

ANNEXURE “E”

ACCOUNTING POLICIES

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Nelson Mandela Bay Metropolitan Municipality and Municipal Entities controlled by the Municipality.

On acquisition, the assets and liabilities of a Municipal Entities are measured at their fair value at the date of acquisition.

Where necessary, adjustments are made to the financial statements of the Municipal Entities to bring the accounting policies used into line with those used by the Nelson Mandela Metropolitan Bay Municipality.

All significant transactions and balances between members of the Entities are eliminated on consolidation.

3. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

4. GOING CONCERN ASSUMPTION

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

5. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area.

6. RESERVES

6.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution. The CRR can only be utilised to finance items of property, plant and equipment and investment property.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

6.2 Capitalisation Reserve

On the implementation of GAMAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been

transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in

accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.5 Self - Insurance Reserve

A Self-Insurance Fund exists to provide cover for selected risks including fire, storm, workmen's compensation, public liability and motor vehicles. The fund is re-insured externally to cover major losses. Premiums are charged to the respective Business Units at market related rates, taking into account past experience of claims and replacement value of the insured assets.

The fund covers the first R10 000 000 in respect of fire insurance, R5 000 000 in respect of public liability insurance and R3 000 000 in respect of fidelity guarantee insurance, of any one claim.

The maximum aggregate exposure during any one year in respect of public liability insurance amounts to R10 000 000 and in respect of fidelity guarantee insurance amounts to R17 000 000. There is no maximum aggregate exposure in respect of fire insurance.

Claims in excess of the above maximum aggregate exposures are covered by re-insurance.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable costs are: site preparation, delivery and handling costs and professional fees.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reserves a previous revaluation.

It is the intention to determine the applicability of the GAMAP standard relating to the impairment of items of property, plant and equipment.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. In determining depreciation, the residual values of assets (specifically vehicles, office equipment and furniture and fittings) are not taken into account as the municipality uses these assets in its operations beyond its estimated useful life. The annual depreciation rates are based on the following estimated asset lives:-

	<u>Years</u>	<i>Other</i>	<u>Years</u>
<i>Infrastructure</i>			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5

	<u>Years</u>	<i>Other</i>	<u>Years</u>
<i>Community</i>		Specialised plant and equipment	10-15
Buildings	30	Other items of plant and equipment	2-5
Recreational Facilities	20-30		
Security	5		

It is the intention in future to review the estimated useful lives of items of property, plant and equipment as part of the review to be done by business units in determining the maintenance backlogs on assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

8. REVALUATION OF LAND AND BUILDINGS

Land and buildings were not revalued during the year. It will be revalued as part of the general property valuation process to be conducted over the next two financial years. Council is required to undertake a general valuation of properties in terms of the Property Rates Act (Act no. 6 of 2004).

9. INVESTMENTS

Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

10. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost or net realisable value. In general, the basis of determining cost is the first-in, first-out (fifo) method.

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

The cost of water purchased and not yet sold in the statement of financial position comprises the purchase price, import duties and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

11. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

12. TRADE CREDITORS

Trade creditors are stated at their nominal value, inclusive of outstanding cheques.

13. REVENUE RECOGNITION

Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned.

Service charges relating to electricity and water are based on consumption. Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high tension electricity supplies are read and billed monthly. All electricity and water meters within and outside the municipal boundary are read and billed monthly.

Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is recognised when collected.

Revenue from Regional Services Council Levies is recognised at the time of receipt of the completed RSC Levy declaration forms from all registered levy payers.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

14. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources

embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

The following obligations are provided for in the financial statements of the municipality:

- Provision for post retirement benefits, such as continued contribution by the municipality to Medical Aid Funds on behalf of retired employees.

15.1 Provision for Post Retirement Benefits

A provision is maintained in respect of the liability to employees relating to post retirement benefits such as medical aid contributions. Council has adopted a strategy that future retirement liabilities be funded over a fifteen-year period.

16. PROVISION FOR DOUBTFUL DEBTS

The provision is equivalent to 100% of amounts owing to Council older than 90 days. The provision currently amounts to R 625 962 919. In accordance with GRAP the Provision for Doubtful Debts has been deducted from the amount outstanding by debtors at 30 June 2006.

17. PROVISION FOR OBSOLETE INVENTORY

A provision is maintained in lieu of obsolete inventory. The level of the provision for obsolete inventory is maintained at 5% of the total value of inventory holdings.

18. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

19. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

22. COMPARATIVE INFORMATION**22.1 Current year comparatives:**

Budgeted amounts have been included in the annual financial statements for the current and previous financial years.

22.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

23. INVESTMENT PROPERTY

Investment property, which is property held to earn rental revenue or for capital appreciation, is stated at cost.

24. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed on the straight line basis over the term of the lease.

25. RETIREMENT BENEFITS

The Municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

The Council operates a number of retirement schemes to which contributions are charged against operating income at the following rates:

	<u>% of Basic Salary/Wage</u>
Port Elizabeth Municipal Pension Fund	17,2
Port Elizabeth Municipal Provident Fund	17,4
Port Elizabeth Pension Benefit Fund	12.0

Full actuarial valuations are performed at least every three years.

The Council also contributes to the following retirement schemes to which contributions are charged against income as follows:

	<u>% of Basic Salary/Wage</u>
Cape Joint Pension Fund	18.0
Cape Joint Retirement Fund	18.0
S.A.L.A. Pension Fund	18.07

26. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

ANNEXURE “F”

REPORT ON MUNICIPAL ENTITIES

ANNUAL REPORT OF MANDELA BAY DEVELOPMENT AGENCY FOR PERIOD 1 JULY 2005 TO 30 JUNE 2006

1. FOREWORD

The Mandela Bay Development Agency (MBDA) was formed in 2003 as a joint initiative between the Nelson Mandela Bay Municipality (NMBM) and the Industrial Development Corporation (IDC) to address urban decay in the Port Elizabeth Central Business District (CBD) and to facilitate in the redevelopment of the southern part of the harbour for non-industrial purposes, i.e. retail, residential, office and tourism/leisure/ entertainment development.

The MBDA is therefore a company formed by the NMBM; it is a municipal entity governed by the Municipal Systems Act No. 32 of 2000 (as amended) and the Municipal Finance Management Act No. 56 of 2003.

A Mandate document has been developed and adopted by the NMBM for the MBDA, which highlights the key strategic objectives of the Agency.

The MBDA has a Board of Directors with extensive experience in the public and private sector that have provided the management of the MBDA with valuable strategic guidance in achieving its objectives.

2. MANDATE AND CORE FUNCTIONS OF MBDA

- To promote the development of infrastructure in its mandate area that will serve as a catalyst for private sector investments;
- To revitalize and re-engineer the CBD and other parts of the mandate area;
- To facilitate in the redevelopment of the southern part of the port for non-industrial purposes;
- To leverage public assets such as land and buildings within the mandate area with a view to maximizing economic potential through the creation of revenue streams;
- To assist in providing and managing municipal services amenities such as security and cleaning within the mandate area; and
- To brand the city as a destination for property investment.

The overall approach of the MBDA is to increase the levels of property investment in retail, residential, office and tourism/leisure/entertainment investment and to create a City for its people to Live, Work and Play!

3. CHAIRPERSON'S REVIEW

During the period 2005/2006, the MBDA established itself as the driver of a number of urban renewal projects. The main purpose of these projects was to revitalize the derelict areas in the mandate area and to facilitate in the re-development of the southern part of the port for non-industrial purposes. The MBDA realized from the outset that the task would not be easy and that a number of projects needed to be initiated to serve as a catalyst for further municipal investment and, more importantly, private sector investment.

The MBDA was fortunate that the upswing in economic growth and activity in Port Elizabeth and the wider Metropole, low interest rates, and an increase in business confidence in the area, assisted in its efforts. In fact, many believe that the MBDA's initiatives themselves have contributed significantly to this renewed confidence in the region.

The five-year Corporate Plan of the MBDA and the Annual Business Plans, based on the Corporate Plan, clearly state that the MBDA has a three-pronged overall approach, i.e. *getting the basics right* (security, cleansing, informal trading, etc), the *development of a strategic plan* that identifies capital projects to be funded by the government and the private sector; and, thirdly, *branding the city as a prominent investment destination* in respect of retail, residential, office and tourism/leisure/entertainment development. During the first year of the MBDA's existence, significant planning was undertaken through the development of a Strategic Spatial Implementation Framework (SSIF). The SSIF is a long-term spatial vision of the Agency's mandate area and serves as an overall guide for the identification of catalytic projects. The development of the SSIF therefore forms a strong guide for infrastructure development in the mandate area and is based on extensive market research in retail, residential, office and tourism/leisure/entertainment development to ascertain what kind of development will be sustainable in the short, medium and long term in the mandate area.

The MBDA has built a strong relationship with both the local and national media, as this was important to lift the investment and tourist profile of the mandate area and to increase the levels of business confidence. The MBDA as an organisation therefore has built an urban renewal brand in the City that is increasingly attracting attention. The challenge will be to further install confidence within the business community in the City, nationally and internationally, in order to ensure that the region becomes a destination for domestic and international investment and tourism.

It is common cause that the inner city of Port Elizabeth has not seen significant development for a number of years and shows signs of serious urban decay. Although this situation has now started to turn around, the future role and success of the MBDA will be critical for the development of Nelson Mandela Bay as well as the Eastern Cape in terms of the economic impact on Gross Domestic Product (GDP) and employment opportunities for the region.

Although the MBDA has emphasized the basic approach of getting the basics right, it is clear that significant investment in capital projects will be the only way to take the City forward to compete with other cities in South Africa and internationally. The period 2004 to 2005 served as a critical period for the MBDA, not only in establishing itself as an organization with credibility, but also in developing plans through the SSIF that will serve as overall guides for development in the years to come. This has been achieved, and the MBDA is now well positioned to play a stronger role in the development of infrastructure in the mandate area. The first capital infrastructure project is the environmental upgrade of Govan Mbeki Avenue. It is expected that this project will serve as a catalyst for further municipal infrastructure investment and private sector investment. Another major factor driving this development is that most of the Agency's urban renewal projects planned over the next three years have a strong 2010 World Cup soccer focus and alignment. The MBDA is ready to deliver in such projects in full co-operation with its parent municipality in meeting the exciting challenges that lie ahead for the city.

A significant development has been the announcement by Minister of State Enterprises, Alec Erwin, that the manganese ore dumps and oil tank farm facilities will be relocated from the existing harbour to the new port of Ngqura, once it has become operational. The Agency is involved in the facilitation of this major project, and it is foreseen that the redevelopment of this area will have a tremendous impact on the economic growth of our City and the region.

The Agency is committed to sound corporate citizenship and has maintained its focus on ensuring that our corporate governance policies and procedures are in line with best standard practices.

I wish to take this opportunity of thanking the management and staff of the Agency for the commitment, passion and enthusiasm displayed during the past year.

Our acknowledgement also goes to the Executive Mayor, the Mayoral Committee and senior management of the Municipality for their continued support and guidance in ensuring that the MBDA's activities are aligned with the Integrated Development Plan of Nelson Mandela Bay and to ensure that all our people are the rightful beneficiaries of such activities.

4. CHIEF EXECUTIVE OFFICER'S REPORT

The financial year 2005/06 was a groundbreaking one for the MBDA, as it provided the MBDA with an opportunity to demonstrate the strength of its SSIF in uplifting the City. The operations of the MBDA commenced against the background of a City that had experienced serious urban decay for some time. Although the inner-city precinct shows tremendous potential for investment, as it could serve as a catalyst for economic development, it has not seen the levels of investment of other major cities in South Africa.

The year under review was also significant in that the MBDA was increasingly viewed as the driver of economic development in the inner city and is continuously defining the valued proposition it offers not only to the NMBM, but also the private sector. The MBDA will continue to enhance its efforts to attract investment to the CBD and will work closely with all stakeholders involved in investment promotion.

5. KEY CHALLENGE

The key challenge that faces the MBDA is the creation of a proactive and enabling investment environment in the mandate area. In addition to the groundwork that puts the basics in place, i.e. security, cleansing and the regulation of informal trading, the MBDA has also started to increase its activities and programmes through capital projects such as the upgrading of Govan Mbeki Avenue. The development of a SSIF for the mandate area whereby capital projects that are sustainable in the long term has been a milestone for the MBDA.

A further challenge is for the MBDA to work in close co-operation with the NMBM as its development arm and to build strong relationships with the respective Business Unit Managers, who are likely to, through the establishment of service delivery agreements, delegate key Mandate Area service delivery and infrastructure projects to the MBDA.

One of the key components of the MBDA is a distinctive focus, namely the strengthening of the City investment brand. While the MBDA has become established in Nelson Mandela Bay, it is realised that it is vital to establish a strong presence nationally and also internationally. However, raising the profile of the City as an investment destination must go beyond simply creating perceptions through marketing initiatives.

6. FACTORS THAT AFFECT DELIVERY

Development agencies were created through an initiative of the IDC to fast-track development with reduced beaurocracy. Although this objective is commendable, it has become increasingly difficult to do so through the promulgation of the Municipal Finance Management Act. The challenge for the Agency will be for its Directors and management to work together with the NMBM in a more innovative and creative manner, to achieve the desired results.

From the onset, it was important that the MBDA created a sense of legitimacy and integrity through the building of strong relationships with the Business Unit Managers of the NMBM and business leaders in the region. It is our belief that once this kind of integrity is achieved, it will become easier to think creatively and innovatively within the parameters of corporate governance.

On the economic front, the MBDA's work is affected by a range of issues. The MBDA has initially been battling with a high degree of economic scepticism about the future of the mandate area, in particular the CBD and Central. The conditions have now started to change and the area is currently recording amongst the highest increases in property prices countrywide. The area is certainly destined for increased growth in the years to come, and the MBDA is working closely with property developers, as the maximization of the synergies between the MBDA and the private sector will provide a sound basis for further economic development investment in the mandate area and the entire Nelson Mandela Bay.

7. PERFORMANCE OVER THE YEAR

The year 2005/06 saw a number of initiatives being taken forward. Key projects and activities that took place during this period were:

- Environmental upgrade of Govan Mbeki Avenue between Market Square and Donkin Street
- Sewer rehabilitation of Govan Mbeki Avenue
- Extension of the Security Plan
- Extension of the Cleansing Plan
- Promotion of the Urban Development Zone and tax incentives
- Land release and development strategy for municipal and state-owned land
- Facilitation with national government and Transnet regarding the relocation of manganese and tank farm facilities at the harbour
- An effective public relations and marketing campaign for the Agency

In terms of maximizing the utilization of public money, the MBDA set itself the goal of matching investments by the Municipality with similar investments from the private sector. In order to create and sustain confidence in the CBD, it is important for the MBDA to not only instigate the qualitative factors that are not easily measurable, but also to implement those projects, such as the upgrade of Govan Mbeki Avenue, that are measurable in terms of employment opportunities created and the return of private sector investment to the area. The MBDA is therefore continuously investigating new models of urban renewal for implementation.

8. OUTLOOK FOR THE FUTURE

The MBDA's performance and achievements in the past financial year will demonstrate the success of a clearly stated strategy, as outlined in the SSIF. We are confident that we can continue to provide a differentiated and valuable contribution to the NMBM and the Eastern Cape. The MBDA remains mindful that, in the short term, its performance is subject to the environment in which it operates and that there are many unpredictable external influences that may affect performance. Nevertheless, we firmly believe that our focus, our ability to offer distinctive solutions to investors, and the quality of our people will position us well to take advantage of investment in the CBD and the rest of the mandate area.

9. ACKNOWLEDGEMENTS

I would like to thank the staff of the MBDA for all their hard work, support and dedication displayed in the quite volatile review period. I also thank the Business Unit Managers of the NMBM for their support and assistance in our endeavours. The support of our partners in the private sector is also highly appreciated.

