

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended

30 June 2010

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 254, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs' determination in accordance with the Act.

  
E NTOBA – HDE B PROC, LLM

Acting Municipal Manager

  
Date

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2010**

<b>INDEX</b>	<b>Page</b>
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Changes in Net Assets	3
Cash Flow Statement	4
Accounting Policies	5
Notes to the Annual Financial Statements	20
Appendix A: Schedule of External Loans	244
Appendix B: Analysis of Property, Plant and Equipment	245
Appendix B1: Reconciliation of Carrying Values of Property, Plant and Equipment	247
Appendix B2: Reconciliation of Carrying Values of Intangible Assets	248
Appendix B3: Reconciliation of Carrying Values of Investment Property	249
Appendix C: Segmental Analysis of Property, Plant and Equipment	250
Appendix D: Segmental Statement of Financial Performance	251
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	252
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	253
Appendix F: Disclosures of Grants and Subsidies in terms of the Municipal Management Finance Act	254

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	Actual 2010 R	Restated 2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>8 924 957 562</b>	<b>8 346 562 860</b>
Housing Development Fund	1	115 506 980	108 491 928
Capital Replacement Reserve		225 842 354	287 654 635
Government Grant Reserve		3 551 977 740	2 824 788 037
Capitalisation Reserve		1 255 629 800	1 426 584 295
Donations and Public Contributions Reserves		340 865 271	206 087 934
Self-Insurance Reserve		103 748 368	90 492 535
COID Reserve	2	11 786 995	10 561 305
Accumulated Surplus		3 319 600 053	3 391 902 191
<b>Non-current liabilities</b>		<b>2 533 076 550</b>	<b>1 230 266 765</b>
Long-term Liabilities	3	1 459 787 232	393 471 794
Non-current Provisions	4	1 073 289 318	836 794 971
<b>Current Liabilities</b>		<b>2 079 071 851</b>	<b>2 092 786 565</b>
Consumer deposits	7	79 624 337	77 114 708
Current Provisions	5	41 348 976	43 397 788
Creditors	8	1 646 170 886	1 225 357 174
Unspent Conditional Grants and Receipts	9	212 655 035	646 123 178
VAT Suspense	18	0	42 585 193
Current Portion of Long-term Liabilities	3	99 272 617	58 208 523
<b>Total Net Assets and Liabilities</b>		<b>13 537 105 962</b>	<b>11 669 616 190</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>11 327 068 327</b>	<b>9 559 010 719</b>
Property, Plant and Equipment	10	8 856 227 510	7 260 014 886
Intangible Assets	11	414 203 436	324 973 571
Investment Property	12	1 976 088 433	1 865 721 534
Investments	13	20 000	14 328 579
Long-term Receivables	14	80 528 948	93 972 149
<b>Current Assets</b>		<b>2 210 037 636</b>	<b>2 110 605 472</b>
Inventory	15	135 119 127	131 228 266
Consumer debtors - Exchange Transactions	16	727 909 053	726 623 095
Consumer debtors - Non-exchange Transactions	16	112 434 795	140 838 738
Other Debtors	17	518 060 620	173 895 534
VAT	18	57 178 765	57 112 587
VAT Suspense	18	33 241 321	0
Current portion of long-term receivables	14	33 590	647 306
Short-term investment deposits	19	513 308 667	784 876 744
Bank balances and cash	20	112 751 698	95 383 202
<b>Total Assets</b>		<b>13 537 105 962</b>	<b>11 669 616 190</b>

