

A Municipal Entity of the Nelson Mandela Bay Municipality

## **BUDGET 2020/21 – 2022/23**

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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 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 2020/21 to 2022/23 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.

**ASHRAF ADAM  
CHIEF EXECUTIVE OFFICER**

## 1.2 Resolutions

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 2020/21; and the indicative allocations for the projected outer years 2021/22 and 2022/23; and the multi-year and single year capital appropriations are approved as set-out in this report.

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 and security plans as well as various spatial feasibility study costs to be undertaken.

The Agency will also be embarking on the redevelopment of the Baakens River Valley Precinct which is anticipated to be a key catalytic node in Nelson Mandela Bay over the next few years.

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 are as follows:

2020/21	R 63,500,020
2021/22	R 66,111,960
2022/23	R 70,146,290

Funding for operating costs is as follows:

	NMBM	KfW	MBDA
2020/21	R63 500 020	R0	R2 000 000
2021/22	R66,111,960	R0	R2 500 000
2022/23	R70,146,290	R0	R3 000 000

The Capital Budget totals are as follows:

2020/21	R31 896 616
2021/22	R31 800 000
2022/23	R33 708 000

Funding for capital costs is as follows:

	NMBM	kFW
2020/21	R30 000 000	R1 896 616
2021/22	R31 800 000	R0
2022/23	R33 708 000	R0

## 1.4 Annual Budget Tables

Description	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	2,844	-	1,381	1,023	150	150	200	200	200
Investment revenue	2,388	2,000	2,456	2,323	1,500	1,500	2,000	2,500	3,000
Transfers recognised - operational	97,949	92,091	115,348	130,730	169,285	169,285	95,397	97,912	103,854
Other own revenue	8,748	4,100	1,477	300	1,543	1,543	400	450	500
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>111,929</b>	<b>98,191</b>	<b>120,661</b>	<b>134,377</b>	<b>172,479</b>	<b>172,479</b>	<b>97,997</b>	<b>101,062</b>	<b>107,554</b>
Employee costs	36,732	21,495	29,583	37,920	40,735	40,735	40,954	44,230	47,567
Remuneration of councillors	-	500	910	1,211	1,244	1,244	1,356	1,519	1,701
Depreciation & asset impairment	699	-	1,201	855	971	971	889	925	962
Finance charges	-	228	-	-	-	-	-	-	-
Materials and bulk purchases	-	83	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	74,095	38,873	41,738	37,634	46,478	46,478	23,995	20,938	21,415
<b>Total Expenditure</b>	<b>111,526</b>	<b>61,179</b>	<b>73,432</b>	<b>77,620</b>	<b>89,428</b>	<b>89,428</b>	<b>67,195</b>	<b>67,612</b>	<b>71,646</b>
<b>Surplus/(Deficit)</b>	<b>402</b>	<b>37,012</b>	<b>47,229</b>	<b>56,757</b>	<b>83,051</b>	<b>83,051</b>	<b>30,802</b>	<b>33,450</b>	<b>35,908</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational	-	-	-	-	-	-	-	-	-
<b>contributions</b>	<b>402</b>	<b>37,012</b>	<b>47,229</b>	<b>56,757</b>	<b>83,051</b>	<b>83,051</b>	<b>30,802</b>	<b>33,450</b>	<b>35,908</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>402</b>	<b>37,012</b>	<b>47,229</b>	<b>56,757</b>	<b>83,051</b>	<b>83,051</b>	<b>30,802</b>	<b>33,450</b>	<b>35,908</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>10,467</b>	<b>36,650</b>	<b>46,963</b>	<b>55,433</b>	<b>77,850</b>	<b>82,851</b>	<b>32,906</b>	<b>32,159</b>	<b>34,074</b>
Transfers recognised - capital	-	-	-	-	-	-	31,009	32,159	34,074
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	1,897	-	-
<b>Total sources of capital funds</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,906</b>	<b>32,159</b>	<b>34,074</b>
<b>Financial position</b>									
Total current assets	83,886	70,400	81,805	39,811	23,231	23,231	13,471	15,760	18,629
Total non current assets	7,633	7,221	7,593	9,291	11,707	11,707	12,100	12,169	12,169
Total current liabilities	83,280	20,894	79,088	46,466	17,466	17,466	19,200	20,500	20,500
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	8,239	56,727	10,310	2,636	17,472	17,472	6,371	7,429	10,298
<b>Cash flows</b>									
Net cash from (used) operating	65,693	30,006	(21,249)	57,677	60,213	60,213	31,760	34,448	36,943
Net cash from (used) investing	(40,917)	(53,482)	(3,553)	(55,433)	(58,793)	(58,793)	(32,906)	(32,159)	(34,074)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>58,876</b>	<b>35,400</b>	<b>10,597</b>	<b>2,243</b>	<b>12,017</b>	<b>12,017</b>	<b>10,871</b>	<b>13,160</b>	<b>16,029</b>

