton		-	-	-	-	2,300	2,300	-	-	-
Cemetery Upgrade - Gqebera		-	-	-	-	400	400	-	-	-
Sakhasonke Access Road - Gqebera		-	-	-	-	660	660	-	-	-
Gqebera Carwash		-	-	-	-	1,400	1,400	-	-	-
Wallabies Rugby Sports Ground Clubhouse - Gqebera		-	-	-	-	2,000	2,000	-	-	-
Sakhasonke Village Park - Gqebera		-	-	-	-	1,500	1,500	-	-	-
Sawule Street Playpark - Gqebera		-	-	-	-	1,711	1,711	-	-	-
Veeplaas Carwash		-	-	-	-	1,000	1,000	-	-	-
Veeplaas Creative Industries/Informal Trading Area		-	-	-	-	3,000	3,000	-	-	-
Business Incubator Upgrade - Veeplaas		-	-	-	-	2,498	2,498	-	-	-
Helenvale Precinct Upgrade Phase 3		-	-	-	-	5,000	5,000	-	-	-
Conversations with the Queen (DAC funding)		-	-	-	-	600	600	-	-	-
PPE acquired for use by the MBDA		220	192	283	504	218	218	550	583	618
<b>Capital multi-year expenditure sub-total</b>	2	220	192	283	41,994	85,478	85,478	49,530	67,201	70,033
<b>Single Year expenditure</b>										
<i>Insert single year budgets and indicative estimates</i>										
<b>Capital single-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	220	192	283	41,994	85,478	85,478	49,530	67,201	70,033
<b>Funded by:</b>										
National Government		-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-
Parent Municipality		220	192	283	41,994	85,478	85,478	44,530	47,201	50,033
Other		-	-	-	-	-	-	5,000	20,000	20,000
Transfers recognised - capital		220	192	283	41,994	85,478	85,478	49,530	67,201	70,033
Public contributions & donations	6	-	-	-	-	-	-	-	-	-
Borrowing	3	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	4	220	192	283	41,994	85,478	85,478	49,530	67,201	70,033



Mandela Bay Development Agency - Table D4 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		345	112	372	120	120	120	120	120	120
Call investment deposits		58,029	55,980	60,280	40,000	46,000	46,000	48,000	44,500	43,000
Consumer debtors		-	-	-	-	-	-	-	-	-
Other debtors		5,554	4,025	6,275	75	75	75	75	60	55
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-
Inventory		79	47	-	-	-	-	-	-	-
<b>Total current assets</b>		<b>64,007</b>	<b>60,164</b>	<b>66,927</b>	<b>40,195</b>	<b>46,195</b>	<b>46,195</b>	<b>48,195</b>	<b>44,680</b>	<b>43,175</b>
<b>Non current assets</b>										
Long-term receivables	3	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	722	805	930	900	900	900	900	970	1,000
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangible assets		68	40	17	80	80	80	80	90	90
<b>Total non current assets</b>		<b>790</b>	<b>845</b>	<b>947</b>	<b>980</b>	<b>980</b>	<b>980</b>	<b>980</b>	<b>1,060</b>	<b>1,090</b>
<b>TOTAL ASSETS</b>		<b>64,798</b>	<b>61,009</b>	<b>67,874</b>	<b>41,175</b>	<b>47,175</b>	<b>47,175</b>	<b>49,175</b>	<b>45,740</b>	<b>44,265</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft		-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-
Trade and other payables		63,983	60,136	66,893	40,515	46,765	46,765	48,213	44,720	43,184
Provisions	3	24	28	34	480	530	530	562	596	631
<b>Total current liabilities</b>		<b>64,007</b>	<b>60,164</b>	<b>66,927</b>	<b>40,995</b>	<b>47,295</b>	<b>47,295</b>	<b>48,775</b>	<b>45,316</b>	<b>43,816</b>
<b>Non current liabilities</b>										
Borrowing		-	-	-	-	-	-	-	-	-
Provisions	3	-	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>64,007</b>	<b>60,164</b>	<b>66,927</b>	<b>40,995</b>	<b>47,295</b>	<b>47,295</b>	<b>48,775</b>	<b>45,316</b>	<b>43,816</b>
<b>NET ASSETS</b>	2	<b>790</b>	<b>845</b>	<b>947</b>	<b>180</b>	<b>(120)</b>	<b>(120)</b>	<b>400</b>	<b>424</b>	<b>449</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		790	845	947	180	(120)	(120)	400	424	449
Reserves		-	-	-	-	-	-	-	-	-
Share capital		-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>790</b>	<b>845</b>	<b>947</b>	<b>180</b>	<b>(120)</b>	<b>(120)</b>	<b>400</b>	<b>424</b>	<b>449</b>