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2010**

Budget			Actual	Actual
2009	2010		2 010.00	Restated
R	R		R	2009
				R
<b>REVENUE</b>				
684 125 020	774 524 650	Property rates	21	756 499 194
2 104 608 300	2 566 235 620	Service Charges	22	2 556 421 181
172 153 950	185 925 650	Interest earned - external investments		63 121 183
86 146 950	114 120 500	Interest earned - outstanding debtors		82 762 355
35 362 700	50 383 800	Fines		23 415 431
7 168 150	7 828 250	Licences and Permits		8 242 413
2 031 397 090	1 398 577 000	Government Grants and Subsidies	24	2 448 467 630
15 032 920	18 417 270	Rental of facilities and equipment		15 546 871
1 058 990	1 106 600	Income for agency services		1 219 757
171 810 380	162 450 000	Other Income	25	231 342 040
22 870	7 220	Gains on the disposal of property, plant and equipment		2 130
		<b>Total Revenue</b>		<b>6 187 040 186</b>
<b>5 308 887 320</b>	<b>5 279 576 560</b>			<b>5 322 154 936</b>
<b>EXPENDITURE</b>				
1 298 787 160	1 479 386 010	Employee related costs	26	1 615 992 622
40 963 650	46 311 080	Remuneration of Councillors	27	44 885 796
49 725 280	44 839 310	Bad debts	28	210 795 772
3 192 600	3 448 010	Collection costs		2 757 759
70 867 180	86 213 000	Contracted services		147 177 325
342 209 290	451 991 450	Depreciation - Property, plant and equipment	48	510 022 285
0		Depreciation - Investment Property	50	18 369 219
0		Amortisation	49	8 817 455
0		Impairment	35	6 719 253
367 240 260	449 638 000	Repairs and Maintenance		407 407 981
139 960 680	162 370 890	Finance charges Paid	29	117 368 936
948 922 550	1 234 407 920	Bulk purchases	30	1 238 990 929
43 519 560	102 032 130	Grants and subsidies paid	31	364 555 786
1 096 261 030	1 123 706 590	General Expenses		907 878 136
0		Loss on Foreign Exchange Transaction	23	3 973 498
0		Loss on disposal of Property Plant and Equipment	35	2 932 733
<b>4 401 649 240</b>	<b>5 184 344 390</b>	<b>Total Expenditure</b>		<b>5 608 645 485</b>
<b>907 238 080</b>	<b>95 232 170</b>	<b>Surplus for the year</b>		<b>578 394 701</b>
				<b>1 040 494 043</b>

Refer to Appendix E(1) for explanation of variations

**NELSON MANDELA BAY MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	<u>Housing Development Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitilisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Self-Insurance Reserve</u>	<u>COID Reserve</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
<b>Balance at 01 July 2008</b>	78 389 754	809 706 941	1 021 794 222	2 205 246 682	222 699 766	75 276 561	11 382 335	2 443 376 033	6 867 872 293
Correction of Error	(3 070 865)	(321 778 207)			-	-		763 045 596	438 196 524
Change in accounting policy				0					0
<b>Restated Balance</b>	75 318 889	487 928 734	1 021 794 222	2 205 246 682	222 699 766	75 276 561	11 382 335	3 206 421 629	7 306 068 818
Surplus/(deficit) for the year								1 040 494 042	1 040 494 042
Transfer to CRR	-	557 837 818						(557 837 818)	0
Interest Received	12 192 608	81 775 013					0	(93 967 621)	0
Property, plant and equipment purchased		(839 886 931)						839 886 931	0
Contribution to fund	27 114 576							(27 114 576)	0
Capital Grants used to purchase PPE				967 926 610				(967 926 610)	0
Donated/contributed PPE					18 786 803			(18 786 803)	0
Contribution to Insurance Reserve						24 994 910	3 195 914	(28 190 825)	0
Contribution from Self Insurance Reserve							-	-	0
Insurance claims processed						(9 778 936)	(4 016 944)	13 795 880	0
Transfer from Housing Development Fund	(6 134 145)							6 134 145	0
Offsetting of depreciation	-		410 760 576	(347 900 815)	21 204 327			(84 064 088)	0
Asset Disposals*		-	(5 970 503)	(484 439)	(56 602 961)			63 057 904	0
Additional Depreciation Reversal*			0					-	0
<b>Balance at 30 June 2009</b>	108 491 928	287 654 635	1 426 584 295	2 824 788 037	206 087 934	90 492 535	10 561 305	3 391 902 191	8 346 562 860
<b>Opening Balance - 01 July 2009</b>	108 491 928	287 654 635	1 426 584 295	2 824 788 037	206 087 934	90 492 535	10 561 305	3 391 902 191	8 346 562 860
Surplus/(deficit) for the year								578 394 701	578 394 701
Transfer to CRR		346 323 860						(346 323 860)	0
Interest Received	6 831 407	68 515 519						(75 346 925)	0
Property, plant and equipment purchased		(476 651 660)						476 651 660	0
Contribution to Reserve								-	0
Capital Grants used to purchase PPE				961 930 995				(961 930 995)	0
Donated/contributed PPE					94 452 237			(94 452 237)	0
Contribution to Insurance Reserve						18 455 276	3 851 044	(22 306 320)	0
Insurance claims processed						(5 199 444)	(2 625 354)	7 824 797	0
Transfer to Housing Development Fund	183 645							(183 645)	0
Offsetting of depreciation			(170 238 287)	(234 654 143)	40 325 716			364 566 714	0
Additional Depreciation Reversal								-	0
Asset Disposals			(716 208)	(87 150)	(616)			803 973	0
<b>Balance at 30 June 2010</b>	115 506 980	225 842 354	1 255 629 800	3 551 977 740	340 865 271	103 748 368	11 786 995	3 319 600 053	8 924 957 562