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>Revenue by Source</b>	1									
Property rates										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue		2,844	-	1,381	1,023	150	150	200	200	200
Rental of facilities and equipment		811	200		300	670	670	400	450	500
Interest earned - external investments		2,388	2,000	2,456	2,323	1,500	1,500	2,000	2,500	3,000
Interest earned - outstanding debtors							-			
Dividends received							-			
Fines, penalties and forfeits							-			
Licences and permits							-			
Agency services							-			
Transfers and subsidies		97,949	92,091	115,348	130,730	169,285	169,285	95,397	97,912	103,854
Other revenue		7,936	3,900	1,477		873	873			
Gains							-			
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>111,929</b>	<b>98,191</b>	<b>120,661</b>	<b>134,377</b>	<b>172,479</b>	<b>172,479</b>	<b>97,997</b>	<b>101,062</b>	<b>107,554</b>
<b>Expenditure By Type</b>										
Employee related costs		36,732	21,495	29,583	37,920	40,735	40,735	40,954	44,230	47,567
Remuneration of councillors		-	500	910	1,211	1,244	1,244	1,356	1,519	1,701
Debt impairment	4	65	-		65	-	-	69	73	73
Depreciation & asset impairment		699	-	1,201	855	971	971	889	925	962
Finance charges		-	228			-	-			
Bulk purchases	2	-	-			-	-			
Other materials	5	-	83			-	-			
Contracted services		-	21,927		9,172	9,972	9,972	9,172	9,823	8,481
Transfers and subsidies		-	-			-	-			
Other expenditure	3	74,030	16,946	41,738	28,397	36,507	36,507	14,755	11,043	12,862
Losses							-			
<b>Total Expenditure</b>		<b>111,526</b>	<b>61,179</b>	<b>73,432</b>	<b>77,620</b>	<b>89,428</b>	<b>89,428</b>	<b>67,195</b>	<b>67,612</b>	<b>71,646</b>
<b>Surplus/(Deficit)</b>		<b>402</b>	<b>37,012</b>	<b>47,229</b>	<b>56,757</b>	<b>83,051</b>	<b>83,051</b>	<b>30,802</b>	<b>33,450</b>	<b>35,908</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							-			
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Transfers and subsidies - capital (in-kind - all)							-			
<b>contributions</b>		<b>402</b>	<b>37,012</b>	<b>47,229</b>	<b>56,757</b>	<b>83,051</b>	<b>83,051</b>	<b>30,802</b>	<b>33,450</b>	<b>35,908</b>
Taxation										
<b>Surplus/ (Deficit) for the year</b>		<b>402</b>	<b>37,012</b>	<b>47,229</b>	<b>56,757</b>	<b>83,051</b>	<b>83,051</b>	<b>30,802</b>	<b>33,450</b>	<b>35,908</b>

**Transfers and Subsidies are made up as follows:**

**NMBM Grants Operational and Capital**

2020/21	2021/22	2022/23
R93 500 020	R97 911 960	R103 854 290

Rental of facilities relates to rental of space at Tramways Building to the public to carry out functions as well as Helenvale Hall. Other MBDA income relates to Tender documents sales, rental of trading stalls by street traders etc.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>	1									
<b>Capital expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>9,653</b>	<b>5,450</b>	<b>16,296</b>	<b>5,909</b>	<b>16,288</b>	<b>21,288</b>	<b>12,249</b>	<b>7,009</b>	<b>27,360</b>
Roads Infrastructure		9,653	5,450	15,290	3,230	3,230	8,230	523	7,009	19,360
Roads		9,653	5,450	15,290	3,230	3,230	3,230	523	7,009	9,360
Road Structures		-	-	-	-	-	5,001	-	-	10,000
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	1,007	2,679	13,058	13,058	11,726	-	8,000
Rail Lines		-	-	1,007	2,679	13,058	13,058	11,726	-	8,000
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-