Mandela Bay Development Agency - Table D5 Budgeted Cash Flow

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Ratepayers and other		3,000	8,109	7,686	8,565	6,565	6,565	4,500	8,565	5,565
Government - operating		25,995	22,237	22,838	19,259	22,973	22,973	32,740	24,669	26,149
Government - capital		85,776	52,850	48,240	41,490	53,717	53,717	55,137	73,145	76,334
Interest		2,804	1,929	2,435	2,000	2,250	2,250	2,400	2,600	2,650
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees	2	(101,023)	(32,192)	(29,685)	(32,000)	(33,447)	(33,447)	(34,000)	(34,000)	(36,000)
Finance charges		-	-	-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>16,552</b>	<b>52,933</b>	<b>51,513</b>	<b>39,314</b>	<b>52,058</b>	<b>52,058</b>	<b>60,776</b>	<b>74,979</b>	<b>74,698</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(220)	(55,216)	(46,953)	(42,824)	(62,449)	(62,449)	(62,918)	(78,479)	(76,198)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(220)</b>	<b>(55,216)</b>	<b>(46,953)</b>	<b>(42,824)</b>	<b>(62,449)</b>	<b>(62,449)</b>	<b>(62,918)</b>	<b>(78,479)</b>	<b>(76,198)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	<b>16,332</b>	<b>(2,282)</b>	<b>4,561</b>	<b>(3,510)</b>	<b>(10,391)</b>	<b>(10,391)</b>	<b>(2,142)</b>	<b>(3,500)</b>	<b>(1,500)</b>
Cash/cash equivalents at the year begin:	2	42,042	58,374	56,092	60,652	60,652	60,652	50,262	48,120	44,620
Cash/cash equivalents at the year end:	2	58,374	56,092	60,652	57,142	50,262	50,262	48,120	44,620	43,120

The amount for "Ratepayers and other" includes VAT refunds, RFP receipts, receipts from the street traders as well other receipts.

Receipts from "Government – operating" includes the operating grant receivable from the NMBM of R23 272 769 (VAT incl.), a grant receivable from the IDC of R5.5 million as well as a grant receivable from the ECDC of R3 966 800.

Receipts from "Government – capital" is made up as follows:

- 2014/15 – R50 136 641 (VAT incl.) from the NMBM and R5.0 million from KfW
- 2015/16 – R53 144 851 (VAT incl.) from the NMBM and R20.0 million from KfW
- 2016/17 – R56 333 545 (VAT incl.) from the NMBM and R20.0 million from KfW

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 Overview of annual budget process**

The timetable provided broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, State departments, other municipalities, business and labour, during April 2013.

The consultation will take the form of a series of public meetings in the various wards (clustering certain wards) under the direction and leadership of the Executive Mayor and his Mayoral Committee. Taking the inputs of the aforementioned consultations into account, the Executive Mayor will table the IDP and Budget for final approval at a Council meeting to be held in May / June 2014.

The draft budget will also be considered by the Budget Task Team. The Task Team consists of Councillors of the Budget and Treasury Committee, whilst being chaired by the Portfolio Councillor. The main objective of the Budget Task Team is to ensure that the budget is maintained within the affordability levels, taking the IDP deliverables into account.

### **2.2 Overview of alignment of annual budget with service delivery agreement**

The NMBM is a 100% / controlling shareholder of the MBDA. As such there is a service delivery agreement (SDA) between the parties which was renewed and which is valid for a three (3) period which ends on 19 December 2015.

While the MBDA reports to its own board of directors in terms of the Companies Act, it also reports functionally to the EDRS directorate of the NMBM, and as such falls under the oversight of the Economic Development & Recreational Services (EDRS) portfolio committee. The mandate of the MBDA is to introduce urban renewal initiatives and projects in the inner cities as well emerging business nodes in Nelson Mandela Bay.