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 R	Restated 2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		<b>5 369 722 380</b>	<b>4 843 395 727</b>
Cash paid to suppliers and employees		-4 628 981 853	-3 641 271 718
Cash generated from operations	32	<u>740 740 527</u>	<u>1 202 124 009</u>
Interest received		145 883 538	264 920 284
Interest paid	29	-117 368 936	-84 425 177
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b><u>769 255 129</u></b>	<b><u>1 382 619 116</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-1 940 759 896	-1 439 119 628
Disposal of property, plant and equipment		2 130	5 850
Purchase of intangible assets		-98 047 320	-59 486 405
Purchase of Investment Property		-125 131 300	-838 618 591
Decrease/ (Increase) in non-current receivables		14 056 918	23 006 681
Decrease/ (Increase) in non-current investments		14 308 579	5 734 129
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b><u>-2 135 570 889</u></b>	<b><u>-2 308 477 963</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease) /Increase in Long-term loans (External)	34	1 106 791 478	-56 438 440
(Decrease) in Non-current provisions		2 815 073	-32 904 787
(Decrease)/ Increase in consumer deposits		2 509 629	-11 615 461
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b><u>1 112 116 180</u></b>	<b><u>-100 958 688</u></b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b><u>-254 199 581</u></b>	<b><u>-1 026 817 535</u></b>
Cash and cash equivalents at the beginning of the year		880 259 946	1 907 077 481
Cash and cash equivalents at the end of the year	33	<u>626 060 365</u>	<u>880 259 946</u>

## 1. BASIS OF PRESENTATION

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

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) as prescribed by the Minister of Finance in terms of General Notice 991 or 992 in Government Gazette 28095 and General Notice 516 in Government Gazette 31021 dated 9 May 2008 and Directive 5 (Determining the GRAP Reporting Framework) that was issued by the Accounting Standards Board (ASB) during March 2009.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The effect of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investing Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
Directive 3	Transactional Provisions for the adoption of Standards of GRAP by High Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Guide 1	Guideline on Accounting for Public Private Partnerships
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-Generating Assets
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures
IAS 12	Income Taxes
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
SIC – 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29	Service Concession Arrangements – Disclosures
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

6

IFRIC 4	Determining whether an arrangement contains a Lease
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Standards Board in terms of the application of Directive 5.

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

Details of the Municipality's significant accounting policies are set out below:

- Adoption of the benchmark treatment relating to GRAP 5, Borrowing Costs, whereby borrowing costs are recognised as an expense and charged to the Statement of the Financial Performance when incurred. The Municipality has adopted this approach as it is impracticable to capitalise borrowing costs to numerous different capital projects.

In the process of applying the Municipality's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have a significant effect on the amounts recognized in the financial statements.

- Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these plans.

- Pension and other post-employment benefits

The cost of defined benefit plans and other employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

- Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and contingent liabilities. Provisions have been discounted where the effect of discounting is material using actuarial valuations.



## **2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

## **3. GOING CONCERN ASSUMPTION**

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

## **4. COMPARATIVE INFORMATION**

### **4.1 Current year comparatives (Budget):**

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

### **4.2 Prior year comparatives:**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reasons for the reclassification and restatement are disclosed in the Notes to the Financial Statements.

## **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 subject to the approval of the Provincial MEC responsible for housing.

## **6. RESERVES**

The municipality maintains various reserves in terms of specific requirements.

### **6.1 Capital Replacement Reserve (CRR) – Internal reserve administered within the Accumulated Surplus for control purposes.**

In order to finance the provision of infrastructure and other items of property, plant and equipment, investment property and intangible assets 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, investment property and intangible assets.

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

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that support the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Municipality.

- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, investment property and intangible assets and may not be used for the maintenance of these items.
- Whenever an asset is purchased from the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred, via the Statement Changes in Net Assets, to the CRR, provided that it is cash backed.