I would be failing in my duty if I did not pay tribute to the Chairperson of the MBDA Board, Siphon Pityana, for all his valuable guidance and support to myself since the inception of the MBDA. In addition, the capable direction and dedication of our high-profile and experienced Board of Directors is acknowledged.

10. MBDA PROJECTS AND OPERATIONAL ACTIVITIES

The following projects and operational activities were initiated and implemented by the MBDA over the period under review.

10.1 THE IMPLEMENTATION OF A SECURITY PLAN

The MBDA has implemented a very successful Security Plan, in terms of which a security guarding firm has been contracted to provide urban security services in the CBD area. During the period under review, the area has been extended to the Central Hill precinct.

The implementation of a CCTV camera surveillance system is currently being planned for the CBD precinct by the NMBM's Safety and Security Business Unit. The MBDA will work closely with this Unit in ensuring that this system is successfully implemented. We will also continue to work in close cooperation with public law enforcement agencies to ensure an efficient service to the public.

The implementation of security measures in the CBD and Central Hill has had a very significant impact and turn-around effect on the area. Not only has crime been considerably reduced, but it has also been a strong urban renewal feature for the public and tourists to see the presence of security guards on the street. This initiative has definitely boosted business confidence in the mandate area.

10.2 IMPLEMENTATION OF A CLEANSING PLAN

A Cleansing Plan has been implemented in the CBD area whereby private service providers have been contracted by the MBDA to supplement the cleaning services currently provided by the Municipality. During the period under review the area has been extended to the Central Hill precinct.

The Cleansing Plan has had a significant impact in the CBD, not only from a cleansing but also from a public relations point of view, and has been very favourably received by all stakeholders.

10.3 REGULATION OF INFORMAL TRADING

Informal traders in Govan Mbeki Avenue have been regulated by the MBDA. Permits have been issued to traders against criteria that have been agreed with their informal trading association committee. This has put informal street trading on a regulated basis, with regular enforcement of informal trader activities being undertaken by the MBDA in conjunction with the NMBM's Safety and Security Unit and other law enforcement agencies. Preparatory work has commenced by the MBDA on the regulation of informal traders in Strand Street.

10.4 IMPLEMENTATION OF URBAN DEVELOPMENT ZONE (UDZ) TAX INCENTIVES

An Urban Development Zone (UDZ) was gazetted by the National Government in June 2005 for a designated area in the mandate area comprising 250 hectares. The aim of the UDZ is to promote urban renewal through an increase in property investment. The UDZ provides powerful tax incentives in the form of an accelerated depreciation in respect of capital improvements and refurbishments / renovations to existing buildings as well as to new buildings that are erected.

The UDZ has been promulgated for the NMBM, that has delegated the management of the UDZ to the MBDA, based on the fact that the zone falls within the mandate area and that it forms an essential part of the Agency's mandate of promoting urban renewal.

The UDZ implementation commenced slowly, but is now gaining momentum. It is clear that property developers are beginning to grasp the impact of the UDZ, and a number of projects have already been initiated and completed through this scheme. Increasing interest is shown by investors, and it is foreseen that the utilization of the tax incentives will accelerate property investment and therefore further improve urban renewal in the mandate area.

10.5 ENVIRONMENTAL UPGRADE OF GOVAN MBEKI BETWEEN MARKET SQUARE AND DONKIN STREET (PHASE 1)

During the period under review, a consortium of design and engineering consultants was appointed for the environmental upgrade of Govan Mbeki Avenue, which is expected to be the first visible sign of urban renewal in the CBD after many years of urban decay. The project involves the semi-pedestrianisation of the road, incorporating trees, street furniture and lighting to make the precinct a place that the residents of Nelson Mandela Bay can visit in comfort and safety. Informal traders will be located in kiosks in the centre of the road. It is envisaged that this precinct will become a prime destination for supporters of the 2010 World Cup tournament. The designs have been finalised and a tender for the construction of the project is expected to be finalized in the latter half of 2006.

In addition to the upgrade contract, the main sewer in Govan Mbeki Avenue has been found to be severely corroded. A contract will also soon be awarded for the rehabilitation of this sewer, over which the upgrade work will take place.

The total cost of this project is estimated to be in the region of R25 million.

10.6 PLANNING AND IMPLEMENTATION OF NELSON MANDELA BAY INTERNATIONAL CONVENTION CENTRE (NMBICC)

After a lengthy process during which feasibility studies were completed, the NMBICC project was handed over by the NMBM to the MBDA on an implementing agency basis. Since the municipal elections that took place earlier this year, it has become clear that the project is a priority of the NMBM. It is expected that the final site and funding requirements and sources will be finalized in the ensuing year. The MBDA has identified a number of financing sources to fund the convention centre, *inter alia*, the utilization of the casino operator's license through an exclusivity fee (a once-off capital contribution); a tourism levy (levied over a period of time); and the exchange

of municipal land for convention centre investment. The NMBICC, which is expected to cost in the region of R420 million, will be a major contributor to the GDP and employment growth in the region.

10.7 NMBM LAND RELEASE FOR PRIVATE SECTOR DEVELOPMENT

The NMBM is a significant land owner in the mandate area, and the MBDA has developed a land Development Strategy as part of the SSIF. The Strategy clearly indicates the pockets of land that are not used for community services, public open space, etc. The argument is that these pockets of land are not assets to the NMBM, as they are costing the NMBM money, and are therefore liabilities. Offering these pockets to the private sector for development purposes on a long-term lease or sale basis will not only create a revenue stream for the NMBM (rates and taxes) and for the MBDA (lease income), but also contribute to urban renewal on a Private-Public Partnership (PPP) basis.

As part of this strategy, the Housing and Land Portfolio Committee has recommended that the derelict Tramways Building be handed over to the MBDA for project management purposes. The MBDA will offer the building on a long-term lease basis to the private sector for development in the new year.

10.8 BRANDING AND PUBLIC RELATIONS

Over the last year, the MBDA embarked on an aggressive public relations and marketing campaign. This campaign included exhibitions at prominent shopping centres (seven in total), and a strong media campaign, with the MBDA receiving exposure in all major South African newspapers, the Financial Mail, Finansies en Tegniek, as well as a number of key property publications. This campaign has lifted the public profile of the Agency, with many national and international stakeholders now expressing the desire to become more involved in the Agency's projects.

11. FUTURE PROJECTS PLANNED BY MBDA

- 11 A property investment conference
- 12 Drafting a Community Improvement District (CID) By-law
- 13 Parliament Street Upgrade design study
- 14 Redevelopment of Tramways building
- 15 Lower Baakens River precinct plan study
- 16 Strand Street upgrade feasibility study
- 17 Narrow gauge railway line feasibility study
- 18 Progress report and prospectus for the Statue of Freedom project

FINANCIAL AND ACTIVITY REPORT ON FEATHER MARKET PROMOTIONS FOR PERIOD 1 JULY 2005 TO THE 30 JUNE 2006

1. Introduction

The following report covers the trading period for Feather Market Promotions as from 1 July 2005 to 30 June 2006. However, some of the statistics used, date back to 1 July 2000.

This report includes specific references to the following:

- The number and types of events hosted at the venue
- Occupation of the Centre, expressed as a percentage per month
- NMBM investment income, as a percentage against the income derived from operations, as follows:
 - Investment income vs nett income
 - Investment Income vs gross income
- The value of the Feather Market Promotions in real terms from the generation of income into the city as a result of conferences, congresses, exhibitions and concerts hosted at the Feather Market Promotions
- Positive factors influencing trading at the Feather Market Promotions
- Negative factors influencing trading at the Feather Market Promotions
- The future of the Feather Market Promotions if an International Convention Centre is built in Nelson Mandela Bay.
- Financial injection into the local economy.
- Silver Arrow Award.

2. Number and types of events hosted at Centre (1 July to 31 March 2006)

<u>Type of event / function</u>	<u>Number of events</u>	<u>Number of delegates / attendees</u>
Conferences	9	11025 **
Workshops	84	2674 **
Launches/Receptions	16	3716 **
Gala banquets/Dinners	30	10505 **
Exhibitions/Sport events	9	29815 **
Concerts	27	22950 **
Beauty pageants	6	1303 **
Total	181	81988 **

*** Approximate numbers of delegates and attendees*

3. Occupation of Centre, expressed per month as a percentage (based on a 26-day month, unless otherwise indicated)

<u>Month</u>	<u>Days used: Actual</u>	<u>Days used: Set-up, rehearsal and strike</u>	<u>% Occupancy</u>
July	8	10	38%
August (25)	22	22	88%
September	21	25	96%
October	19	24	92%
November	11	14	54%
December (23)	10	12	52%
January (24)	2	4	16%
February (24)	12	14	58%
March (25)*	21	26*	104%*
April	17	17	65%
May	18	22	85%
June	16	22	85%
TOTAL	178	212	70%
* Build day on public holiday for SASA Exhibition			

4. NMBM Investment income as a percentage against the income derived from operations as follows:

4.1 Investment Income vs total nett income

Year ended	Bar/Catering sales	Facility hire	Sundry income	Interest received	NMBM investment income	Total nett income	%
2000 *	R2509333.00	R346345.00	R157115.00	R90728.00	R673139.00	R3776660.00	18%
2001 *	R2175290.00	R334923.00	R145220.00	R69875.00	R310500.00	R3035608.00	10%
2002 *	R2235402.00	R478518.00	R239638.00	R43026.00	R429100.00	R3425684.00	13%
2003 *	R2173155.00	R488386.00	R207710.00	R47679.00	R700022.00	R3616592.00	19%
2004 *	R2648061.00	R770574.00	R422848.00	R64164.00	R633090.00	R4541737.00	14%
2005 *	R2560603.00	R941283.00	R144133.00	R37368.00	R922360.00	R4605747.00	20%
2006 **	R3597042.30	R819394.27	R550080.52	R34438.00	R1025000.00	R6025954.00	17%
Total	R17898886.00	R4175625.20	R1896414.00	R382566.18	R4662919.00	R29016410.00	16%

4.2 Investment income vs total gross income

* These figures are from the Annual Financial Statements, as prepared by Ernst and Young.

** These figures are from the unaudited Financial Statements, as prepared by Compacc PE Trust as at 30 June 2006.

5. Value of Feather Market Promotions in real terms from generation of income into the City as a result of conferences, congresses, exhibitions and concerts hosted at Feather Market Promotions

Extensive research has proven that the ripple effect of the currency spend by a conference delegate (delegate rand spend) has one of the highest multiplier effects on a city's economy. **

Studies undertaken by the Cape Town, Durban and Port Elizabeth Convention Bureaus indicate that the multiplier effect could be as high as 12%. Again, research indicates that leisure tourist currency spend has a multiplier effect of 6 - 8% only.

The table below indicates the value of the conferences/concerts/exhibitions that are hosted by the Centre and the resultant effect on the economy:

Year ended	No of events	Average duration of events	Average no of delegates / attendees	Rand spend per delegate per event	Total R'Sm
2000	25	3.5	545	R760.00	R36.242.500.00
2001	21	3.5	420	R795.00	R24.541.650.00
2002	23	3.0	532	R865.00	R31.725.420.00
2003	19	2.5	492	R910.00	R21.266.700.00
2004	27	3.0	657	R930.00	R49.491.810.00
2005	25	2.5	598	R960.00	R35.880.000.00
2006	29	3.5	569	R1018.00	R58.793.063.00
TOTAL	169	3.6	635		R257.938.000.00

** Facts from Cape Town Convention Bureau, NMBT Conference Bureau (when in existence), South African Conference and Exhibition Guide and ICCA, the International Conference and Congress Association.

6. Positive factors influencing trading at Feather Market Centre

The Feather Market Promotions has a large retention of events, thanks to many factors such as:

- A unique venue with old-world charm and comfortable facilities
- Large and flexible internal venues to host a multitude of different events
- Centrally situated, close to hotels, theatre, restaurants, sporting amenities and the beaches
- A dedicated and professional team of employees
- The largest venue in the city able to host conferences and exhibitions under one roof
- An impressive record of putting Port Elizabeth back on the conference / congress map nationally
- The largest pipe organ in South Africa
- The Feather Market has been the permanent home of the East Cape Philharmonic Orchestra since it was inaugurated in 1998, which Orchestra is one of the finest and financially most viable in the country
- Careful management of hardware resources

7. Negative factors influencing trading at Feather Market Centre

- The continued negative perception that there is no parking around the close proximity of the Feather Market Centre.
- The continued perception that the cost incurred by the Feather Market Centre to pay for parking rental in various areas is exorbitant, even for the NMBM.
- The lack of development of the Old Post Office, which has turned into a vagrant-ridden eyesore. This is often commented on by delegates and persons attending events at the Centre. The situation has been reported to the NMBM on numerous occasions.
- Reliance on external caterers from a cost-of-sale point of view.

8. Future of Feather Market Centre if an International Convention Centre is built in Port Elizabeth

The International Convention Centre would naturally have a huge effect on the trading pattern of the Feather Market Centre. The venue, if marketed correctly, would have to position itself to attract association and institutional conferences that are finding the International venues at the ICC, Durban, the Sandton Convention Centre, Johannesburg and the CTICC, Cape Town too expensive. The Feather Market Centre would perhaps then be able to piggyback on the overflow of events that may be created. However, to attract these events, many local factors have to be considered. One such factor is the frequency of flights by the national carrier into Port Elizabeth. Another compounding factor would be the existence of an affordable yet modern hotel within walking distance of the ICC. History has shown that many events have been lost to other cities and venues because of the distance from the hotel to the Feather Market Centre.

9. Financial injection into local economy

Altogether R33 million was injected into the local economy as a result of the Rand spend made by delegates attending various events, notably conferences/conventions/concerts and exhibitions at the Feather Market Centre.

10. Silver Arrow Award

The Feather Market Centre was awarded the prestigious Silver Arrow Award by the Professional Management Review organization in March of this year. The Award was made to the Centre for service excellence, as determined by a survey conducted among companies, organizations, government departments and such bodies, that make use of conference/convention centers.

ANNUAL REPORT OF NELSON MANDELA BAY TOURISM FOR THE PERIOD 1 JULY 2005 TO 30 JUNE 2006

1. ABOUT NELSON MANDELA BAY TOURISM

Nelson Mandela Bay Tourism is the official destination marketing organisation for Nelson Mandela Bay (incorporating Port Elizabeth, Uitenhage and Despatch). The organisation is the implementing agency for the Nelson Mandela Bay Municipality. Our core function is to effectively position Nelson Mandela Bay as a world-class tourist destination.

Objectives/ Focus Areas:

- To establish awareness of the Nelson Mandela Bay brand as well as create top of mind awareness in both domestic and international markets.
- To promote Nelson Mandela Bay as an attractive “must-see” tourist destination.
- To increase volume/yield, spend, length of stay and geographic spread of tourists in Nelson Mandela Bay.
- To provide accurate and accessible tourist information through a decentralised tourist information network system.
- To continually strive to provide excellent service in the tourism industry.

2. VISION/ MISSION STATEMENTS

Vision

By 2010 Nelson Mandela Bay and surrounds will be recognised both locally and internationally as a special and distinctive ‘must experience’ world-class destination in Africa, which is renowned for its very own character, experiences and friendliness; and also for its commitment to its stakeholders, communities and environment.

Mission

To effectively brand, position and market Nelson Mandela Bay and surrounds as a quality, world-class destination in a visionary, dynamic and goal-driven manner; to provide a positive enabling environment for all stakeholders, and to ensure sustained competitiveness.

3. CEO'S REPORT

In the latter part of 2004-2005 Nelson Mandela Bay Tourism conducted a critical evaluation of its operations. The results of this analysis painted a gloomy picture which led to the Board of Directors endorsing a recommendation of restructuring the organisation. This exercise was conducted through the utilization of the human resources expertise within Nelson Mandela Bay Tourism. This resulted in huge financial savings. The results of the restructuring yielded the following:

- A new organisational structure
- A set of new job descriptions for all staff members
- Commissioning the undertaking of a salary survey within the tourism and related industries
- Job evaluations that resulted in the emergence of a salary structure and graded positions
- Implementation of competitive salary ranges
- Introduction of a competitive benefits program for all staff and an equalisation process in cases where distribution of benefits was, in the past, decided arbitrarily.