The Agency has an existing Service Delivery Agreement (SDA) with the NMBM and the salient aspects of this agreement are:

- That the MBDA acts as a strategic implementation agent of the NMBM
- That it works in collaboration with other entities and directorates of the NMBM
- That it acts in accordance with constitution and is guided by the IDP of the NMBM
- Ensure that programmes and projects are supportive of the key thrusts of the EGDS
- Ensure that its 3 year budget and business plan is approved by NMBM council

The 2014/15 to 2016/17 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

After the tabling of the budget, a series of meetings will be held throughout the municipal area to consult with the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how

the draft budget addresses the IDP priorities and objectives. The feedback flowing from these meetings will be referred to the MBDA for their attention and action where necessary.

### Measurable performance objectives and indicators

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>		<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Original</u>	<u>Original</u>	<u>Original</u>		<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>				
<b>Liquidity Ratio's</b>							
Current Ratio	0.99	0.99	0.98		0.99	0.99	0.99
Liquidity Ratio	0.44	0.44	0.95		0.96	0.96	0.96
<b>Other Ratio's</b>							
Salaries as a % of Expenditure	24.0%	24.0%	34.0%		36.0%	49.0%	50.0%

### 2.3 Overview of budget-related policies

The following policies of the MBDA were taken into consideration during the preparation of the budget:

- Local & Overseas Travel Policy
- Study Assistance Policy
- Cell Phone Policy
- Leave Policy & Procedure
- Fixed Asset Policy & Procedure
- Human Resource Policy & Procedure
- Induction Policy
- Labour Relations Policy & Procedure
- Expense Claim Policy
- Creditors Payments Policy & Procedure
- Petty Cash Payment Policy
- RFP Policy
- Electronic Payment Policy
- Password Policy
- Back-up Policy
- Staff Development Policy
- Social Responsibility Policy
- First Aid Policy
- Grievance Policy
- Confidentiality Policy
- Harassment Policy
- Investment Policy
- Aids Policy
- Salary payment Policy & Procedure
- Electronics communications Policy
- Emergency Evacuation Policy

Supply Chain Management Policy  
Company Vehicle Policy  
Performance Appraisal Policy  
Termination of Employment Policy  
Fraud & Corruption Policy  
Acting Allowance Policy

Correspondence System Policy  
Petrol Claim Policy  
Budget Virement Policy  
Safety and Security Policy  
Telephone usage Policy  
Informal Traders Kiosks Policy  
Office equipment usage Policy  
Company Medical Aid Policy  
Environment Policy  
Document Filing Policy  
Management Performance  
Management Policy  
VAT Recon Policy  
Debtors Policy & Procedure  
Staff Performance Management Policy  
Executive Performance Management  
Policy

Furthermore, it is to be noted that the Budget has been prepared and based on Generally Recognised Accounting Practice (GRAP) as issued by the Accounting Standards Board.

## **2.4 Overview of budget assumptions**

Budget assumptions/parameters are determined in advance of the budget process. The municipal fiscal environment is influenced by a variety of macro economic control measures and National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget.

The multi-year budget is therefore based on the following assumptions:

	2014/15	2015/16	2016/17
	%	%	%
<b>Expenditure</b>			
Operating Expenses	6.0	6.0	6.0
Audit fees	6.0	6.0	6.0
Public Relations / Marketing	6.0	6.0	6.0
Legal fees	6.0	6.0	6.0
Employee Related costs	7.0	7.0	7.0

While the majority of the operating costs have increased at an average of 6%, employee related costs have increased by 7% in the 2014/15 financial year.

## 2.5 Overview of budget funding

The MBDA is funded predominantly by the NMBM and the Industrial Development Corporation (IDC) is a minority funder of the Agency which will come to an end in 2014/15. In addition, the Agency has also secured funding from the ECDC and the German Development Bank, KfW to undertake specific projects.

The MBDA in the past has concentrated primarily on municipal infrastructure projects and developed a new strategic plan in 2009 that focuses its future capital projects around more people-centred urban planning, creating partnerships and networks, looking at heritage management and preservation as well as promotion of the creative industry, ensuring that its projects are driven by a strong social and public participation process.