Coastal Infrastructure	-	-	-	-	-	-	-	-	-
<i>Sand Pumps</i>	-	-	-	-	-	-	-	-	-
<i>Piers</i>	-	-	-	-	-	-	-	-	-
<i>Revetments</i>	-	-	-	-	-	-	-	-	-
<i>Promenades</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>	-	-	-	-	-	-	-	-	-
<i>Core Layers</i>	-	-	-	-	-	-	-	-	-
<i>Distribution Layers</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	<b>814</b>	<b>6,000</b>	<b>15,774</b>	<b>33,494</b>	<b>37,443</b>	<b>37,443</b>	<b>13,925</b>	<b>21,000</b>	<b>-</b>
Community Facilities	(36)	6,000	5,322	10,680	11,559	11,559	2,000	5,000	-
<i>Halls</i>	(36)	-	-	-	-	-	-	-	-
<i>Centres</i>	-	-	1,816	-	932	932	-	-	-
<i>Crèches</i>	-	-	-	4,480	8,195	8,195	2,000	5,000	-
<i>Clinics/Care Centres</i>	-	-	-	-	-	-	-	-	-
<i>Fire/Ambulance Stations</i>	-	-	-	-	-	-	-	-	-
<i>Testing Stations</i>	-	-	-	-	-	-	-	-	-
<i>Museums</i>	-	-	190	5,000	-	-	-	-	-
<i>Galleries</i>	-	-	-	-	-	-	-	-	-
<i>Theatres</i>	-	-	-	-	-	-	-	-	-
<i>Libraries</i>	-	-	-	-	-	-	-	-	-
<i>Cemeteries/Crematoria</i>	-	-	-	-	-	-	-	-	-
<i>Police</i>	-	-	-	-	-	-	-	-	-
<i>Parks</i>	-	-	-	-	-	-	-	-	-
<i>Public Open Space</i>	-	6,000	3,317	1,200	2,432	2,432	-	-	-
<i>Nature Reserves</i>	-	-	-	-	-	-	-	-	-
<i>Public Ablution Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Markets</i>	-	-	-	-	-	-	-	-	-
<i>Stalls</i>	-	-	-	-	-	-	-	-	-
<i>Abattoirs</i>	-	-	-	-	-	-	-	-	-
<i>Airports</i>	-	-	-	-	-	-	-	-	-
<i>Taxi Ranks/Bus Terminals</i>	-	-	-	-	-	-	-	-	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	850	-	10,452	22,814	25,884	25,884	11,925	16,000	-
<i>Indoor Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Outdoor Facilities</i>	850	-	10,452	22,814	25,884	25,884	11,925	16,000	-
<i>Capital Spares</i>	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>	-	-	-	3,571	5,651	5,651	5,723	3,791	6,348
Monuments	-	-	-	-	-	-	-	-	-
Historic Buildings	-	-	-	3,500	5,282	5,282	4,223	3,791	6,348
Works of Art	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-
Other Heritage	-	-	-	71	369	369	1,500	-	-
<b>Investment properties</b>	-	-	-	8,500	5,900	5,900	-	-	-
Revenue Generating	-	-	-	8,500	5,900	5,900	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	8,500	5,900	5,900	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>	-	-	-	-	-	-	-	-	-
<i>Unimproved Property</i>	-	-	-	-	-	-	-	-	-