One detects the existence of a strong but covert element of conservatism. This strongly militates against Nelson Mandela Bay claiming its rightful place in the top echelons of the South African tourism industry. One can discern this element if we compare our overall progress against similar towns within the broader region surrounding Nelson Mandela Bay. Unless there is a dramatic paradigm shift then our ability to compete effectively in drawing tourism to our region is going to be minimised.

In the early part of 2006, a strategic planning workshop was conducted, which resulted in the development of a four year plan (2006-2009). This plan will be reviewed annually to ensure that Nelson Mandela Bay Tourism remains a focused organisation, in line with its mandate of marketing the destination, both domestically and internationally.

Currently we are investigating the development of a strategy that will ensure that we become an attractive destination to visitors from Africa and the Middle East. The South African Tourism statistics indicate that the two areas have, over the last few years, become a major source of tourists that visit South Africa.

We have devoted a significant amount of time in building relationships with critical stakeholders both within and outside the tourism industry. An important example in this regard is the signing of a Memorandum of Understanding (MOU) between the Nelson Mandela Bay Metropolitan University and Nelson Mandela Bay Tourism in January 2006. This Agreement covers seven key and strategic areas of cooperation between the partners.

Another serious challenge has been to provide essential skills to our employees and to this end a comprehensive skills development plan for 2006-2007 was submitted to SETA during June 2006. This submission was based on the outcome of a skills development audit that was conducted by Assante Management and Development Services who were contracted by the Nelson Mandela Bay Municipality's Economic Development, Tourism and Agriculture Business Unit to develop a tourism master plan. Staff members have already commenced with the process and there is great enthusiasm for this development.

Having spent the 2005/06 period rebuilding and stabilising the organisation our current strategy focuses on consolidating the gains already made. The building and maintaining of relationships will remain central in our vigorous marketing of this beautiful and wonderful destination. Also as the residents we need to enhance our love for Nelson Mandela Bay.

What we have achieved as an organisation in the past two years would not have been possible without the unselfish support of our Board members, the management of the Economic Development, Tourism & Agriculture and other Business Units of the Nelson Mandela Bay Municipality and, of course, our members as well as our sponsors in the private sector.

4. OVERVIEW OF DEPARTMENTS

4.1 Promotions

Overview

The Department comprises of the Marketing Services, Events and Trade Relations functions and includes all activities relating to domestic and international trade relations, arts and cultural events, sporting and watersport events within Nelson Mandela Bay, as well as marketing and promoting the destination.

Description of Activities

The activities related to this function include:

- Developing strategic promotional objectives to market the destination
- Strategic relationships with the trade. We sustain these relationships through the attendance of key trade related events and exhibitions
- Identifying key stakeholders within the trade and pursuing alliances to meet overall organisational objectives
- Identifying and implementing key events which aid the marketing of Nelson Mandela Bay as a must visit destination
- Coordination of Municipality funded events for which Nelson Mandela Bay Tourism becomes the implementing agent
- Co-managing the portfolio of the brand and sub-brands and develop strategic plans for future brand developments in conjunction with the Nelson Mandela Bay Municipality's Communication Department
- Identifying key advertising medium and manage the program of advertising activity
- Developing and implementing brand awareness campaigns

Strategic Objectives - Marketing Services

- Marketing Nelson Mandela Bay as a "must see" destination through promotional activities
- Increase number of visitors including increased length of stay and spend in Nelson Mandela Bay
- To create awareness of the brand, Nelson Mandela Bay
- Develop key strategic partnerships with trade and public in order to meet organisational objectives

Strategic Objectives - Trade Relations

- Consolidate and establish relationships with the trade based in South Africa (Foreign outbound and SA Inbound operators), focusing on selected geographical markets
- Develop the trade database and implement customer (trade) relationship promotion programme

- Develop and implement a co-operative “channel” programme with Nelson Mandela Bay Tourism businesses/ members – packaging tour opportunities in order to influence the inclusion of Nelson Mandela Bay in tours, to extend length of stay and increase volume of tourists.
- Participate in trade educationals in order to build personalised relationships, create awareness of the destination, facilitate networking opportunities, and establish influence with the trade.
- Participate in co-operation with Eastern Cape Tourism Board (ECTB) and SA Tourism in trade shows, workshops, and other opportunities.
- Participate in opportunities created through the twin city agreements by building relationships with tourism partners

Strategic Objectives – Events

- Market the destination through hosting events
- Focus on three main tourism events in each of the three annual campaigns (Summer Season, Splash Festival and Tourism Month)
- Communicate the defined role of events division to stakeholders and roleplayers
- Build on stake holder relationships for long term investment into tourism seasonal events
- Work towards a vision of being the Watersports Capital of Africa

4.2 Information Services

Overview

The provision of information is the sustainable portion of a marketing system in the tourism industry. It's most essential responsibilities being the handling of tourist enquiries and the dissemination of accurate and concise tourist information on Nelson Mandela Bay (including Port Elizabeth, Uitenhage and Despatch). This function is offered through Nelson Mandela Bay Tourism's three strategically placed tourist information locations: the Donkin Information Centre, the Boardwalk Information Centre and the recently opened Uitenhage Information Centre.

Description of Activities

The activities related to this function include:

- Compiling and updating of the annual Calendar of Events for Nelson Mandela Bay.
- Stocking of various essential travel publications and maps for the convenience of visitors.
- Updating and maintaining Nelson Mandela Bay Tourism website www.nmbt.co.za.
- Updating and expanding the extensive database of information, in line with the wide range of enquiries received.
- Assisting with general enquiries from walk-in tourists.
- Generating and updating generic editorial pertaining to Nelson Mandela Bay for various travel publications.
- Displaying of members' brochures and generic brochures of the Eastern Cape and the rest of South Africa.
- Maintaining regular contact with other Information Offices in the Eastern Cape, Garden Route and Western Cape.
- Updating and printing an annual Visitor's map and Visitor's Guide for Nelson Mandela Bay which are handed out for the convenience of tourists as well as distributed extensively in order to market Nelson Mandela Bay as an attractive tourist destination.

Strategic Objectives

- Opening the Information Centre in Uitenhage.
- Establish strategic partnerships with Information Centres in Cape Town, Johannesburg, Pretoria, Bloemfontein, Durban, Buffalo City and the towns in the Eastern Cape.
- Build relationships with Cruise Liner Operators to increase the amount of ships docking in Nelson Mandela Bay.
- Ensure professional, friendly and innovative service to all tourists and private sector partners.
- Regularly update the database of new developments, opportunities and events.
- Keep statistics and information on people visiting the Information Centres.
- Initiate regular local exhibitions and exposure opportunities of new businesses.

- Previously Disadvantaged Individuals (PDI's) to ensure public and tourist awareness of these new developments in order to support the sustainability of new enterprises.

4.3 Visit On-line Reservation System and Call Centre (Head Office)

Overview

The Visit On-line Reservation System and Call Centre is one of the projects implemented through the Twin City Agreement, between Gothenburg in Sweden and Nelson Mandela Bay Municipality, and was jointly funded by both cities. It is an on-line reservation system that shows availability on the internet and allows visitors to book 24 hours a day.

The system also makes it easier for the Call Centre to find available accommodation; preference is given to establishments that use the system.

Strategic Objectives

- To further develop staff skills and knowledge
- To generate even more income for our members
- To provide better service to our members and the public
- To get more support and input from our members
- To promote the system to the general public to gain more visitors for our members
- To negotiate the use of the system through governmental, business and sporting groups, for the benefit of our members
- Regular improvements on the system to make it better and easier to use.

4.4 Information Technology (Website & Databases)

Overview

This includes the provision, maintenance and protection of all relevant Information Technology systems including our website www.nmbt.co.za and protecting the integrity of the corporate data required by officials of Nelson Mandela Bay Tourism and other stakeholders.

Strategic Objectives

- To create a website that is informative, up to date and attractive to visitors so as to attract them to Nelson Mandela Bay and also get visitors to use the website on a regular basis. It must also be able to generate income and assist in the daily operations of the organisation.
- Providing and maintaining good working electronic equipment, infrastructure and software to ensure productivity and data security.
- Keep statistics and information on tourists visiting our Information Centres
- Implement the further development of the database / website.
- Manage the regular update of our database.
- Utilise the database to electronically communicate with niche markets, members, and various other stakeholders.

THE VISIT ON-LINE RESERVATION SYSTEM AND CALL CENTRE IS ONE OF THE PROJECTS IMPLEMENTED THROUGH THE TWIN CITY AGREEMENT, BETWEEN GOTHENBURG IN SWEDEN AND NELSON MANDELA BAY, AND WAS JOINTLY FUNDED BY BOTH CITIES. IT IS AN ON-LINE RESERVATION SYSTEM THAT SHOWS AVAILABILITY ON THE INTERNET AND ALLOWS VISITORS TO BOOK 24 HOURS A DAY.

4.5 Communications

Overview

This unit comprises the media and public relations aspects, the community liaison and conferencing & membership functions of the organisation. The Department's core functions include all aspects relating to communication and liaison with internal and external stakeholders.

Description of Activities

The activities related to this function include:

- To foster a positive and professional working relationship with the media, business stakeholders and major role-players in the tourism industry

- Increase the organisation's presence in both local and international media, in co-ordination with other departments in the organisation
- Develop pre and post-conference packages
- Promote and market Nelson Mandela Bay as a stress-free conference destination, and bid for conferences to be hosted in Nelson Mandela Bay

Strategic Objectives – Media and Public Relations

- Build relations with various stakeholders, distributing the monthly newsletter (IMVABA)
- Hold stakeholder briefing sessions
- Increase national media coverage in co-ordination with other Departments in line with the three main marketing campaigns
- Host trade related media educationals in co-operation with the Eastern Cape Tourism Board (ECTB) and SA Tourism

Strategic Objectives – Conferencing & Membership

- Coordinate and manage the marketing of the destination to the MICE market, personal relationships, regular newsletters and communication
- Compile a database of facilities in Nelson Mandela Bay and package opportunities with the tourism industry
- Compile database of big corporations, organisations arranging conferences and influence the bidding for conferences to come to Nelson Mandela Bay
- Link with various stakeholders to assist in bringing conferences to Nelson Mandela Bay e.g. Nelson Mandela Metropolitan University
- Participate in shows/exhibitions e.g. Meetings Africa

Strategic Objectives – Community Liaison

- Assist previously disadvantaged communities with integration into the main stream tourism industry through promotion of SMME's.
- Create networking opportunities with established business through presentations, exhibits in information centres, shopping centres etc.
- Facilitate the implementation of programs of Community Tourism Forums
- Liaise with Safety and Security stakeholders (e.g. NMBM's Safety and Security Business Unit and South African Police Services).

4.6 Finance & Administration

Overview

This Department comprises of the finance, administration and human resources functions. As a supporting competence, the Department's main objective is to always strive to create synergy within the Organisation by aligning the Finance and Administration objectives to those of the other Departments.

Description of Activities

The activities of the division are to:

- Initiate, plan and implement all budget and financial management aspects of the Organisation.
- Co-ordinate and manage the annual training budget planning process for all Managers and support staff.
- Ensure the application of the relevant rules and regulations pertaining to the Generally Accepted Accounting Practice (GAAP).
- Ensure the application and adherence to the procurement policy and the organisation's policies and procedures.
- Strive to maintain and enhance the Organisation's image by providing effective and efficient customer service and adhering to the service excellence values and principles.
- Implementation of the Human Resources policies and procedures relating to procurement, development, integration, compensation and maintenance of staff.
- Establish and implement a Skills Development Program to enhance the retention of quality skills within Nelson Mandela Bay Tourism.

Strategic Objectives – Finance & Administration

- Develop, implement and monitor annual budget
- Develop and implement financial policies and procedures
- Manage finances in cooperation with divisional managers

Strategic Objectives – Human Resources

- Develop and implement the performance management system
- Develop a Human Resources Policy and Procedures Manual
- Develop and implement a training and development program
- Develop and implement a staff team building program, contributing to staff motivation and morale
- Ensure the maintenance of a competitive remuneration and benefits programme
- Ensure compliance with the stipulations of the Discipline and Grievance procedure

5. HIGHLIGHTS FOR THE YEAR 2005/06***Opening of the Uitenhage Information Centre***

Joint efforts by Nelson Mandela Bay Tourism and the Nelson Mandela Bay Municipality led to the establishment of an Information Centre in Uitenhage at the beginning of 2006. This process was initiated together with strong liaison and engagement with tourism-stakeholder businesses based in the Uitenhage area, including the Uitenhage Community Tourism Forum. Suitable premises were secured at 73 Graaff Reinet Road in Uitenhage; the Information Centre became operational and fully functional by the end of February 2006.

Service Excellence Campaign

This programme was launched in November 2005 by the Port Elizabeth Regional Chamber of Commerce and Industry (PERCCI). It is an attempt to improve the service levels in the Nelson Mandela Bay region. By the end of March 2006, about 90 percent of Nelson Mandela Bay Tourism's total staff complement had been sent on the Service Excellence training.

Updating of the Visitors' Guide

To ensure that editorial content pertaining to Nelson Mandela Bay's tourist attractions remains updated, accurate and current, a glossier Nelson Mandela Bay Visitors' Guide was produced. The purpose of the publication is to ensure that visitors to Nelson Mandela Bay have sufficient tourist information in hand in the form of a user-

friendly booklet. Over 60 000 copies were printed in May 2006. The comprehensive guide depicts the major tourist attractions and sites in Port Elizabeth, Uitenhage and Despatch and is made available to all tourists who visit our Tourist Information Centres, including conference delegates, spectators and participants of sporting events held in Nelson Mandela Bay. Furthermore, the guide is distributed extensively by Brochure Management to other tourist information offices in the Eastern Cape and South Africa.

Strategic partnerships with key tourism stakeholders

A series of roadshows were undertaken by Nelson Mandela Bay Tourism's senior management to develop partnerships and alliances with key tourism stakeholders along strategic tourist routes and at shopping centre exhibitions. First on the list was the Garden Route Roadshow which took place on from 5 – 7 September 2005 and included the towns of Plettenberg Bay, Knysna, George, Mossel Bay and Oudtshoorn. Secondly, was the Albany Roadshow undertaken on 11 October 2005 and included the towns of Kenton-On-Sea, Port Alfred and Grahamstown. The Karoo Heartlands Roadshow which took place on 7 – 8 November 2005 was the final roadshow and included Somerset East, Cradock, Middleburg, Nieu Bethesda and Graaff-Reinet. The initiative was very successful and was positively endorsed by the Nelson Mandela Bay Tourism Board.

In order to follow this process further, Nelson Mandela Bay Tourism Management met with Cape Town Routes Unlimited, the provincial tourism marketing authority for the Western Cape on 24 April 2006 and discussed ways that both parties could contribute towards a mutually beneficial strategic partnership. A similar exercise was undertaken during September 2005 with the Management of all the major shopping centres in Nelson Mandela Bay with a view to create a tourism presence in the centres, particularly during the Summer Season. These included the Kwa-Dwesi Shopping Mall, the Walker Drive Shopping Centre, The Bridge Shopping and Entertainment Centre, Summerstrand Village Shopping Centre, Pier 14 Shopping Centre, Greenacres and the Motherwell Shopping Centre.