**6.2 Capitalisation Reserve (CR) – Internal reserve administered within the Accumulated Surplus for control purposes.**

With 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 Donations and Public Contributions Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.**

When items of property, plant and equipment, investment property and intangible assets 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 investment property and intangible assets are depreciated or amortised, 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, investment property and intangible assets financed from donations and public contributions.

When an item of property, plant and equipment, investment property and intangible assets is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus (deficit).

**6.4 Self - Insurance Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.**

A Self-Insurance Reserve exists to provide cover for selected risks including fire, storm, workmen's compensation, public liability and motor vehicles. The reserve is re-insured externally to cover major losses.

Premiums are charged to the respective Directorates at market related rates, taking into account past experience of claims and replacement values of the insured assets.

The reserves 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.

#### **6.5. Compensation for Occupational Injuries and Diseases (COID) Reserve**

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act.

The certificate of Exemption issued by the Commissioner and as prescribed by the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), requires that the Municipality deposits cash and/or securities with the Commissioner, the market values of which in aggregate, shall not be less than the capitalised value of the continuing liability of the Municipality as at 31 December of each year.

The continuing liability is that of pensions, with the capitalised value being determined on the basis of an actuarial determination as prescribed by the Commissioner. A COID reserve has been established to at least equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner and the Municipality is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

#### **6.6. Government Grant Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.**

When items of property, plant and equipment, investment property and intangible assets are financed from government grants, a transfer is made from the accumulated surplus (deficit) to the Government Grant 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, investment property and intangible assets are depreciated or amortised, 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 funded items of property, plant and equipment, investment property and intangible assets are offset by transfers from this reserve to the accumulated surplus (deficit).

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

### **7. CONDITIONAL GRANTS AND RECEIPTS**

Income received from conditional grants, donations and subsidies are recognised 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 and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

### **7.1 Grants and receipts of a revenue nature**

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

## **8. PROVISIONS**

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the Statement of Financial Position reporting date and adjusted to reflect the current best estimate.

### **8.1 Provision for Post Retirement Benefits**

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or construction obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually by means of the projected unit credit method. Deficits identified are covered through lump sum payments or increased contributions on a proportional basis via all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable.

A provision is maintained in respect of the liability to employees relating to post retirement benefits such as medical aid contributions.

#### **8.1.1 Medical Aid: Continued Members**

The municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the municipality for the remaining portion.

#### **8.1.2 Short-term employee benefits**

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service.

### **8.2 Provision for Rehabilitation of Refuse Landfill Sites**

The applicable GRAP standard states that a provision should be recognised where there is a present obligation to rehabilitate sites.

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been applied and projected at an inflation rate of 5.5% and discounted to the present value at the average borrowing cost of 11.3475%.

### **8.3 Provision for Rehabilitation of Swartkops River**

The provision is in relation to the Municipality's obligation to address the environmental pollution of the Swartkops River.

### **8.4 Gratuity Provision**

A provision in respect of the liability relating to gratuities payable to employees that were not previously members of a pension fund is maintained.

### **8.5 Provision for Performance Bonuses**

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained.

## **9. PROPERTY, PLANT AND EQUIPMENT**

9.1 Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment.

Property, plant and equipment is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

Property, plant and equipment is stated at fair value at date of acquisition less accumulated depreciation and accumulated impairment where assets have been acquired by grant or donation.

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 Statement of Financial Performance in the period that the impairment is identified.

Significant parts of Property, Plant and Equipment with different useful lives were accounted for as separate items.

Property, Plant and Equipment is derecognised when there is a disposal or no future economic benefits are to be derived.

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. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost 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 relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the original assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

12

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 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.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation only commences when the asset is available for use. In determining depreciation, the residual values of assets (specifically office equipment and furniture and fittings except for vehicles) are not taken into account as the municipality uses these assets in its operations beyond its estimated useful life. The Municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

The annual depreciation/ amortisation rates are based on the following estimated asset useful lives:-