<b>Other assets</b>		-	7,500	12,027	2,800	3,152	3,152	-	-	-
Operational Buildings		-	-	7,730	2,800	2,800	2,800	-	-	-
Municipal Offices		-	-	-	-	-	-	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	7,730	2,800	2,800	2,800	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Housing		-	7,500	4,297	-	352	352	-	-	-
Staff Housing		-	-	4,297	-	-	-	-	-	-
Social Housing		-	7,500	-	-	352	352	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	17,500	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	17,500	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	89	700	8,505	8,505	700	31	32
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	89	700	8,505	8,505	700	31	32
Water Rights		-	-	-	-	-	-	-	-	-
Effluent Licenses		-	-	-	-	-	-	-	-	-
Solid Waste Licenses		-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	89	700	1,505	1,505	700	31	32
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	7,000	7,000	-	-	-
<b>Computer Equipment</b>		-	100	363	350	385	385	200	212	216
Computer Equipment		-	100	363	350	385	385	200	212	216
<b>Furniture and Office Equipment</b>		-	50	243	53	7	7	53	56	57
Furniture and Office Equipment		-	50	243	53	7	7	53	56	57
<b>Machinery and Equipment</b>		-	50	1,400	56	504	504	56	60	60
Machinery and Equipment		-	50	1,400	56	504	504	56	60	60
<b>Transport Assets</b>		-	-	770	-	14	14	-	-	-
Transport Assets		-	-	770	-	14	14	-	-	-
<b>Land</b>		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure on assets</b>	1	10,467	36,650	46,963	55,433	77,850	82,851	32,906	32,159	34,074

<b>Funded by:</b>										
National Government										
Provincial Government										
Parent Municipality								32,906	32,159	34,074
District Municipality										
<b>Transfers recognised - capital</b>		-	-	-	-	-	-	32,906	32,159	34,074
<b>Borrowing</b>	3									
<b>Internally generated funds</b>										
<b>Total Capital Funding</b>	4	-	-	-	-	-	-	32,906	32,159	34,074

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates										
Service charges				–	1,323	623	623	200	200	200
Other revenue		20,379	4,265	25,763	–	700	700	400	450	500
Transfers and Subsidies - Operational		69,645	55,276		76,456	79,816	79,816	63,500	66,112	70,146
Transfers and Subsidies - Capital		51,671	36,450	161,150	54,274	58,584	58,584	31,897	31,800	33,708
Interest		2,395	1,800	2,341	2,323	1,500	1,500	2,000	2,500	3,000
Dividends					–	–	–			
<b>Payments</b>										
Suppliers and employees	2	(78,397)	(67,785)	(210,503)	(76,701)	(81,011)	(81,011)	(66,237)	(66,614)	(70,611)
Finance charges										
Dividends paid										
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>65,693</b>	<b>30,006</b>	<b>(21,249)</b>	<b>57,677</b>	<b>60,213</b>	<b>60,213</b>	<b>31,760</b>	<b>34,448</b>	<b>36,943</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE										
Decrease (increase) in non-current receivables										
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets		(40,917)	(53,482)	(3,553)	(55,433)	(58,793)	(58,793)	(32,906)	(32,159)	(34,074)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(40,917)</b>	<b>(53,482)</b>	<b>(3,553)</b>	<b>(55,433)</b>	<b>(58,793)</b>	<b>(58,793)</b>	<b>(32,906)</b>	<b>(32,159)</b>	<b>(34,074)</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>24,776</b>	<b>(23,476)</b>	<b>(24,803)</b>	<b>2,243</b>	<b>1,420</b>	<b>1,420</b>	<b>(1,146)</b>	<b>2,288</b>	<b>2,870</b>
Cash/cash equivalents at the year begin:	2	<b>34,100</b>	<b>58,876</b>	<b>35,400</b>		<b>10,597</b>	<b>10,597</b>	<b>12,017</b>	<b>10,871</b>	<b>13,160</b>
Cash/cash equivalents at the year end:	2	<b>58,876</b>	<b>35,400</b>	<b>10,597</b>	<b>2,243</b>	<b>12,017</b>	<b>12,017</b>	<b>10,871</b>	<b>13,160</b>	<b>16,029</b>

Receipts from “Government – capital” from NMBM and are exclusive of VAT.

Receipts from “Government – operating” are made up of receipts from NMBM and all figures exclude VAT.

## 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.

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 2020.

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 18 December 2021.

While the MBDA reports to its own board of directors in terms of the Companies Act, it also reports functionally to the EDTA directorate of the NMBM, and as such falls under the oversight of the Economic Development, Tourism & Agriculture (EDTA) 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 2020/21 to 2022/23 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.