Coordinating and assisting with cruise liner welcomes

Nelson Mandela Bay enjoyed a substantial increase in cruise liner visits during the 2005/06 year. The Port Elizabeth Harbour was graced by 24 cruise liners this year, quite a significant improvement compared to the previous year where only ten dockings took place. As a result of this ongoing increase in cruise liner business,

National Ports Authority (NPA) has planned to develop and erect a dedicated Cruise Liner Visitor Terminal at the Harbour. In an effort to capitalise on these dockings, Nelson Mandela Bay Tourism's Information Services Division, in conjunction with various other tourism role-players in Nelson Mandela Bay, arranged numerous facilities for the convenience and enjoyment of disembarking passengers. Nelson Mandela Bay Visitors' Guides and Tourist Maps were handed out to all interested disembarking passengers. Pre-planning and de-brief meetings were arranged with the respective role-players including NPA prior to and after each docking, to ensure the smooth running of docking and logistical arrangements.

The table below reflects the number of passengers and their nationality on-board the cruise liners that docked at Port Elizabeth Harbour from July 2005 until June 2006:

STATISTICS RELATING TO CRUISE LINERS DOCKING AT PE HARBOUR IN 2005 - 2006			
DATE	NAME OF CRUISE LINER	NATIONALITY OF PAX	PAX ON BOARD
8 Sep 05	Pacific Princess	Mixed American	Approx. 650
11 – 12 Dec 05	MS Hanseatic	European (German)	Approx. 120 + 30 crew
27 Dec 05	Silver Wind	American	Approx. 180
31 Dec 05	Island Sky	European (British)	97 + 60 crew
05 Jan 06	Island Sky	UK (British)	89 + 60 crew
09 -10 Jan 06	Europa	German	321 + 279 crew
13 Jan 06	Hebridean Spirit	UK (British)	58 + 70 crew
15 Jan 06	MS Deutschland	German	Approx. 500
19 – 20 Jan 06	Hebridean Spirit	UK (British)	Approx 70
24 Jan 06	MV Royal Star	British, German & French	184 + 133 crew
28 Jan 06	MS Deutschland	German	449 + 116 crew
29 Jan 06	Astoria	German	Approx 540
01 Feb 06	MV Royal Star	British, German & French	188 + 135 crew
04 Feb 06	MS Deutschland	German	450 + 200 crew
12 Feb 06	Hebridean Spirit	UK (British)	70 +70 crew
19 Feb 06	Hebridean Spirit	UK (British)	Approx 70
22 Feb 06	Prinsendam	British, German & French	Approx 800 + 400 crew
07 Mar 06	Hebridean Spirit	UK (British)	Approx 70
08 – 09 Mar 06	Vista Mar	British, German, Dutch, Swedish & Chinese	287 + 110 crew
09 – 25 Mar 06	Swedish Ship: East Indiaman Gothenburg	Various International Nationalities	40
26 Mar 06	MS Bremen	German	Approx 120
31 Mar 06	Oriana	UK (British)	1723 + 825 crew
02 Apr 06	Saga Rose	Mixed UK & American	360 + 363 crew
27 Apr – 02 May 06	Cuauhtemoc	Mexican Navy Training Vessel	265
GRAND TOTAL	-	-	Approx 7701 + 2851 crew

Profiling Nelson Mandela Bay at national and international trade shows, workshops and exhibitions

One of the objectives of Nelson Mandela Bay Tourism is to promote and market Nelson Mandela Bay at various National and International Trade Shows and Exhibitions. Nelson Mandela Bay Tourism was represented at the following expos and trade shows:

- Cape Town Outdoor Adventure Exhibition from 18 – 21 August 2005
- Nelson Mandela Bay Municipality Exhibition 2005 arranged by their IDP Strategic Unit on 23 August 2005 at the Allanridge Civic Centre in Uitenhage and on 30 August 2005 in the City Hall, Port Elizabeth
- Port Elizabeth Metro Bed & Breakfast Association (PEMBBA) on 4 August 2005
- The Star Getaway Show (Johannesburg) from 6 – 12 September 2005
- The Eastern Cape Industrial Technology Exhibition which was held 15 – 17 February 2006 at the PE Harbour
- The Trade and Investment Business Seminar hosted by the Asia and Middle East Branch of the Department of Foreign Affairs from 23 - 24 March 2006 in Nelson Mandela Bay.

Selected staff from the Information Services Unit represented Nelson Mandela Bay Tourism at the respective Expos and assisted with handling of generic enquiries about the destination as well as assisted in creating awareness regarding the unique tourist attractions within the Nelson Mandela Bay.

Nelson Mandela Bay Tourism also assisted the Economic Development, Tourism and Agriculture Business Unit with an Information Desk at registration for the Umsobomvu Youth Fund Conference held in Port Elizabeth from 12 – 15 June 2006.

Building and maintaining positive stakeholder relationships

Part of Nelson Mandela Bay Tourism's strategy is to encourage, facilitate and maintain relations with tourism role-players through regular meetings and communication. In order to foster a positive and professional working relationship with all the major role-players in the tourism industry, Nelson Mandela Bay Tourism undertook various initiatives in order to capitalise on this objective including hosting a Tourism Stakeholder Breakfast at Edward Hotel on 8 July 2005 which was attended

by numerous politicians and Councillors, where the organisation's 2005/6 strategy was presented. NMBT also attended the quarterly coastal forum meetings between the Eastern Cape Tourism Board (ECTB), the Buffalo City, Cacadu and Amathole District Municipalities. The focus of the meetings included strategy overview presentations by each party. This was a good initiative in terms of building synergy between the major stakeholders in the Eastern Cape.

6. OVERALL ORGANISATIONAL PERFORMANCE

CAMPAIGNS

During the period of July 2005 to June 2006, Nelson Mandela Bay Tourism managed to successfully stage and executed two of its major campaigns – the Summer Season Festival and the Splash Festival (Easter weekend).

SUMMER CAMPAIGN 2005/06

The main objectives behind this event were:

- To promote Nelson Mandela Bay as the preferred summer holiday destination
- To increase the volume of visitors in Nelson Mandela Bay, their length of stay and total spend over the Summer period
- To raise awareness of the Nelson Mandela Bay brand and to establish top of mind brand positioning
- To influence decisions of tourists to visit Nelson Mandela Bay

Target market

The target market included families and young couples from the Eastern Cape, Kwa-Zulu Natal, Gauteng, Western Cape and the Free State, specifically targeting those with friends and families living in Nelson Mandela Bay. They may either be regular visitors who only stay a short while and who are unaware of the existing events and attractions which would keep them in Nelson Mandela Bay longer, or those who may not have visited Nelson Mandela Bay for some years. The campaign was specifically geared towards reminding the visitors to make the trip to Nelson Mandela Bay to experience the number of events being hosted and the proximity of the fabulous natural attractions and destinations that exist in our region.

The campaign was rolled out in the following stages:

Broadsheet and tags

400 000 Broadsheet copies were printed and inserted into the Weekend Post, Die Burger, Natal Mercury, Cape Times, Star and the Volksblad newspapers from November 2005. These were also distributed and handed out to visitors at Kulula.com check in counters nationally. Two advertisements were also placed in the Sunday Times Lifestyle during November 2005.

A Tag promoting the Summer Festival in Nelson Mandela Bay was developed and was tied onto the luggage of visitors traveling with Kulula.com. Tags offering a Free Cup were also placed on cups of Coffee at Dulce Cafés nationwide. The Tags at Kulula.com and Dulce Cafés as well as the broadsheet were linked to an online and SMS competition of which 619 entries online and 547 SMS entries were received.

Event guide

A fully comprehensive Event Guide showcasing the various programmes on offer i.e. Rascals, X-ellerator, Vibe, and Vodacom Action was put together. (About 20 000 copies of the guide).

Radio campaign

The Algoa FM Nelson Mandela Bay Summer Freedom Campaign, which took the form of generic advertisements that were aired on Algoa FM as well as a week-long competition, whereby listeners could call in and win various prizes, ran from 21 November – 12 December 2005. The grand prize was a luxury holiday in Nelson Mandela Bay that included accommodation, car hire, meal vouchers and various recreational activities. In addition to the Summer Freedom Campaign – the Summer Festival events were mentioned in the daily Algoa FM / Coca Cola What's On Guide.

A five-day campaign was also aired on Umhlobo Wenene FM from 14 – 18 December 2005 comprising of generic advertisements, while Nkqubela FM (KQFM) ran a much longer programme from 14 December 2005 – 8 January 2006 featuring generic advertisements promoting the Summer Festival programme during peak time slots as well as 3 minute interviews with Nelson Mandela Bay Tourism.

Added value and co-operative marketing strategies

A number of prizes were sourced from various tourism industry stakeholders such as: The Boardwalk, Calabash Tours, Europcar, The Courtyard Hotel, Kragga Kamma Game Park, The Kelway Hotel, Farriagers Restaurant, Finnezz Cocktail Café and McArthur Baths Pool & Leisure Centre, who were very keen to support the Summer Season Campaign.

A strategic partnership was formed with Kulula.com and Dulce Cafés nationwide. Advertisements were sold at the back of the broadsheets at R6 000.00 each to the Boardwalk, Mantis Collection, Kelway Hotel and the Kragga Kamma Game Park, all reporting positive spin-offs from the advertisements.

Our website address was listed in all marketing material printed and all accommodation related enquiries were directed to the website and the Call Centre. The Nelson Mandela Bay Tourism Information Centres were also featured quite prominently on the Events Guide as a point of reference.

SPLASH FESTIVAL: 2006 EASTER CAMPAIGN

The objectives behind this campaign were to:

- Promote Nelson Mandela Bay as an Easter Holiday destination
- Promote Nelson Mandela Bay as the Watersports Capital of Africa in order to increase the volume of visitors, their length of stay and total spend over the Easter Holiday
- To raise awareness of the Nelson Mandela Bay brand
- To offer a unique Nelson Mandela Bay experience

Target market

The target market for the Easter Campaign were families and young couples from the local community in Nelson Mandela Bay and selected provinces, such as Gauteng, Western Cape, the Free State and the rest of the Eastern Cape, the majority of whom have friends and family living in Port Elizabeth, Uitenhage or Despatch. The campaign was geared towards encouraging visitors to come to Nelson Mandela Bay through the number of events planned and the close proximity of natural attractions and destinations in and around the NMBMM. The campaign was rolled out through the following media:

Broadsheets

180 000 A2 size broadsheets were produced and placed as press inserts in the Herald, Daily Dispatch and Die Volksblad on the 13th March 2006, and the Weekend Post on 11 March 2006. 17 000 were distributed to most information centres in South Africa via Brochure Management Distribution as well as all the major shopping centres in Nelson Mandela Bay. The Broadsheet inserts proved to be a successful medium of supplying more information about the Festival and also served as a teaser of what was to come. Advertisements were placed in the Weekend Post to reiterate the message. Strip advertisements were also placed in Die Burger newspaper.

Event guide

A total of 20 000 event guides were printed closer to the start of the Festival to give both locals and visitors a detailed outline of the events planned together with venues, times and dates.

Radio campaign

The following radio stations were used to promote the Splash/ Easter Festival - Algoa FM, OFM, Umhlobo Wenene and community radio stations, KQFM and Bay FM. OFM and Umhlobo Wenene ran on-air competitions from 20 March 2006 where listeners stood a chance to win a holiday to Nelson Mandela Bay.

Partnerships with other stakeholders

A strategic partnership with Kulula.com was undertaken whereby; the brand identity Feel Free in Nelson Mandela Bay in the form of a tag was attached to each piece of luggage on every flight to and from Nelson Mandela Bay, as well as a significant amount of the broadsheets distributed at their check-in counters.

Dulce Café outlets in the Eastern Cape gave away a free cappuccino on presentation of the broadsheet. Each outlet was supplied with a promotional A2 poster as well as detailed information about the Splash Festival inside the table talkers on each table. Dulce Café also supplied their e-mail database with an e-mailer promoting the Splash Festival.

Website

To further promote the event, a Splash Festival Page comprising of three elements was developed on the NMBT website. The elements were:

- A “Win a Car Competition” button that was live from 25 March 2005 where visitors could find the details of how to enter the competition as well as the rules applicable.
- A “Splash Programme” button which allowed the visitor to view and print the broadsheet on-line, as well as access a printable copy of the event guide via the “More Events” button.
- An “On-line Bookings” button where visitors could book their holiday to Nelson Mandela Bay through the Visit Reservation System.

Marketing the Destination

During the period July 2005 to June 2006, Nelson Mandela Bay Tourism continued to increase its marketing efforts and to promote the Nelson Mandela Bay brand through a dedicated marketing and promotions strategy aimed at promoting Nelson Mandela Bay as one of the country’s top “must-see” destinations. One of the key elements of the strategy was to foster brand identity and a presence in both local and international markets.

The strategy and marketing efforts were mainly based on Twin City Agreements and partnerships with role-players such as the SA Embassies, Eastern Cape Tourism Board (ECTB), SA Tourism and the International Chamber of Commerce; and relationships with inbound and international outbound operators based in South Africa. These marketing initiatives were initiated through electronic communication, awareness campaigns and reference to the Nelson Mandela Bay Tourism website.

TARGET MARKETS

The key target markets that the strategy focused on were families, business travelers, conference delegates, the educational sector, and all sports and watersports enthusiasts.

Through research, the following domestic target markets were also identified, focusing mainly on the majority of visitors with friends and family living in Port Elizabeth, Uitenhage or Despatch:

Kwa-Zulu Natal | Gauteng | Western Cape | Eastern Cape | Free State

The international markets include:

United Kingdom | Germany | USA | Sweden | China

Argentina (Niche for Nelson Mandela Bay) and Brazil | Netherlands | Botswana

Advertisements were placed in the following publications:

SAMSA | Mirror World Brochure | Gillian's Hot Spot Holidays | Wedding Album

Discovering SA | Nelson Mandela Bay Review | Cape Etc | Shell Festival Supplement

African Safaris | Madiba Action | Budget Rent a Car Map | Braby's EC and PE Tourist Maps

Best of the Bay | Eastern Cape Tourism Directory

Eastern Cape Guide – Garden Route Marketing | British Airways Upfront Magazine

Avis/City Lodge South African Magazine

TRADE SHOWS

Nelson Mandela Bay Tourism was represented at six trade shows/exhibitions during the 2005/06 year. These were the Cape Town Outdoor Adventure Expo, the Johannesburg Getaway, China Indaba, Explore South Africa, World Travel Market and Indaba 2006, which was held in Durban.

Cape Town Outdoor Adventure Expo: 18 August 2005

This event has been running for the past ten years and featured over 150 exhibitors. The four-day expo offered Nelson Mandela Bay Tourism a platform to promote the destination to both consumers and the tourism trade; to interact with clients, potential clients, trade, concentrated into a short space of time; to highlight the new and exciting developments in Nelson Mandela Bay; to develop leads, customer databases and open doors for potential strategic relationships, to reinforce company image in the market place; and support our existing campaigns

Johannesburg Getaway: 9 – 11 September 2005

The Johannesburg Getaway show is an annual, national, consumer show for all outdoor product suppliers as well as travel and tourism-related marketers. The show offers the exhibitor the chance to market new and existing products and services directly to outdoor, adventure travel and ecotourism enthusiasts.

Nelson Mandela Bay Tourism used this event to actively promote Nelson Mandela Bay as an affordable, family-oriented destination with a variety of tourism offerings; to actively promote the area directly to a highly targeted audience inclusive of leaders in

the travel and tourism industry; to deliver thousands of potential tourists to the area; to build brand awareness and to promote the Vision 2020 projects; to build an effective database for future marketing activities; to demonstrate the unique offerings of Nelson Mandela Bay and to promote the area as an exciting investment and tourism destination; as well as to identify new markets and learn about new trends in the tourism industry.

China Indaba, Shanghai: 22 – 24 September 2005

The event was an SA Tourism marketing initiative. It was held in Shanghai, China and geared towards the Chinese trade, media and consumers. The main objective of the event was to captivate the Chinese interest into the South African travel and tourism offerings. Rather than take them to the destination, the fundamental concept of the event was to take the destination to them.

Exhibition offered a platform to showcase South African travel and tourism offerings in a comprehensive and holistic manner. The exhibitor profile ranged from classical travel and tourism trade, through to the finest in hospitality, services, and provinces.