The entity is also closely monitoring such issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the MBDA will have to adjust its spending plans to maintain its financial position. The items listed below could have a major and permanent impact on the operating budget, and would therefore require increases in funding:

- A change in focus of the Agency's mandate area and the types of projects that it may have to implement in future eg. Urban renewal work in the townships
- Staffing requirements and the impact on the personnel expenditure
- Related increases in operating expenditure as a result of such activities

## 2.6 Expenditure on allocations and grant programmes

Conditional grants are received by the Agency from both the NMBM and the IDC. The IDC grant totals an amount of approx. R20 million over a 5-year period and which comes to an end in 2014/15. This grant is used for certain operational costs as well as feasibility studies with a view to becoming bankable projects. The IDC performs an internal audit on the funds expended to ensure that this has been done in line with the funding agreements in place, and only hereafter will the next tranche of funds be approved and drawn down.

## 2.7 Board member allowances and employee benefits

Mandela Bay Development Agency - Supporting Table SD4 Board member allowances and staff benefits

Summary of Employee and Board Member remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
R thousands										
<b>Remuneration</b>										
<b>Board Members of Entities</b>										
Basic Salaries	1	-	-	-	-	-	-	-	-	-
Pension Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor vehicle allowance		-	-	-	-	-	-	-	-	-
Cell phone allowance		-	-	-	-	-	-	-	-	-
Housing allowance		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
In-kind benefits		-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>										
<b>Senior Managers of Entities</b>										
Basic Salaries	1	2,303	2,535	3,223	4,005	4,756	4,756	5,089	5,445	5,826
Pension Contributions		202	260	497	509	559	559	598	640	684
Medical Aid Contributions		230	193	370	137	137	137	146	157	168
Motor vehicle allowance		108	108	108	108	108	108	116	124	132
Cell phone allowance		-	-	-	-	-	-	-	-	-
Housing allowance		-	-	-	-	-	-	-	-	-
Performance Bonus		266	360	450	480	530	530	567	607	649
Other benefits or allowances		-	-	-	-	-	-	-	-	-
In-kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>		<b>3,109</b>	<b>3,457</b>	<b>4,647</b>	<b>5,238</b>	<b>6,090</b>	<b>6,090</b>	<b>6,516</b>	<b>6,972</b>	<b>7,460</b>
<b>% increase</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.0%</b>
<b>Other Staff of Entities</b>										
Basic Salaries	1	2,040	2,387	2,591	3,047	4,256	4,256	4,554	4,872	5,214
Pension Contributions		326	307	371	433	498	498	533	571	611
Medical Aid Contributions		194	146	188	329	329	329	352	376	403
Motor vehicle allowance		-	-	-	-	-	-	-	-	-
Cell phone allowance		-	-	-	-	-	-	-	-	-
Housing allowance		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Other benefits or allowances		-	147	200	133	380	380	324	347	371
In-kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		<b>2,560</b>	<b>2,988</b>	<b>3,351</b>	<b>3,942</b>	<b>5,463</b>	<b>5,463</b>	<b>5,763</b>	<b>6,166</b>	<b>6,598</b>
<b>% increase</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7.0%</b>
<b>Total Municipal Entities remuneration</b>		<b>5,669</b>	<b>6,444</b>	<b>7,998</b>	<b>9,180</b>	<b>11,553</b>	<b>11,553</b>	<b>12,279</b>	<b>13,138</b>	<b>14,058</b>

## 2.8 Monthly targets for revenue, expenditure and cash flow

Mandela Bay Development Agency - Supporting Table SD6 Budgeted monthly cash and revenue/expenditure