	<b>Intangible</b>	Useful Life Range in Years	<b>Land &amp; Buildings</b>	Useful Life Range in Years
	Computer Software	5	Buildings	15 - 50
	Website Development	5	Land	Indefinite Life
	<b>Other Assets</b>	Useful Life Range in Years	<b>Infrastructure Assets</b>	Useful Life Range in Years
	Bins & Containers	10	Roads, Sidewalks & Stormwater Networks	5 - 100
	Emergency & Medical Equipment	15	Beach Developments	30 - 50
	Vehicles & Plant	5 - 30	Electricity Reticulation & Supply	10 - 80
	Office Furniture & Fittings	10	Sewerage Mains & Purification Works	15 - 80
	Landfill Sites	50	Waste Disposal Facilities	20 -100
	Security Systems	5 - 15	Water Supply & Reticulation	10 - 50
	Tip Sites	30	Dams & Treatment Works	25 - 100
	Computer Hardware	5 - 7		
	<b>Community Assets</b>	Useful Life Range in Years	<b>Heritage Sites</b>	Useful Life Range in Years
	Libraries	15 - 50	Memorials & Statues	Indefinite Life
	Fire Stations	15 - 50	Heritage Sites	Indefinite Life
	Cemeteries	15 - 50	Museums	Indefinite Life
	Clinics	15 - 50	Art Works	Indefinite Life
	Community Centres	15 - 50		
	Public Conveniences	15 - 50		
	Swimming Pools	15 - 50		
	<b>Community Assets</b>	Useful Life Range in Years	<b>Heritage Sites</b>	Useful Life Range in Years
	Recreational Facilities	15 - 50		
	Selling & Letting Schemes	15 - 50		
	<b>Investment Property</b>	Useful Life Range in Years		
	Investment Property	Indefinite Life		

**9.2 Review of useful lives**

The useful lives of property, plant and equipment are reviewed on an annual basis.

**9.3 Review of Depreciation Method**

The depreciation method is reviewed on an annual basis.

**9.4 Impairment of cash and non-cash generating assets**

Property, plant and equipment is assessed on an annual basis, for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance represents the excess of the carrying value over the recoverable amount of the asset.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

**9.5 Non-current assets held for sale**

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition only applies when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Assets classified as held-for-sale are measured at the lower of the asset's carrying amount, or fair value less cost to sell the asset.

**10. INTANGIBLE ASSETS**

An intangible asset is defined as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods and services, for rentals to others, or for administrative purposes. Intangible assets have been treated in accordance with the provisions of GRAP 102, "Intangible Assets". Intangible assets are initially recorded at their cost price and subsequently amortised over their expected useful lives. The intangible assets under the control of the municipality are amortized according to the straight-line method.

An Intangible asset is derecognised when there is a disposal or no future economic benefits are to be derived.

The Municipality recognises computer development software costs as intangible assets, if the costs are clearly associated with an identifiable and unique system controlled by the Municipality and have a probable benefit exceeding one year. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets, estimated at three to five years.

**11. INVESTMENT PROPERTY**

Investment property is properties held to earn rental income, as well as for capital appreciation, and are stated at cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Investment property excludes owner-occupied property that is used in the production or supply of goods and services, or for administrative purposes, or property held to provide a social service.

Investment Property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

Investment Property is stated at fair value at date of acquisition less accumulated depreciation and accumulated impairment where assets have been acquired by grant or donation.

Investment Property is subsequently measured at cost, therefore the Cost Model is applied.

An Investment Property is derecognised when there is a disposal or no future economic benefits are to be derived.

## **12. BORROWING COSTS**

Borrowing costs are recognised as an expense and are charged to the Statement of the Financial Performance when incurred. The Municipality has adopted this approach as it is impracticable to capitalise borrowing costs to numerous different capital projects.

## **13. 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. Where inventories are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost or current replacement value.

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.

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

The cost of water purchased and not yet sold as reflected 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. The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

## **14. PROVISION FOR OBSOLETE INVENTORY**

A provision is maintained in lieu of obsolete inventory. The level of the provision for obsolete inventory is the value equivalent to the value of inventory assessed as obsolete at financial year-end.

## **15. INVESTMENTS**

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.

#### **16. 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.

#### **17. TRADE AND OTHER RECEIVABLES**

Trade and other receivables are initially recognised at fair value, and subsequently stated at amortised cost, less provision for impairment. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the Council. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

A provision for impairment of other receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for doubtful debts based on past default experience of all outstanding amounts at year-end.

#### **18. PROVISION FOR DOUBTFUL DEBTS**

The provision is equivalent to 100% of amounts owing to the municipality older than 90 days (amounts owing by government departments have been excluded from determining the level of the provision). The provision currently amounts to R 547 101 855.

In accordance with GRAP the Provision for Doubtful Debts has been deducted from the amount outstanding by debtors at 30 June 2010.