Explore South Africa, Argentina: 24 – 28 September 2005

Explore South Africa is acknowledged as the most important event, exclusively showcasing tourism in South Africa and developing the expertise, knowledge and awareness of South Africa amongst the local trade in South America. The purpose of the event was to present a full overview of the tourism products and services offered by South Africa, being the ideal forum to offer South American travel trade professionals a hands-on opportunity to explore the potential of our great destination.

By attending this event, Nelson Mandela Bay Tourism wanted to actively penetrate the South American markets; promote Nelson Mandela Bay to top tour operators from Argentina and Brazil; to build brand awareness and an effective database for future marketing activities; as well as to demonstrate the unique offerings of Nelson Mandela Bay.

World Travel Market, London: 14 – 17 November 2005

Staged annually in London, the World Travel Market is a must attend, business to business exhibition that provides a unique opportunity for the whole global travel trade industry to meet, network, negotiate and conduct business. By attending the World Travel Market, participants efficiently, effectively and productively gain immediate competitive advantage for their business and stay abreast of the latest developments in the travel industry.

Indaba 2006, Durban: 6 – 9 May 2006

This event is internationally recognised as Africa's premier travel trade show and has become one of the top three 'must visit' shows of its kind on the global travel trade calendar. The Indaba is an international trade show which sees thousands of travel agents, tour operators, media and visitors attending to do business with old and new products and trade professionals. Nelson Mandela Bay Tourism has been represented at this event for the past 14 years to do generic marketing of Nelson Mandela Bay, to promote the VISIT system and call centre, and take sharing exhibitors that have products and packages to sell to meet international buyers who are looking to purchase from local exhibitors.

EVENTS

QUEEN'S BATON RELAY: 15 - 16 JUNE 2005

Nelson Mandela Bay Tourism was successful in bidding for the Queens Baton Relay, the world's longest and most inclusive relay, which symbolises the gathering of people from across the Commonwealth nations. The relay has been the curtain raiser to every Commonwealth Games since Cardiff, Wales, in 1958, with the baton bearing the Queen's message to athletes, carried from Buckingham Palace in London across the Commonwealth Nations to the opening ceremony of the Commonwealth Games.

A route encompassing the whole of Nelson Mandela Bay was developed for the relay, to showcase our beautiful region. The relay started from Walmer Township all the way to Uitenhage, with activity hubs erected at various places along the route. One of the highlights of the event was when a group of students from the Limekhaya High School based in Uitenhage got an opportunity to run in the relay and hold the baton.

About 120 ambassadors participated in the relay with the assistance of the local sporting bodies. Among them were top local sportsmen and women such as Sherwin Vries, Matthew Quinn, Heidi Seyerling and Leigh Julies, as well as Danny Jordaan, of the 2010 FIFA World Cup Local Organising Committee. The event concluded with a Youth Day celebration held at Gelvandale Stadium.

HERITAGE MONTH PHOTOGRAPHIC EXHIBITION: 1 – 30 SEPTEMBER 2005

Nelson Mandela Bay together with photographer, Leon Hugo held a photographic exhibition titled “The Vision of the City 1820 – 2020” to commemorate Heritage Month, which is also internationally recognised as Tourism Month. The display was a photographic imagery which depicted the history of Nelson Mandela Bay since 1820, in the early 1900’s and to date, highlighting the developments that had taken place.

***CHEVROLET HOBIE CATS 16 WORLD CHAMPIONSHIPS:
25 OCTOBER – 4 NOVEMBER 2005***

Nelson Mandela Bay hosted the Hobie World Championships - a world class sailing event from 25 October to 4 November 2005 at Hobie Beach. This event attracted over 1000 national and international visitors to the city. A total of 25 countries entered the competition, with South Africa being one of the participating countries. TV coverage was received through the SABC news channels and eTV news, as well as Mnet Supersport. With over 250 entries in the five disciplines and fifty six teams competing in the finals, Hobie Beach was transformed into a world class sailing mecca.

METRO FM MUSIC AWARDS: 26 NOVEMBER 2005

Nelson Mandela Bay submitted a bid and won the contract to host the Metro FM Music Awards for two years. A tensile structure with a capacity to hold over 4000 people was erected at the Kings Beach parking area as the main venue for the event. Over 2500 tickets were sold to the public through Computicket and about 1500 VIP’s including the nominees, other musicians, SABC corporate clients and stakeholders as well as Municipal Councillors attended the event. The event injected an estimated R5 million into the City’s economy.

FEEL FREE SUMMER SEASON: DECEMBER 2005 - JANUARY 2006

Nelson Mandela Bay Tourism successfully unveiled a fun-packed, family-oriented summer festival programme geared to take the city by storm. For the first time, the entire Summer season offering was packaged around the various age groups or market segments, namely: Rascals (aged 2-11); X-ellerator (12-17); Vibe (adult arts and culture oriented entertainment); and Action (for adventure & sports enthusiasts). Various events and activities were scheduled to take place at various areas of Nelson Mandela Bay to cater for these market segments.

The four main events of the summer festival, which cut across all market segments, are: The Opening of season, Springs Resort Festival; Christmas Eve Parade & Carols; and New Year's Eve celebrations. The Opening of season kicked-off with an entertainment programme which was followed by a synchronised fireworks display that took place at the Hobie Beach pier on Saturday, 17 December 2005. The display was preceded by a gospel concert held at Happy Valley. The Wells Estate event included adult and youth oriented entertainment.

On Saturday, 17 December 2005, residents and visitors were treated to a variety of live music performances, at Springs Resort in Uitenhage. The event included a fireworks display. It was coordinated by the District Office of the Provincial Department of Arts & Culture. Two main New Year's Eve celebrations have been planned at Wells Estate Beach and another at Market Square.

SPEC-SAVERS IRONMAN : 19 MARCH 2006

Nelson Mandela Bay successfully hosted the 26th Spec-Savers Ironman Triathlon at Hobie Beach on 19 March 2006. Considered as one of the most gruelling events in the world of sports. The Ironman is an internationally renowned triathlon that tests the mettle of the world's athletic elite. The race features a 3.8 kilometre swim, a 180 kilometre bike, and a complete marathon (42.2 kilometres) all in succession. Athletes have 17 hours to complete the event. The Organisation also entered and won the Corporate Triathlon event which preceded the Ironman race. The triathlon comprised of 10 per cent of the actual Ironman challenge, including a 380m swim, followed by an 18km cycle and lastly a 4.2km run. The race served as the opener for the 2006 Spec-Savers Ironman race.

SPLASH FESTIVAL: 14 – 17 APRIL 2006

Nelson Mandela Bay experienced an even splashier Easter weekend this year when it hosted the 16th annual Splash Festival from 14 – 17 April 2006. This year's Festival proved to be one of the most exciting ever, with a long list of activities which kept everybody entertained throughout the Easter period. The four-day programme started at the Coca Cola Activity Arena and the Nelson Mandela Bay stage at Hobie Beach featuring activities such as Bibo, the Vodacom Road show, the Contortionist, Mr & Miss Splash Festival, Europcar Strongman, Thunderstrike Wrestling, Stef – the Hypnotist and the Great Adventure Variety Show.

The 'Jazz in the Bay' event featured some of the best live jazz bands in Nelson Mandela Bay, including Fikz Jazz Band, Eric & Friends Afro Jazz Band and the Port Elizabeth Youth Ensemble, while Idols 2005 runner-up, Gift Gwe gave audiences a performance never to be forgotten on the main stage at Hobie Beach. Other activities on the programme included a variety of food stalls; an Arts and Culture programme featuring live music, poetry, art exhibitions and a food and a crafts market.

The action packed water sports line-up offered sports enthusiasts an array of sporting action, ranging from wrestling, water acrobatic demonstrations and rowing races. The highlight of the sporting activities was the Southern Spears 'touch rugby' tournament which saw over 50 clubs, schools and corporate teams battling it out for 2 days at Hobie Beach for the preliminaries, and the finals on Sunday, 16 April 2006.

On the other hand radio DJ's from local community radio stations Nkqubela FM (KQFM) and Bay FM battled it out at Jabavu Stadium, in Kwa-Nobuhle (Uitenhage) on Saturday, 15 April for the preliminaries and the finals on Monday, 17 April at Hobie Beach, as part of the 'battle of the DJ's' beach soccer tournament. The idea behind this event was to create a beach soccer scenario at Kwa-Nobuhle and forms part of Nelson Mandela Bay Tourism's plans to decentralise events in Nelson Mandela Bay and giving the community more options.

Strong winds which resulted in the postponement of the fireworks display – a popular feature on the Festival programme did not hinder the success of the event as thousands of visitors from within the Bay and surrounds converged on the beachfront to witness the spectacular fireworks display on the Sunday evening.

One of the major prizes up for grabs at the Festival was a brand new Volkswagen Citi Golf worth an estimated R70 000, through the Splash win-a-car competition, as well as lots of other prize give-aways at various events during the Festival.

INFORMATION SERVICES

UPDATING OF THE ANNUAL CALENDAR OF EVENTS

Extensive updating of the calendar of events had been on-going throughout the year, as and when information regarding upcoming events was submitted. The calendar features events of national to international status, covering respective themes such as outdoor sports, etc. The purpose of the document is to keep businesses, visitors

and the media informed about major forthcoming events. The events calendar is made available to all interested parties via electronic mail and is also designed to give visitors an exciting and eventful holiday all year round. The calendar has become a useful planning tool for event organisers within the tourism industry in Nelson Mandela Bay.

APPLE EXPRESS STEAM TRAIN OPERATIONS

The Nelson Mandela Bay Tourism Boardwalk Centre assisted the Apple Express Steam Train Society with reservations and in promoting the train. Nelson Mandela Bay Tourism also supported the operation with the marketing of the train in various tourism-related travel publications.

NMBT FAMILIARISATION PROJECT

The purpose of the familiarisation project is to expose senior staff of NMBT to tourist attractions within Nelson Mandela Bay. A six-month orientation programme was compiled for the senior and supervisory staff to become familiar with attractions in Nelson Mandela Bay. The first part of the programme was an Orientation City / Township tour which took place on 30 May 2006 involving 12 staff members including 2 from Nelson Mandela Metropolitan University. A preview visit of the Red Location Museum was also undertaken.

2010 FIFA WORLD CUP™ LOC TECHNICAL COMMITTEE

Nelson Mandela Bay Tourism was approached to render assistance to the Metro's 2010 FIFA World Cup™ Technical Committee. The purpose of the meetings was to assist with vital tourism related information regarding projected accommodation needs in Nelson Mandela Bay as a host city. In addition to attending fortnightly 2010 LOC Technical Committee meetings, Nelson Mandela Bay Tourism was requested to review the DBSA report and update the accommodation database to include accommodation facilities in Nelson Mandela Bay, and also within a 150km radius and 1 hour's flight from the Metro, for the 2010 FIFA World Cup™.

SKILLS DEVELOPMENT & EDUCATIONALS FOR INFORMATION SERVICES STAFF

In order to broaden the product knowledge base of Information Services Staff, they are encouraged to attend tourism-related educationals, thereby ensuring that they strive to offer good quality service and accurate tourist information to enquiring visitors.

INFORMATION TECHNOLOGY INFRASTRUCTURE

- ADSL lines were installed at all our information offices allowing for faster internet connections as well as saving costs.
- Upgraded our antivirus and spam filters on server to provide better protection of data.
- Compiled a comprehensive database of all computer hardware.
- Upgraded old hardware & software and legalised all software.
- Installed a new telephone system to monitor calls, reduce costs and provide additional features to improve service delivery.
- Installed a new photocopier/network printer that can scan, print, fax and copy and also monitor and restrict user consumption. Faxes are not printed out but sent electronically to the relevant employee, saving on printing costs and can also be sent directly from the employees' workstation.
- Obtained sponsorship from Canon that comprised of one multifunctional printer, two data projectors, a digital camera, a projector screen and boardroom furniture.
- Upgraded the server hard drive capacity to 280Gb to allow for more storage space.
- Installed a backup drive to protect data loss. Backups are done once a month.
- Compiled an IT Policy for Nelson Mandela Bay Tourism.

WEBSITE

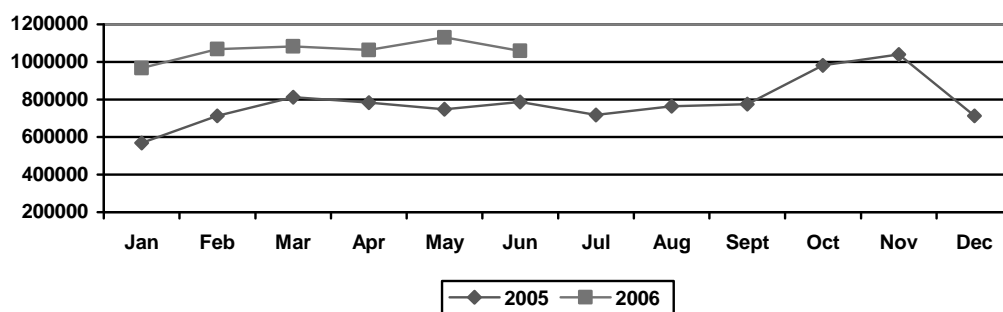
The first phase of the website was completed in the previous financial year. Phase 2 was completed in April 2006 and entails new developments which will make Nelson Mandela Bay Tourism's website more dynamic, interesting and informative. Some of the new developments that have been completed include:

- Banner Ads
- Enquiry and Booking Buttons
- Multi Category Listings
- Complete overhaul of events section which includes a facility where people can add their own events online
- Sorting of facilities according to town
- New description fields

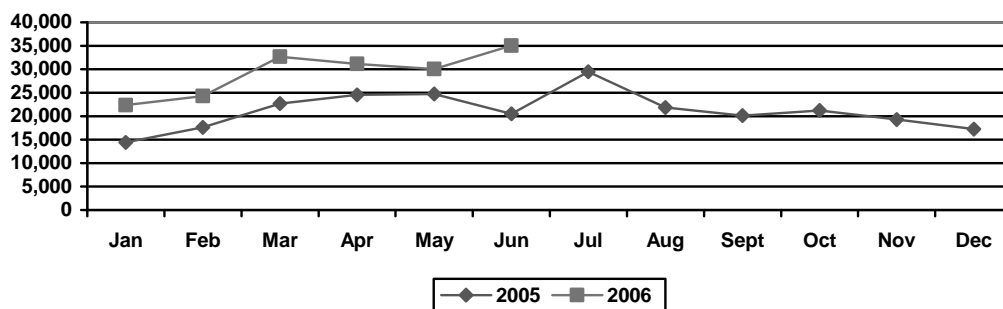
The website received over 11,363,391 hits and 304,828 visits during the 2005/06 financial year in comparison with 6,623,653 hits, 180,311 visits in the 2004/05 financial year. This is an increase of 72 per cent in the number of hits and 69 per cent in number of visits.

Below is the number of hits and visits from January 2005 to June 2006. January 2005 to June 2005 has been included for comparison.

HITS ON THE WEBSITE



VISITS TO THE WEBSITE



INFORMATION CENTRE ENQUIRY STATISTICS FOR THE 2005/06 FINANCIAL YEAR

NUMBER OF ENQUIRIES - DONKIN													
Enquiry type	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Grand total
Tel Call	220	289	287	295	423	275	367	213	216	189	146	149	3069
Walk In	166	197	245	344	347	218	225	183	236	162	138	128	2587
E-mail	44	13	44	48	47	23	56	55	42	31	32	22	457
TOTAL	430	499	576	687	817	516	648	451	494	382	316	297	6113

NUMBER OF ENQUIRIES - BOARDWALK													
Enquiry type	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Grand total
Tel Call	148	121	135	88	160	256	248	102	138	117	77	109	1694
Walk In	503	436	526	688	789	1033	863	620	424	427	314	209	6632
TOTAL	651	557	661	776	949	1289	1111	722	562	539	391	318	8526

NUMBER OF ENQUIRIES – UITENHAGE (OPENED IN FEB 2006)

Enquiry type	Jul 05	Aug 05	Sep 05	Oct 05	Nov 05	Dec 05	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Grand total
Tel Call	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10	19	12	15	17	73
Walk In	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63	74	65	64	43	309
TOTAL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	73	93	77	79	60	382

The table above shows the number and type of enquiries at each of our information offices during the 2005/6 financial year. Please note that the Uitenhage information centre only opened in February 2006. Our email address info@nmbt.co.za is being manned by the Donkin information centre and as such their stats include e-mail enquiries received.