## 2.3 Measurable performance objectives and indicators

	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</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	3.37	1.03	1.33	0.55	0.57	0.65
Liquidity Ratio	1.69	0.13	1.22	0.41	0.44	0.52
<b>Other Ratio's</b>						
Salaries as a % of Expenditure	21.9%	24.5%	24%	43%	44%	44%

## 2.4 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.

## 2.5 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:

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
	%	%	%
<b>Expenditure</b>			
Operating Expenses	0.0	0.0	0.0
Employee Related costs	5.0	8.0	8.0

The majority of the operating costs have increased at an average of 2% in the 2020/21 financial year.

## 2.6 Overview of budget funding

The MBDA is funded predominantly by the NMBM 2019/20 financial year, in addition, the Agency has also secured funding from 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

## 2.7 Board member allowances and employee benefits

Summary of Employee and Board Member remuneration	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
		A	B	C	D	E	F	G	H	I
<b>R thousands</b>										
<b>Remuneration</b>										
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees	1,211	1,356	906	1,211	1,244	1,244	1,356	1,519	1,701	
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
<b>Sub Total - Board Members of Entities</b>	<b>1,211</b>	<b>1,356</b>	<b>906</b>	<b>1,211</b>	<b>1,244</b>	<b>1,244</b>	<b>1,356</b>	<b>1,519</b>	<b>1,701</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>12.0%</b>	
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages	15,046	16,250	11,762	15,046	17,861	17,861	16,250	17,550	18,873	
Pension and UIF Contributions	1,391	1,502	1,167	1,391	1,391	1,391	1,502	1,622	1,744	
Medical Aid Contributions	800	864	671	800	800	800	864	933	1,004	
Overtime	-	-	103	123	123	123	133	144	155	
Performance Bonus	3,898	4,210	83	99	99	99	107	115	124	
Motor Vehicle Allowance	123	133	3,271	3,898	3,898	3,898	4,210	4,546	4,890	
Cellphone Allowance	99	107	3	4	4	4	4	5	5	
Housing Allowances	-	-	-	-	-	-	-	-	-	
Other benefits and allowances	-	-	-	-	-	-	-	-	-	
Payments in lieu of leave	4	4	-	-	-	-	-	-	-	
Long service awards	-	-	-	-	-	-	-	-	-	
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-	
<b>Sub Total - Senior Managers of Entities</b>	<b>21,360</b>	<b>23,069</b>	<b>17,061</b>	<b>21,360</b>	<b>24,175</b>	<b>24,175</b>	<b>23,069</b>	<b>24,915</b>	<b>26,794</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>7.5%</b>	
<b>Other Staff of Entities</b>										
Basic Salaries and Wages	13,581	14,667	9,963	13,581	13,581	13,581	14,667	15,841	17,037	
Pension and UIF Contributions	1,311	1,416	1,100	1,311	1,311	1,311	1,416	1,529	1,645	
Medical Aid Contributions	1,430	1,544	1,200	1,430	1,430	1,430	1,544	1,668	1,794	
Overtime	-	-	-	-	-	-	-	-	-	
Performance Bonus	-	-	-	-	-	-	-	-	-	
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-	
Cellphone Allowance	-	-	-	-	-	-	-	-	-	
Housing Allowances	-	-	-	-	-	-	-	-	-	
Other benefits and allowances	238	257	200	238	238	238	257	277	298	
Payments in lieu of leave	-	-	-	-	-	-	-	-	-	
Long service awards	-	-	-	-	-	-	-	-	-	
Post-retirement benefit obligations	-	-	-	-	-	-	-	-	-	
<b>Sub Total - Other Staff of Entities</b>	<b>16,560</b>	<b>17,884</b>	<b>12,463</b>	<b>16,560</b>	<b>16,560</b>	<b>16,560</b>	<b>17,884</b>	<b>19,315</b>	<b>20,773</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>7.6%</b>	
<b>Total Municipal Entities remuneration</b>	<b>39,131</b>	<b>42,310</b>	<b>30,429</b>	<b>39,131</b>	<b>41,979</b>	<b>41,979</b>	<b>42,310</b>	<b>45,749</b>	<b>49,271</b>	