#### **19. TRADE PAYABLES AND OTHER**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

#### **20. FINANCIAL INSTRUMENTS**

Financial instruments are recognised when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial Assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Municipality has transferred substantially all risks and rewards of ownership, or when the Municipality loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

##### **20.1 FINANCIAL ASSETS**

The Municipality classifies its financial assets according to the following categories:

- Held to maturity
- Loans and receivables

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

## **20.2 FINANCIAL LIABILITIES**

The Municipality measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Amounts receivable within 12 months from the reporting date are classified as current.

## **21. REVENUE RECOGNITION**

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of property rates, grants from National and Provincial Government, service charges, rentals, interest received, and other services rendered. Revenue is recognised, provided that the benefits can be measured reliably. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Revenue also includes the issuing of licences and permits.

### **21.1 Revenue from Exchange Transactions**

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

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.

Interest and rentals are recognised on a time proportion basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund, COID reserve, Self Insurance Reserve or the CCR.

Interest earned on the following investments is not recognized in the Statement of Financial Performance:

- Interest earned on trust funds is allocated to the fund concerned
- Interest earned on unutilized conditional grants is allocated to the creditor, if grant conditions indicate that interest is payable to the funder.

Dividends are recognised on the date that the Municipality's right to receive payment is established.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.

Revenue from the sales of goods is recognised when the risk and rewards of ownership is passed to the consumer.

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 available for use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

## **21.2 Revenue from Non-Exchange Transactions**

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.

Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information received from the courts, it is not possible to measure this revenue in the invoicing period.

Donations are recognised on a cash receipt basis or at fair value where the donation is in the form of property, plant and equipment, when the risks or reward of ownership have been transferred to the Municipality.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are available for use.

Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

## **22. LEASES**

### **22.1 The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Assets 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. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease.

## **22.2 The Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the lease. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **23. VALUE ADDED TAX**

The municipality accounts for Value Added Tax on the payments basis.

## **24. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

## **25. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, 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.

## **26. 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.

## **27. 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.

## **28. POST BALANCE SHEET EVENTS**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Municipality will disclose the nature of the event and an estimate its financial effect, or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
<b>1. Housing Development Fund</b>		
Housing Revolving Fund	114 748 878	107 917 472
Housing Reserves	758 102	574 456
<b>Total Housing Development Fund</b>	<b>115 506 980</b>	<b>108 491 927</b>

The Housing development fund is represented by investments.

*Movements in funds is reconciled as follows:*  
**Housing Infrastructure Development Fund**

<b>Balance at the beginning of the year</b>	<b>0</b>	<b>2 094 642</b>
Contributions received		0
Interest received		0
Cash utilised to finance assets		0
Transfer to Housing Revolving Fund		-2 094 642
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>

The purpose of the Housing Infrastructure Development Fund is to provide funding for housing infrastructural developments. Contributions consist of cash received from the Provincial Housing Board.

**Housing Revolving Fund**

<b>Balance at the beginning of the year</b>	<b>107 917 472</b>	<b>71 329 196</b>
Contributions received		26 941 005
Interest received	6 831 406	12 017 308
Cash utilised to finance property, plant and equipment		-6 134 145
Transfer from Housing Infrastructure Development Fund		2 094 642
Transfer from Capital Discount Scheme		1 669 465
<b>Balance at the end of the year</b>	<b>114 748 878</b>	<b>107 917 472</b>

The purpose of the Housing Revolving Fund is to provide bridging financing for Provincial Housing Board approved housing developments. Contributions consist of cash received from the Provincial Housing Board.

**HOUSING RESERVES**

Community Facilities	93 917	64 342
Replacement and Renewals	664 185	510 114
Capital Discount Scheme	0	0
<b>Balance at the end of the year</b>	<b>758 102</b>	<b>574 456</b>

**Community Facilities**

<b>Balance at the beginning of the year</b>	<b>64 342</b>	<b>46 656</b>
Contribution for the year	29 575	17 686
<b>Balance at the end of the year</b>	<b>93 917</b>	<b>64 342</b>

**1. Housing Development Fund (Continued)**

**Replacement and Renewals**

<b>Balance at the beginning of the year</b>	<b>510 114</b>	<b>354 230</b>
Contribution for the year	154 070	155 884
<b>Restated Balance at beginning of year</b>	<b>664 185</b>	<b>510 114</b>

**Capital Discount Scheme**

<b>Balance at the beginning of the year</b>	<b>0</b>	<b>1 494 166</b>
Interest		175 300
Expenditure funded during the year		-
Transfer to Housing Revolving Fund		-1 669 465
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>