ENQUIRIES

DONKIN	
Eastern Cape	3475
Western Cape	746
Gauteng	644
KZN	232
Free State	136
Northern Cape	41
Limpopo	30
North West	28
Mpumalanga	23

BOARDWALK	
Eastern Cape	4851
Gauteng	961
Western Cape	785
KZN	321
Free State	175
Mpumalanga	61
North West	48
Northern Cape	39
Limpopo	31

UITENHAGE	
Eastern Cape	262
Western Cape	34
Gauteng	18
Free State	10
KZN	6
Limpopo	3
Northern Cape	2
North West	1

The table above lists the province people came from when making an enquiry at our information centres. Most enquiries received were from the Eastern Cape followed by Gauteng, Western Cape, KwaZulu-Natal and the Free State.

TOP 10 COUNTRIES WHERE THE COUNTRIES CAME FROM

DONKIN	
Germany	679
United Kingdom	207
France	83
Netherlands	73
United States	70
Belgium	46
Australia	46
Switzerland	46
Sweden	43
Ireland	30

BOARDWALK	
Germany	966
United Kingdom	1043
United States	214
Sweden	148
Australia	141
France	125
Netherlands	115
Ireland	87
Switzerland	85
Canada	49

UITENHAGE	
Germany	6
United States	4
United Kingdom	6
Switzerland	2
Netherlands	2
Namibia	2
Canada	1
New Zealand	1
Swaziland	1
Ireland	1
Australia	1

The table above lists the Top 10 countries from where enquiries were received excluding South Africa. Most international enquiries came in the form of walk-ins. As the Uitenhage centre only opened in February no real conclusion can be made from their statistics. The top 10 countries more or less come to the same conclusion with Germany and the UK topping the lists.

DOMESTIC VS INTERNATIONAL ENQUIRIES

DONKIN		BOARDWALK		UITENHAGE	
Domestic	76.42%	Domestic	65.84%	Domestic	92.67%
International	23.58%	International	34.16%	International	7.33%

The table above lists percentage of domestic and international enquiries received at our information office. Domestic enquiries heavily outweigh international enquiries.

TOP 10 NATURE OF ENQUIRIES

DONKIN		BOARDWALK		UITENHAGE	
General	2132	General	4278	Accommodation	60
Accommodation	1565	Train Excursion	1398	Other Regions	50
Historical	501	Browsing	767	General	45
Browsing	437	Wildlife & Nature	685	Map	33
Wildlife & Nature	408	Other Regions	594	Wildlife & Nature	29
Travel & Transport	358	Accommodation	584	Directions	18
Information Links	307	Entertainment & Shopping	410	Historical	13
Adventure & Sports	234	Adventure & Sports	384	Browsing	11
Tourism Service	198	Travel & Transport	218	Business & Conferencing	10
Entertainment Shopping	182	Tour Operations	208	Adventure & Sport	8

Above is the top 10 enquiries received at our information centres. Our Donkin information centre received more Accommodation and Historical enquiries. The historical enquiries can be attributed to the fact that the Donkin centre is part of a heritage trail. The Boardwalk centre receives a lot of train excursion enquiries as it is the booking agent for the Apple Express. The Boardwalk centre received less accommodation enquiries due to the fact that people visiting the boardwalk already had accommodation.

THE VISIT ONLINE RESERVATION SYSTEM & CALL CENTRE

The Visit On-line Reservations System and the Call Centre which is located at Nelson Mandela Bay Tourism's Head Office form part of a holistic integrated tourism management system for Nelson Mandela Bay. Their main function is to ensure an effective provision of information to consumers and various stakeholders and by using promotion opportunities to sell the region as a tourist destination, through modern and inventive information technology. The Call Centre and the Reservations System make up a one-stop source of information and bookings portal for visitors coming to Nelson Mandela Bay.

The 2005/06 year is the first full financial year that the System and Call Centre has been in operation since its inception. As the major sponsor of the Call Centre, Mecer sponsored all the equipment and décor, and Canon Eastern Cape sponsored headsets. One of the main objectives is for the system to become an innovative fund-generating tool for Nelson Mandela Bay Tourism, which will be used to market the facility, to draw more enquiries for our members, and to provide a better level of service to visitors.

The system has gone through a lot of changes and new developments took place through out the year, including the following:

- Uploading of Suppliers - 142 accommodation products, 219 facilities photography have been loaded onto the system, and 224 facilities descriptions on the accommodation guide of the booking system.
- Training of Suppliers & staff - Suppliers have been trained on how to use and load their information onto the system. NMBT developed a training manual and CD as a step-by-step guide for suppliers on how to use the system. The Call Centre staff also received training and attended various educationals to build their product knowledge. Tourism Students from Nelson Mandela Metropolitan University are regularly given the chance to get more experience and in service training by working in the call centre.
- New Developments – The Visit system continues to be upgraded regularly. The new developments include a new accommodation category for Game Reserves and Lodges, an easy to use management system for record-keeping purposes of all bookings made through the Call Centre, and the implementation of a new accommodation enquiry system which allows visitors to electronically send through enquiries directly to the Call Centre. This has led to a significant increase in enquiries. NMBT is also busy negotiating for car rental and tour bookings to be added onto the system.
- Marketing activities – Various marketing activities through various media were undertaken to promote the system, including e-mail campaigns and competitions; link exchanges with various stakeholders, banner adverts; mention on radio campaigns; as well as through adverts placed in print media publications such as the Rapport magazine, the Sunday Times “Where to Stay” section, the Eastern Cape Guide, the Eastern Cape Women’s Golf Association booklet, Braby’s maps, Discovering SA, the Upfront Magazine, the South African and the Nelson Mandela Bay Tourism Visitors’ Guide among others. Promotional handouts, including bookmarks, license disk

stickers and letterheads were also produced. The system was also promoted at various shows and getaway shows.

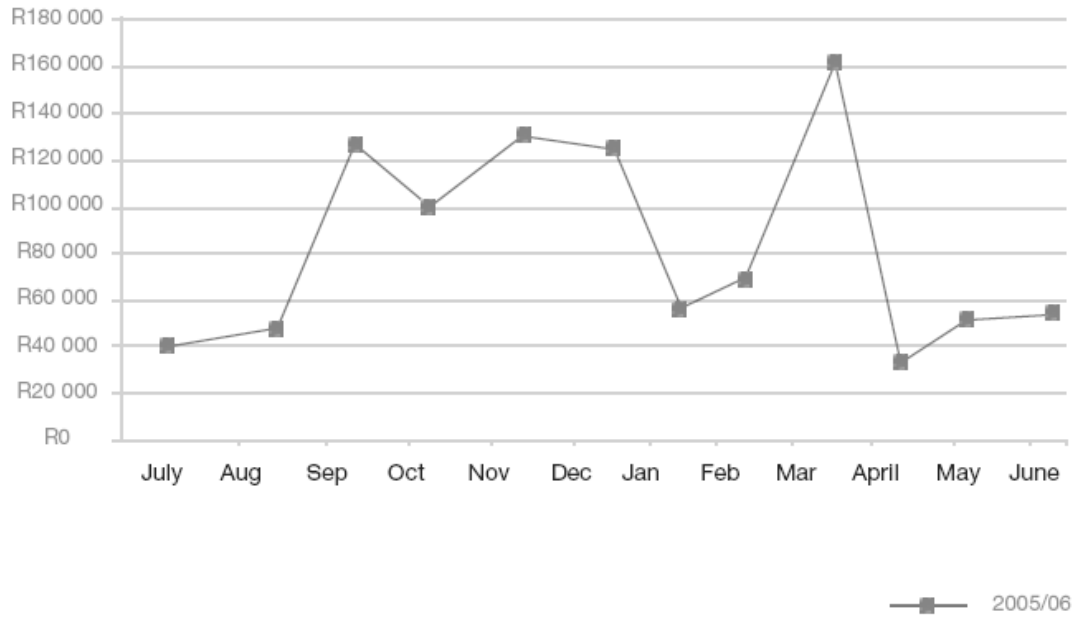
- Other activities – the Call Centre was also involved in compiling the accommodation database to ascertain the size of the accommodation sector as preparation for the 2010 FIFA World Cup, the arrival of the Gothenburg ship, sourcing sponsored accommodations for various visitors e.g. Morning live, SAMSA management etc, in the Information Advisory Committee, Twin City Agreements between Nelson Mandela Bay and Gothenburg in Sweden, the Accommodation Task Team with Nelson Mandela Metropolitan University, and assisted with Bid documents for events and conferences to come to Nelson Mandela Bay.

BOOKINGS MADE DURING 2005/6

The table below indicates the bookings made through the Call Centre and the Reservation System for the period beginning July 2005 until June 2006. An increase of R136 518.00 in the sales for 2006, compared to figures for 2005 can be observed.

TABLE A

Month & Year	No. of Bookings	No of Nights	Booking Amount	Commission Received
July 05	36	63	R36,239.00	R3,523.90
August 05	42	102	R47,926.00	R4,792.60
Sept 05	57	130	R126,481.00	R12,647.50
Oct 05	73	111	R101,017.00	R9,901.70
Nov 05	97	142	R129,036.00	R12,740.60
Dec 05	84	119	R124,648.00	R12,410.00
Jan 06	35	49	R56,174.00	R2,819.60
Feb 06	48	89	R68,226.00	R6,822.60
March 06	75	176	R164,960.00	R16,496.00
April 06	36	41	R37,546.00	R3,754.60
May 06	35	48	R54,613.00	R5,322.10
June 06	42	61	R64,118.00	R6,409.30
TOTAL	660	1131	R1,009,957.00	R97,640.50

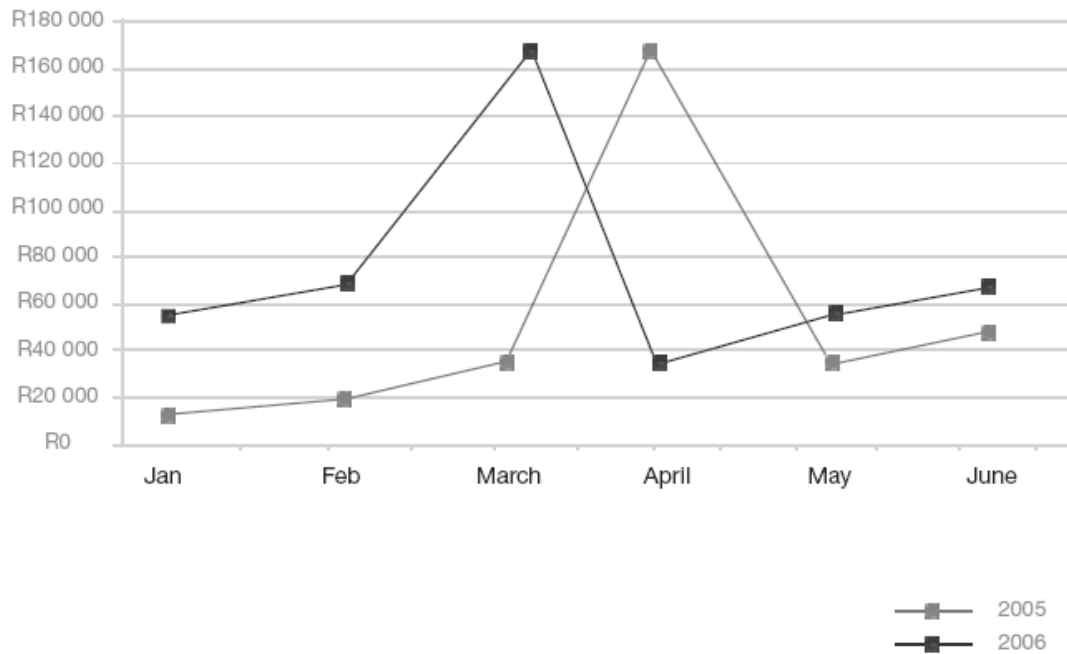
BOOKINGS MADE 2005/06 FINANCIAL YEAR**TABLE B**

MONTH YEAR	TRANSACTION AMOUNT 2005	TRANSACTION AMOUNT 2006
January	R13,295.00	R65,147.00
February	R30,674.00	R68,226.00
March	R32,989.00	R164,960.00
April	R167,010.00	R37,546.00
May	R30,296.00	R54,613.00
June	R44,828.00	R64,118.00
	R309,092.00	R445,610.00

Increase in sales:

R136, 518.00

BOOKINGS MADE JAN – JUNE 2005 VS BOOKINGS MADE JAN – JUNE 2006



Conferencing

Nelson Mandela Bay Tourism is currently striving to resuscitate the conference bureau and discussions have been held with key stakeholders to assist in the resuscitating of the bureau. The organisation is currently involved in a membership recruitment drive for the new bureau and hopes to have the conference bureau fully resuscitated and functioning before the end of the next financial year.

One of the major aims for resuscitating the conferencing bureau is to market Nelson Mandela Bay as the number one conferencing destination; the current challenge facing the city is the availability of infrastructure. It is envisioned that the planned building of an International Conference Centre would put Nelson Mandela Bay back on the map and in a position to host larger conferences and exhibitions.

Some of the achievements for the 2005/6 financial year include the compilation of bid documents for events such as the International Girls Brigade to be held in 2010 and the sourcing of conferences such as the Midwives Conference taking place during December 2006, where at least 1000 delegates are expected at various expos and getaway shows throughout the year.

The Girls Brigade has decided that should South Africa win the bid for the 2010 Girls Brigade conference, it will then be given to Nelson Mandela Bay to host. The bid document was presented at the International Girls Brigade that was held in Ireland in August 2006.

Media and Public Relations

Nelson Mandela Bay Tourism continued to use the print, electronic and broadcast media to build the organisation's image and to leverage positive perceptions from all its stakeholders. Some of the initiatives that assisted in generating media coverage and raising the profiling of both the organisation and the area include the various events which took place in Nelson Mandela Bay, as well as stakeholder and media briefings held during the 2005/6 financial year.

The Summer Campaign alone generated an estimated R2,2 million worth of media coverage, while the Splash Festival's media coverage came to an estimated R1,2 million.

Nelson Mandela Bay Tourism also embarked on a relationship-building initiative with key stakeholders such as the Municipality, the media, various tourism products and other tourism bodies within the province, which have had a positive spin-off for the image of the organisation.

A total of three stakeholder and seven media briefings were held during this financial year. Through various educationals that took place during the 2005/6 financial, several national and international media teams were hosted, including SABC TV's Morning Live, Lotus FM, Metro FM, the Sho't Left Challenj crew and various international media.

Research

To address the lack of reliable tourism statistics in Nelson Mandela Bay, a joint Research Task Team between Nelson Mandela Bay Tourism and the Nelson Mandela Metropolitan University was set up. The aims of the task team include developing sound measurement tools to determine the economic impact of tourism in Nelson Mandela Bay, to measure tourism growth in the area, to spearhead tourism research in the region, and to provide easy access to research findings for all tourism stakeholders. To ensure the success of this project and accuracy thereof, part of the team's mandate is to ensure participation of all tourism stakeholders in the region.