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

Description	Budget Year 2020/21												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
<b>R thousands</b>															
<b>Operating Revenue By Source</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Rental of facilities and equipment	33	33	33	33	33	33	33	33	33	33	33	33	400	450	500
Interest earned - external investments	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,500	3,000
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	7,792	93,500	97,912	103,854
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gains</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>8,008</b>	<b>96,100</b>	<b>101,062</b>	<b>107,554</b>
<b>Operating Expenditure By Type</b>															
Employee related costs	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	3,413	40,954	44,230	47,567
Remuneration of Board Members	113	113	113	113	113	113	113	113	113	113	113	113	1,356	1,519	1,701
Debt impairment	6	6	6	6	6	6	6	6	6	6	6	6	69	73	73
Depreciation & asset impairment	74	74	74	74	74	74	74	74	74	74	74	74	889	925	962
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	764	764	764	764	764	764	764	764	764	764	764	764	9,172	9,823	8,481
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	14,755	11,043	12,862
<b>Losses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>5,600</b>	<b>67,195</b>	<b>67,612</b>	<b>71,646</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>															
<b>Receipts</b>															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	42	42	42	42	42	42	42	42	42	42	42	42	500	500	500
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government - operating	5,870	5,870	5,870	5,870	5,870	5,870	5,870	5,870	5,870	5,870	5,870	5,870	70,443	72,556	75,821
Government - capital	2,921	2,921	2,921	2,921	2,921	2,921	2,921	2,921	2,921	2,921	2,921	2,921	35,058	36,109	37,734
Interest	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,500	3,000
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>															
Suppliers and employees	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(6,260)	(75,120)	(74,056)	(83,327)
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>2,740</b>	<b>32,880</b>	<b>37,809</b>	<b>33,728</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	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(32,906)	(37,087)	(38,728)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(32,906)</b>	<b>(37,087)</b>	<b>(38,728)</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(25)</b>	<b>522</b>	<b>(5,000)</b>
Cash/cash equivalents at the year begin:	12,017	12,015	12,013	12,011	12,009	12,007	12,004	12,002	12,000	11,998	11,996	(120,055)	12,017	11,992	12,514
Cash/cash equivalents at the year end:	12,015	12,013	12,011	12,009	12,007	12,004	12,002	12,000	11,998	11,996	11,994	(120,057)	11,992	12,514	7,514

Capital expenditure by Asset Class/Sub-class

Infrastructure	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	12,249	7,009	27,360	
Roads Infrastructure	44	44	44	44	44	44	44	44	44	44	44	44	44	523	7,009	19,360
Roads	44	44	44	44	44	44	44	44	44	44	44	44	44	523	7,009	19,360
Road Structures																10,000
Road Furniture																
Capital Spares																
Storm water Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Drainage Collection																
Storm water Conveyance																
Attenuation																
Electrical Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Power Plants																
HV Substations																
HV Switching Station																
HV Transmission Conductors																
MV Substations																
MV Switching Stations																
MV Networks																
LV Networks																
Capital Spares																
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams and Weirs																
Boreholes																
Reservoirs																
Pump Stations																
Water Treatment Works																
Bulk Mains																
Distribution																
Distribution Points																
PRV Stations																
Capital Spares																
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pump Station																
Reticulation																
Waste Water Treatment Works																
Outfall Sewers																
Toilet Facilities																
Capital Spares																
Solid Waste Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites																
Waste Transfer Stations																
Waste Processing Facilities																
Waste Drop-off Points																
Waste Separation Facilities																
Electricity Generation Facilities																
Capital Spares																
Rail Infrastructure	977	977	977	977	977	977	977	977	977	977	977	977	977	11,726	-	8,000
Rail Lines	977	977	977	977	977	977	977	977	977	977	977	977	977	11,726	-	8,000
Rail Structures																
Rail Furniture																
Drainage Collection																
Storm water Conveyance																
Attenuation																
MV Substations																
LV Networks																
Capital Spares																
Coastal Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sand Pumps																
Piers																
Revetments																
Promenades																
Capital Spares																
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Data Centres																
Core Layers																
Distribution Layers																
Capital Spares																