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>R thousands</b>																
<b>Revenue By Source</b>																
Service charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	4,400	2,400	4,400	2,400	2,400	4,400	2,400	2,400	4,400	2,400	2,400	4,344	38,744	46,331	47,619	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>4,400</b>	<b>2,400</b>	<b>4,400</b>	<b>2,400</b>	<b>2,400</b>	<b>4,400</b>	<b>2,400</b>	<b>2,400</b>	<b>4,400</b>	<b>2,400</b>	<b>2,400</b>	<b>4,344</b>	<b>38,744</b>	<b>46,331</b>	<b>47,619</b>	
<b>Expenditure By Type</b>																
Employee related costs	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,026	12,279	13,138	14,058	
Remuneration of Board Members	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-	-	-	30	30	35	50	
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	13	13	13	13	13	13	13	13	13	13	13	13	150	159	169	
Finance charges	13	13	13	13	13	13	13	13	13	13	13	13	150	159	169	
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	4,748	4,748	4,748	4,748	4,748	4,748	6,948	6,948	6,948	6,948	6,948	7,037	70,265	79,617	82,759	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>5,796</b>	<b>5,796</b>	<b>5,796</b>	<b>5,796</b>	<b>5,796</b>	<b>5,796</b>	<b>7,996</b>	<b>7,996</b>	<b>7,996</b>	<b>7,996</b>	<b>7,996</b>	<b>8,118</b>	<b>82,874</b>	<b>93,108</b>	<b>97,203</b>	
<b>Capital expenditure</b>																
Capital assets	3,700	3,700	3,700	3,700	3,700	3,700	4,400	4,400	4,400	4,400	4,400	5,330	49,530	67,201	70,033	
<b>Total capital expenditure</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>3,700</b>	<b>4,400</b>	<b>4,400</b>	<b>4,400</b>	<b>4,400</b>	<b>4,400</b>	<b>5,330</b>	<b>49,530</b>	<b>67,201</b>	<b>70,033</b>	
<b>Cash flow</b>																
Ratepayers and other	5,500	375	3,967	300	250	158	870	189	230	400	980	748	13,967	8,565	5,565	
Grants	-	18,352	-	-	18,352	-	-	18,352	-	-	18,352	-	73,409	77,814	82,483	
Interest	200	200	200	200	200	200	200	200	200	200	200	200	2,400	2,600	2,650	
Suppliers, employees and other	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(3,200)	(34,000)	(34,000)	(36,000)	
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>2,900</b>	<b>16,127</b>	<b>1,367</b>	<b>(2,300)</b>	<b>16,002</b>	<b>(2,442)</b>	<b>(1,730)</b>	<b>15,941</b>	<b>(2,370)</b>	<b>(2,200)</b>	<b>16,732</b>	<b>(2,252)</b>	<b>55,776</b>	<b>54,979</b>	<b>54,698</b>	
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(4,200)	(11,718)	(57,918)	(58,479)	(56,198)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(4,200)</b>	<b>(11,718)</b>	<b>(57,918)</b>	<b>(58,479)</b>	<b>(56,198)</b>	
Borrowing long term/refinancing/short term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1,300)</b>	<b>11,927</b>	<b>(2,833)</b>	<b>(6,500)</b>	<b>11,802</b>	<b>(6,642)</b>	<b>(5,930)</b>	<b>11,741</b>	<b>(6,570)</b>	<b>(6,400)</b>	<b>12,532</b>	<b>(13,970)</b>	<b>(2,142)</b>	<b>(3,500)</b>	<b>(1,500)</b>	



## **2.9 Contracts having future budgetary implications**

Contracts having future budgetary implications relate to banking service provider costs, as the MFMA supply chain management regulations allow for such services to be provided on a 5-year contract basis.

## **2.10 Capital expenditure details**

Over the next three financial years, 2014/15 to 2016/17, capital spending is projected at R49.0 million in 2014/15, increasing to R66.6 million in 2015/16 and reaching R69.4 million in 2016/17.

The MBDA's capital program for 2014/15 comprises of further infrastructure upgrades that will take place in the inner cities of Nelson Mandela Bay and various township areas and as such will have the impact of improving investor and stakeholder confidence in these areas resulting in the private sector investing further into these nodes. The Agency's work in Port Elizabeth has already seen a huge boost in confidence and the new capital program will focus, *inter alia*, on the following new projects:

- Redevelopment of the Tramways Building
- Various Township Refurbishment and Upgrade Initiatives e.g. Singapi Road Upgrade
- Urban Renewal Interventions in Uitenhage

## **2.11 Legislation compliance status**

The following legislation has been considered and complied with in respect of the preparation of the MBDA's budget:

- Local Government Municipal Finance Management Act 56 of 2003
- Local Government Systems Act 32 of 2000
- The Companies Act 71 of 2008

Generally there is compliance with the above acts.

## **2.12 Other supporting documentation**

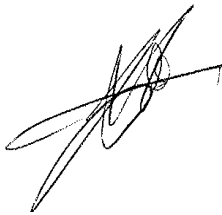
None

**2.13 Chief Executive Officers quality certification****Quality certificate**

I, **PIERRE VOGES**, Chief Executive Officer of Mandela Bay Development Agency, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the parent municipality and the business plan of the entity.

**Print Name: PIERRE VOGES**

**Chief Executive Officer of Mandela Bay Development Agency**

A handwritten signature in black ink, appearing to read 'P. Voges', written over a horizontal line.

**SIGNATURE:**

**DATE: 06 MARCH 2014**