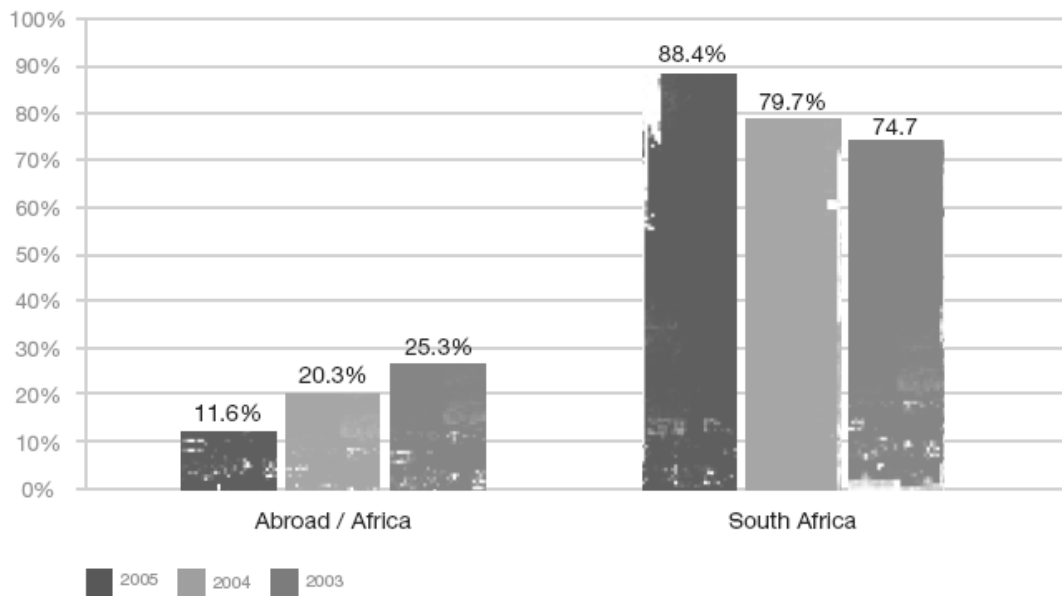
Opinion Surveys were conducted during the Easter (Splash Festival) and Summer Season period in order to understand travel patterns of visitors and seasonality; to determine the perception of visitors to the Bay as a destination; to determine the

perceptions of locals and visitors with regards to holiday programmes; to assist the Eastern Cape Tourism Board in their research efforts to determine the perceptions of visitors to the Eastern Cape Province; and to improve on the organisation's promotional programs.

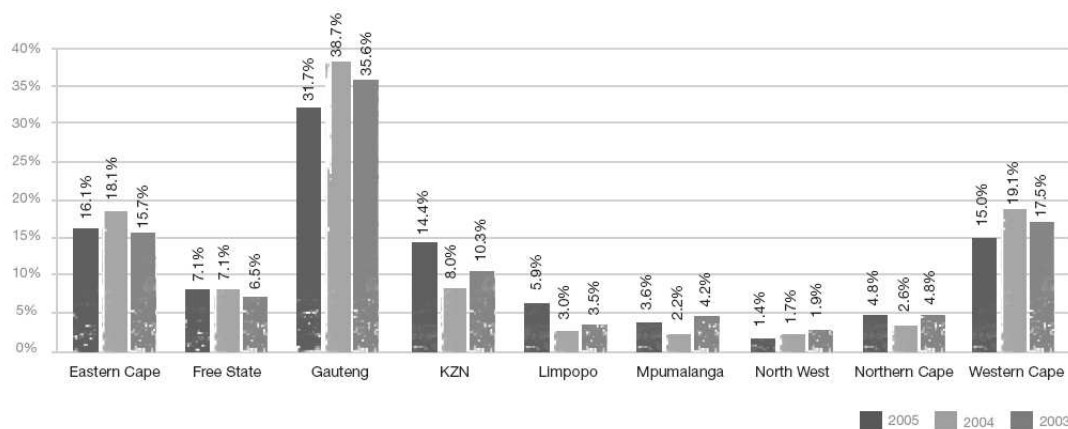
The findings of the surveys are beneficial to all tourism stakeholders and to the overall economy of Nelson Mandela Bay and the Eastern Cape Province at large.

Below are some of the findings of the surveys that were conducted during these holiday periods:

**PLACE OF ORIGIN OF VISITORS TO NELSON MANDELA BAY
SUMMER (2005/06)**



**Most Respondents during the Summer Season Survey came from South Africa.
(The summer season survey excluded residents from Nelson Mandela Bay)**

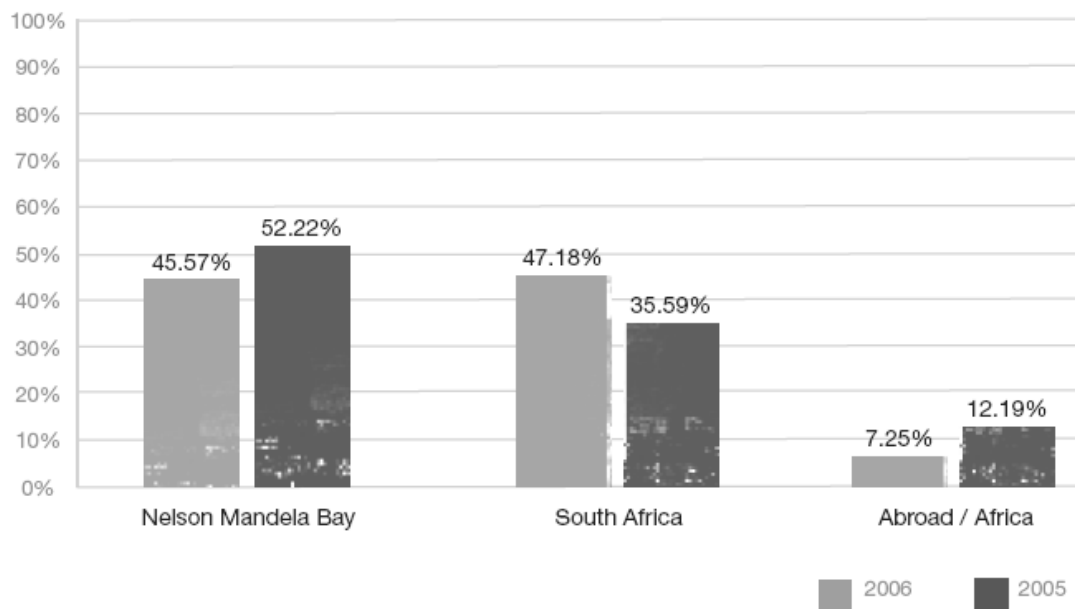


The majority of the domestic visitors (respondents) were from Gauteng (31.7%), followed by the Eastern Cape (16.1%) excluding NMB residents, the Western Cape (15.0%), KZN (14.4%), Free State (7.1%), Limpopo (5.9%), Northern Cape (4.8%), Mpumalanga (3.6%) and North West (1.4%).

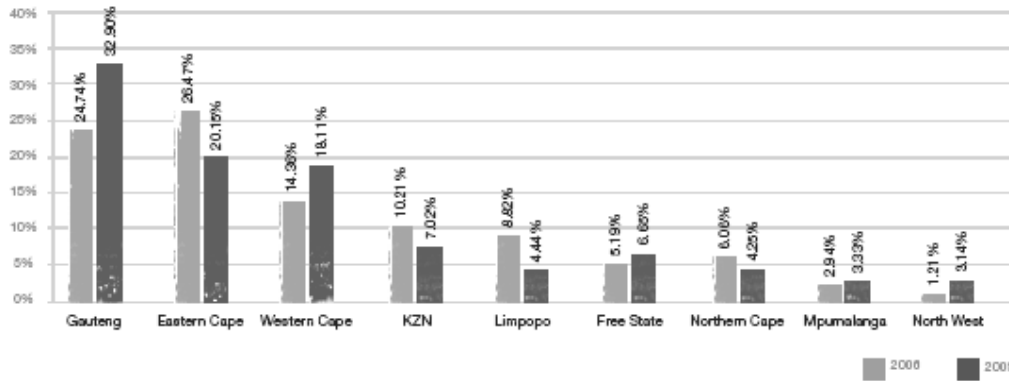
Country	%
United Kingdom	33.9%
Germany	13.9%
Zimbabwe	9.6%
Australia	7.0%
United States	4.3%
Botswana	4.3%
Sweden	3.0%
Kenya	2.6%
Switzerland	2.2%
Zambia	1.7%

The table above lists the top 10 countries international respondents came from.

EASTER (2006)



The Easter holiday survey included residents from Nelson Mandela Bay.

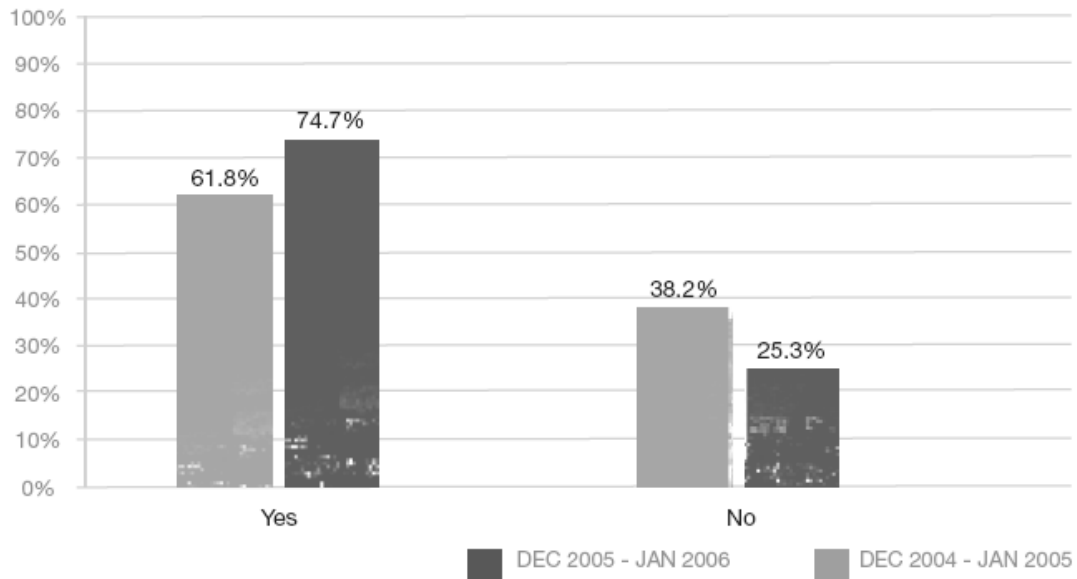


The majority of the domestic visitors (respondents) were from Eastern Cape excluding NMB residents (26.47%), followed by the Gauteng (24.74%), the Western Cape (14.36%), KZN (10.21%), Limpompo (8.82%), Northern Cape (6.06%), Free State (5.19%), Mpumalanga (2.94%) and North West (1.21%).

Country	%
United Kingdom	19.54%
Zimbabwe	18.39%
Nigeria	9.20%
Germany	9.20%
Kenya	8.05%
Zambia	5.75%
Botswana	4.60%
Cameroon	3.45%
China	3.45%
Senegal	2.30%

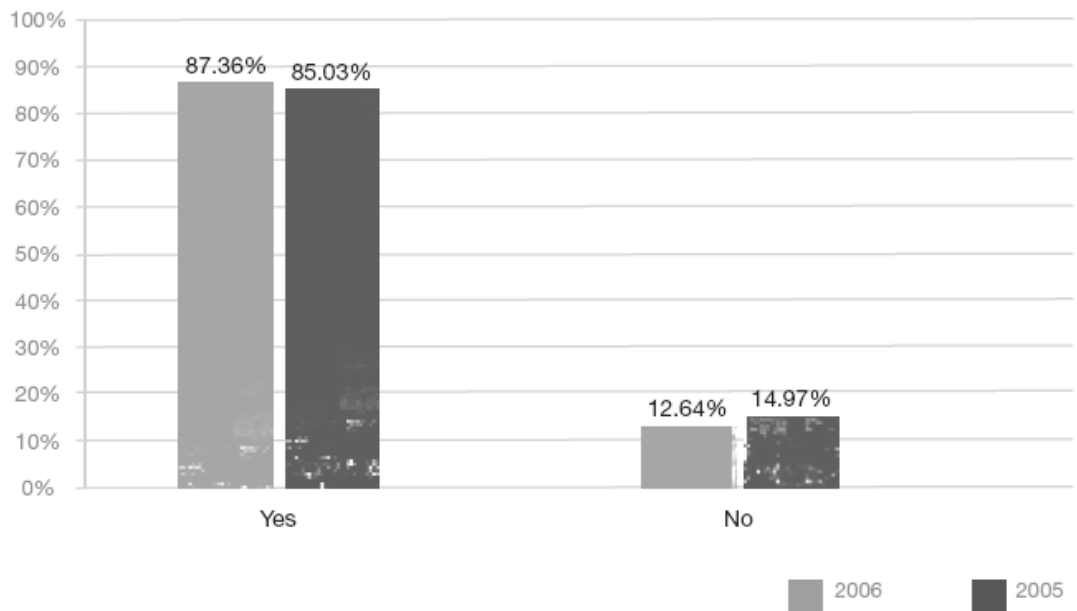
The table above lists the top 10 countries respondents came from.

BRAND AWARENESS SUMMER (DEC 2005 TO JAN 2006)



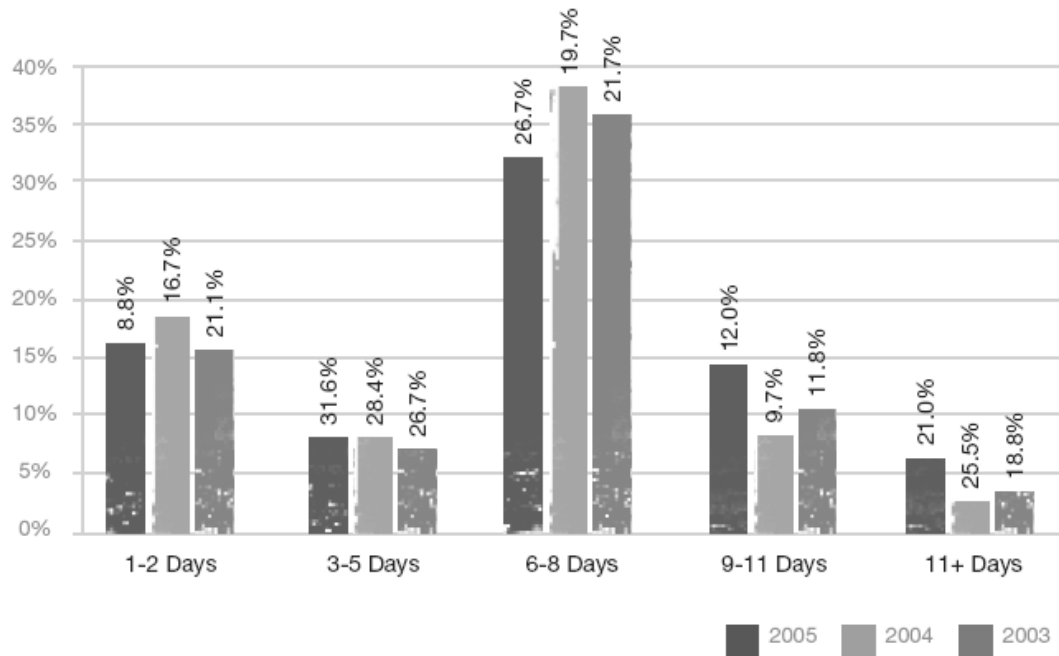
Respondents were tested on their awareness of the new name of the Metropolitan area, which includes Port Elizabeth, Uitenhage and Despatch. 74.7% of the respondents indicated that they are aware of the brand name “Nelson Mandela Bay” compared to the 61.8% in 2004.