	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	13,925	21,000		
<b>Community Assets</b>																
Community Facilities	167	167	167	167	167	167	167	167	167	167	167	167	167	2,000	5,000	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Crèches	167	167	167	167	167	167	167	167	167	167	167	167	2,000	5,000	-	
Clinics/Care Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Testing Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Open Space	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nature Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Ablution Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stalls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	994	994	994	994	994	994	994	994	994	994	994	994	994	11,925	16,000	-
Indoor Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outdoor Facilities	994	994	994	994	994	994	994	994	994	994	994	994	11,925	16,000	-	
Capital Spares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Heritage assets</b>	477	477	477	477	477	477	477	477	477	477	477	477	5,723	3,791	6,348	
Monuments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Historic Buildings	352	352	352	352	352	352	352	352	352	352	352	352	4,223	3,791	6,348	
Works of Art	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservation Areas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Heritage	125	125	125	125	125	125	125	125	125	125	125	125	1,500	-	-	
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improved Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unimproved Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Laboratories	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Training Centres	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depots	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	58	58	58	58	58	58	58	58	58	58	58	58	58	700	31	32
Servitudes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and Rights	58	58	58	58	58	58	58	58	58	58	58	58	58	700	31	32
Water Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software and Applications	58	58	58	58	58	58	58	58	58	58	58	58	58	700	31	32
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<b>Computer Equipment</b>	17	17	17	17	17	17	17	17	17	17	17	17	200	212	216	
Computer Equipment	17	17	17	17	17	17	17	17	17	17	17	17	17	200	212	216
<b>Furniture and Office Equipment</b>	4	4	4	4	4	4	4	4	4	4	4	4	53	56	57	
Furniture and Office Equipment	4	4	4	4	4	4	4	4	4	4	4	4	53	56	57	
<b>Machinery and Equipment</b>	5	5	5	5	5	5	5	5	5	5	5	5	56	60	60	
Machinery and Equipment	5	5	5	5	5	5	5	5	5	5	5	5	56	60	60	
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Land</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total capital expenditure</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>2,742</b>	<b>32,906</b>	<b>32,159</b>	<b>34,074</b>	

**CASH FLOW FROM OPERATING ACTIVITIES**

<b>Receipts</b>															
Property rates													-	-	-
Service charges	17	17	17	17	17	17	17	17	17	17	17	17	17	200	200
Other revenue													400	400	450
Government - operating	5,292	5,292	5,292	5,292	5,292	5,292	5,292	5,292	5,292	5,292	5,292	5,292	5,292	63,500	66,112
Government - capital	2,658	2,658	2,658	2,658	2,658	2,658	2,658	2,658	2,658	2,658	2,658	2,658	2,658	31,897	31,800
Interest	167	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,500
Dividends															
<b>Payments</b>															
Suppliers and employees	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(5,520)	(66,237)	(66,614)
Finance charges															
Dividends paid															
Transfers and Grants															
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>2,613</b>	<b>3,013</b>	<b>31,760</b>	<b>34,448</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	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(2,742)	(32,906)	(32,159)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(2,742)</b>	<b>(32,906)</b>	<b>(32,159)</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>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>(129)</b>	<b>271</b>	<b>(1,146)</b>	<b>2,288</b>
Cash/cash equivalents at the year begin:	12,017	11,888	11,759	11,631	11,502	11,373	11,244	11,115	10,986	10,858	10,729	(113,085)	12,017	10,871	13,160
Cash/cash equivalents at the year end:	11,888	11,759	11,631	11,502	11,373	11,244	11,115	10,986	10,858	10,729	10,600	(112,814)	10,871	13,160	16,029

## **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, 2020/21 to 2022/23, capital spending is projected at R32.9 million in 2020/21, R32.2 million in 2021/22 and R34,1 million in 2022/23.

The MBDA's capital program for 2020/21 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:

- Bayworld Rehabilitation / Redevelopment
- Korsten / Schauderville – Other
- Govan Mbeki Refurbishments
- New Brighton Cultural Precinct Development
- Uitenhage Rails Shed/SC Precinct Development

## **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, ASHRAF ADAM, 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: ASHRAF ADAM**

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

**SIGNATURE:**

**DATE: 22 MAY 2020**