EASTER (2006)



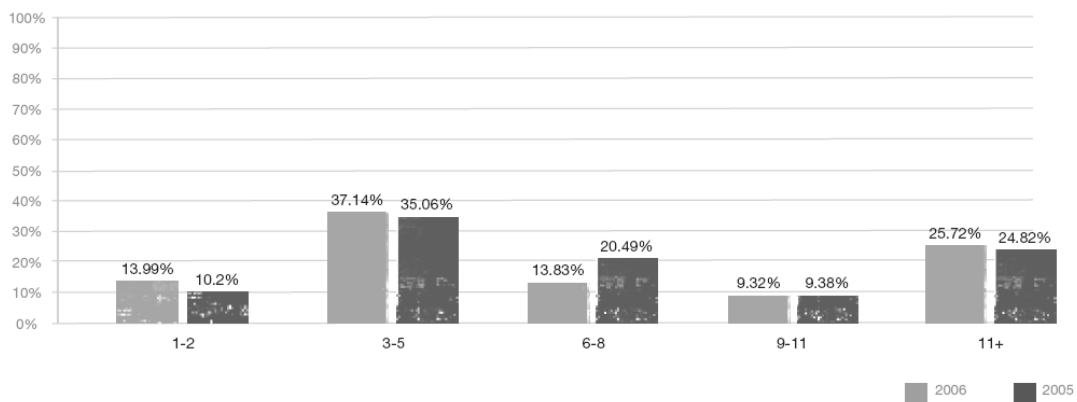
87.36% of the respondents indicated that they are aware of the brand name “Nelson Mandela Bay” compared to the 85.03% in 2005.

DURATION OF VISIT TO NELSON MANDELA BAY SUMMER (2005/06)



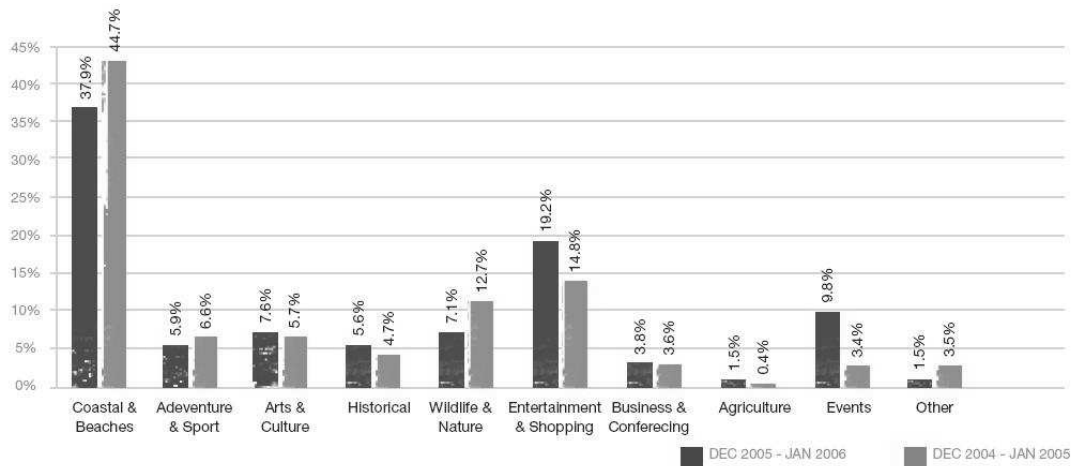
The majority of the Summer respondents (31.6%) stayed in Nelson Mandela Bay for between 3 and 5 days, 26.7% stayed 6-8 days, 21.0% stayed 11 days and more, 12.0% stayed 9-11 days and 8.8% between 1-2 days.

EASTER (2006)



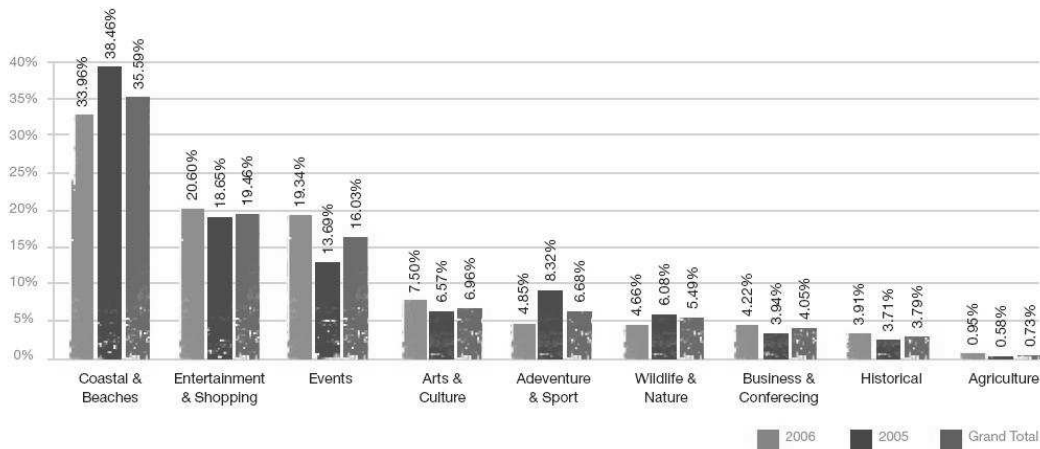
The majority of the Easter respondents (37.14%) stayed in Nelson Mandela Bay for between 3 and 5 days, 13.83% stayed 6-8 days, 25.72% stayed 11 days and more, 13.99% between 1-2 days and 9.32% stayed 9-11 days.

REASONS FOR CHOOSING NELSON MANDELA BAY AS A HOLIDAY DESTINATION SUMMER (2005/06)



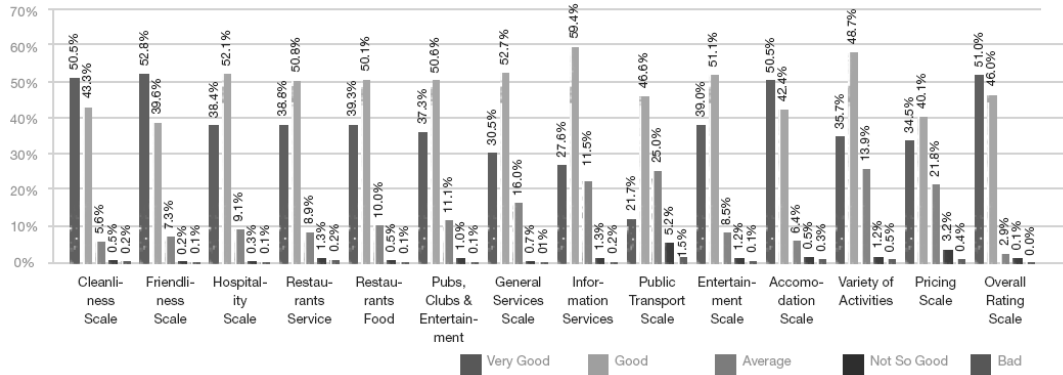
It is clear that our beaches are our main attraction for visitors. 37.9% of respondents said that they were motivated to visit Nelson Mandela Bay due to Coastal & Beaches. This was followed by Entertainment & Shopping (19.2%), Events (9.8%), Arts & Culture (7.6%), Wildlife & Nature (7.1%), Adventure & Sport (5.9%), Historical (5.5%), Business & Conferencing (3.8%), Agriculture (1.5%) and Other (1.5%).

EASTER (2006)



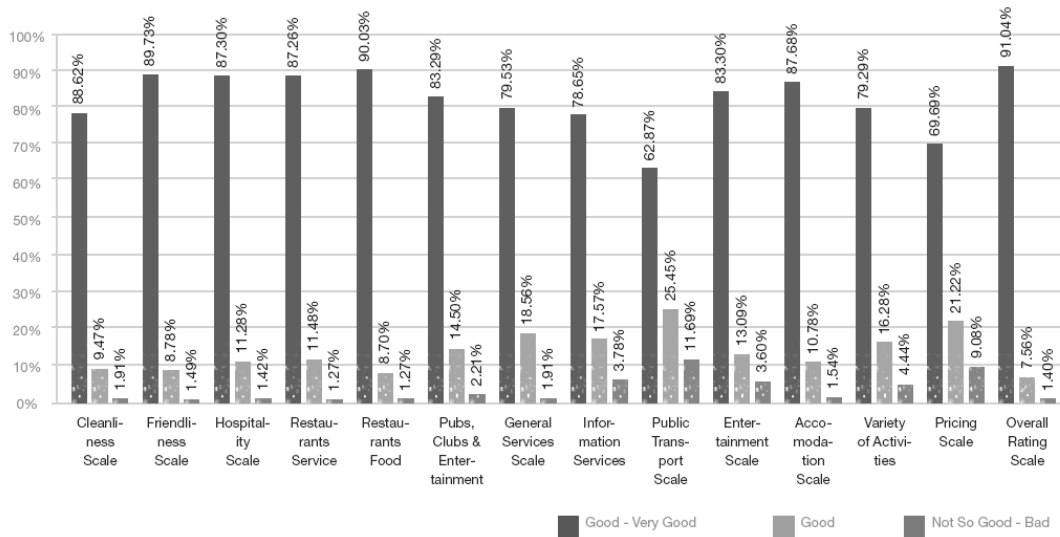
33.96% of respondents said that they were motivated to visit Nelson Mandela Bay due to Coastal & Beaches. This was followed by Entertainment & Shopping (20.60%), Events (19.34%), Arts & Culture (7.50%), Adventure & Sport (4.85%), Wildlife & Nature (4.66%), Business & Conferencing (4.22%), Historical (3.79%), and Agriculture (0.73%).

**PERCEPTIONS OF VARIOUS ASPECTS OF THE TOURISM INDUSTRY
(SERVICE etc)
SUMMER (2005/06)**



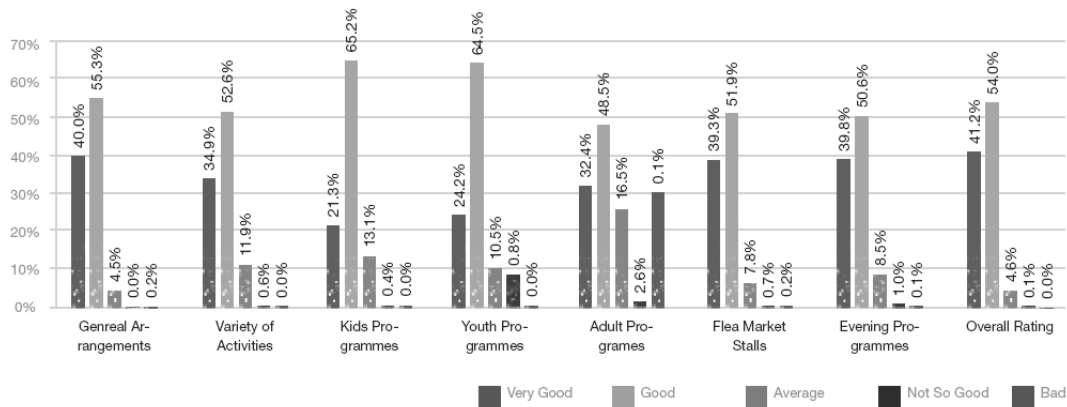
The table above shows the rating of different aspects of Nelson Mandela Bay according to respondents.

EASTER (2006)



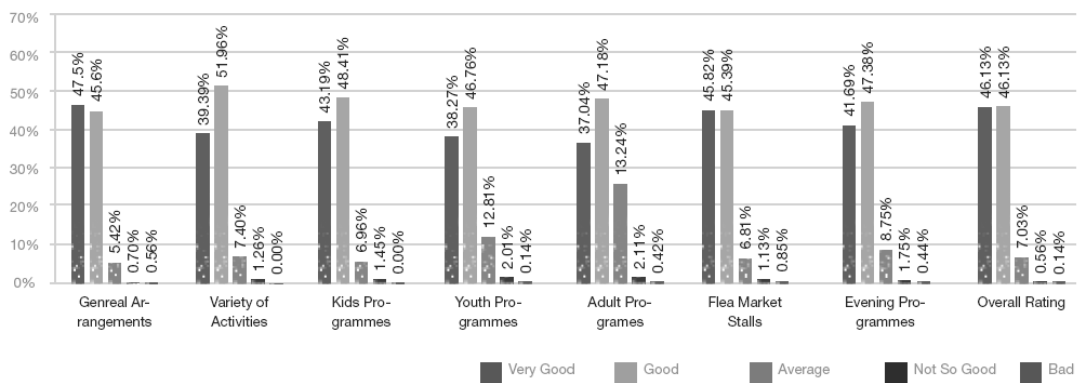
The table above shows the rating of different aspects of Nelson Mandela Bay according to respondents during Easter.

PERCEPTIONS REGARDING VARIOUS ASPECTS OF THE HOLIDAY PROGRAMMES SUMMER (2005/06)



The table above shows how respondents rated the different aspects of the Summer Season programme and the implementation thereof. Overall the feedback was positive with the adult and evening programmes needing some work.

PERCEPTIONS REGARDING VARIOUS ASPECTS OF THE HOLIDAY PROGRAMMES SUMMER (2005/06)



The table above shows how respondents rated the different aspects of the Splash Festival and the implementation thereof. Overall the feedback was positive with the adult and evening programmes requiring some work. (Full research reports are available upon request from Nelson Mandela Bay Tourism.)

7. HUMAN RESOURCES DEVELOPMENT

The Human Resources functions within Nelson Mandela Bay Tourism have been incorporated within the Administration Department.

THE ORGANISATIONAL PROFILE

Nelson Mandela Bay Tourism has an approved headcount of 32 and as at 31 July 2006 this stood at 30. The recruitment process for a Promotions (Marketing) Manager is in progress.

SKILLS DEVELOPMENT PROGRAMME

Nelson Mandela Bay Tourism embarked on a skills development programme that will provide training and development opportunities to staff members, and also ensure that they are empowered and equipped with the necessary skills to enable the organisation to achieve its 2010 strategy, and increase the levels of performance.

Preceding the above, an Organisational Skills Audit was conducted by an External Consultant and the following development areas were identified as top priority:

- Market Research (Demand & Supply Side Analysis)
- Tourism Development (including packaging of tourism products, feasibility studies, Business Plan Development and Enterprise Development)
- Stakeholder Management
- Community Liaison
- Formulation and implementation of Communication Plans and Strategies

To address the above priorities, the following action plan was established:

Training and Development Plan

Action Plan	Status
To attain SDF accreditation	In progress (SDF to submit Portfolio of Evidence)
Co-ordinate Skills Development Awareness Session for all staff members	Completed

Action Plan	Status
Collate training and development needs from each division and integrate the data to formulate T & D Plan	Completed
Identify strategic objectives of NMBT and training required to meet objectives	Completed
Prioritise training required	Completed
Identify Beneficiaries	Completed
Selection of Training Committee	Completed
Prioritise training against available budget	In progress
Implement T & D Plan	

Phase 1 (above action plan) of the skills development project is envisaged to be completed by the end of July 2006. Upon completion of the first phase, individual career development plans will be established. An Annual Training Report has been submitted to the SETA on 30 June 2006.

THE ORGANISATIONAL PROFILE PER JOB TITLE

JOB TITLES	RACE	GENDER
Chief Executive Officer	B	M
Personal Assistant	W	F
Financial Manager	B	F
Communication Manager	B	F
Information Manager	W	F
HR Co-ordinator	B	F
Liaison Co-ordinator	B	M
Visit & Reservation Co-ordinator	W	M
Webmaster & Data Co-ordinator	W	M
Trade Co-ordinator	W	F
Financial Controller	I	M
Promotion Services Co-ordinator	I	F
PR & Funding Co-ordinator	B	F
Membership & Conferencing Co-ordinator	C	F
Culture Officer	C	F
Culture Assistant	W	F
Call Centre Operator	C	F
Call Centre Operator	B	F
Receptionist	W	F

JOB TITLES	RACE	GENDER
Information Co-ordinator	B	M
Information Officer	B	F
Information Officer	B	F
Information Officer	B	M
Information Officer	B	M
Information Officer	B	F
Information Officer	B	M
Information Co-ordinator	C	F
Information Officer	B	F
General Assistant	B	F
General Assistant: Branding & Logistics	C	M

The above table illustrates equity demographics for 2005/06 active staff members:

76% = Black; 67% = Females; 50% = Black Females