The housing reserves are required in terms of National Housing Fund regulations. The housing reserves can only be utilised to maintain housing stock.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	Restated 2009 R
<b>2. COID Reserve</b>		
<b>Balance at the beginning of the year</b>	<b>10 561 305</b>	<b>11 382 335</b>
Interest		0
Premiums received	3 851 044	3 195 914
Expenditure funded during the year	-2 625 354	-4 016 944
<b>Balance at the end of the year</b>	<b>11 786 995</b>	<b>10 561 305</b>

The COID Reserve is required in terms of Section 84 of the COID Act (No. 130 of 1993) as the municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases.

**3. LONG-TERM LIABILITIES**

**Financial Liabilities:**

	R	R
Local Registered Stock Loans	8 000 000	16 000 000
Development Bank of Southern Africa	571 186 637	171 395 159
Amalgamated Banks of South Africa	225 000 000	255 000 000
Nedbank	745 000 000	
External Loans	1 549 186 637	442 395 159
Brookes Bequest	9 873 212	9 285 158
<b>Total Long-term Liabilities</b>	<b>1 559 059 849</b>	<b>451 680 317</b>

**Less : Current portion transferred to current liabilities**

	R	R
Local Registered Stock Loans	8 000 000	8 000 000
Development Bank of Southern Africa (DBSA)	29 063 549	20 208 523
Amalgamated Banks of South Africa (ABSA)	30 000 000	30 000 000
Nedbank	32 209 067	
	<b>99 272 617</b>	<b>58 208 523</b>
	<b>1 459 787 232</b>	<b>393 471 794</b>

Refer to Appendix A for more detail on long-term liabilities.

The Financial liabilities are measured at amortised cost taking into account relevant interest rates.

**LOCAL REGISTERED STOCK**

Bear interest at a rate of 16.90% per annum and is redeemable within one year.

**ABSA**

The loan was taken up during the 2007/08 financial year and is repayable over 10 years in 20 half-year instalments at a fixed interest rate of 11.85% per annum. The loan was used to finance various electricity reticulation projects.

**DBSA**

Various loans were consolidated into one single loan amounting to R238 297 599 with effect from 30 September 2005, repayable over 10 years in 20 half-yearly instalments including accrued interest. There are two choices of variable interest rate linked to the 6 month JIBAR or to the 3 month JIBAR and a fixed interest rate linked to Government Bond R157. From 1 October 2005 to 30 September 2006 the interest was calculated linked to the six month JIBAR, but on 1 October 2006 the interest rate was fixed, linked to the Government Bond R157 at 9.38%. Council has the right to amend the interest rate between variable or fixed.

A further loan of R420 000 000 was taken up during the 2008/09 financial year and is repayable over 20 years in 39 half yearly instalments of R26 432 871 at a fixed interest rate of 11.5% per annum with a final payment of R32 636 861. The loan was used for various capital projects.

**NEDBANK**

The loan of R745 000 000 was taken up during the 2009/10 financial year and is repayable over 15 years in 30 half yearly instalments of R52 372 749 at a fixed interest rate of 11.7% per annum. The loan was used for various capital projects.

**BROOKES BEQUEST**

Brookes bequest represents a long term creditor. The funds can only be utilised by the municipality when the two remaining Trustees approve the donation of funds to the municipality. The funds may be utilised for capital projects related to the development of Humewood.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
<b>4. NON-CURRENT PROVISIONS</b>		
Gratuity Provision	14 313 647	16 956 048
Post Retirement Benefits	913 119 000	722 136 169
Rehabilitation of Landfill sites	130 977 042	97 702 755
Rehabilitation of Swartkops River	14 879 629	
<b>Total Non-Current Provisions</b>	<b>1 073 289 318</b>	<b>836 794 971</b>

**Gratuity Provision**

This provision is in respect of the long-term liability relating to gratuities payable to employees that were not previously members of a pension fund.

<b>Balance at beginning of year</b>	16 956 048	17 583 469
Contributions to provision	-2 642 401	0
Transfer of current portion current (to) / from current liabilities	0	-627 421
<b>Balance at end of year</b>	<b>14 313 647</b>	<b>16 956 048</b>

**Post Retirement Benefits**

The past service liability in respect of post retirement benefits relates to ill-health retirements and medical aid contributions, and Ex-gratia pensions which have been actuarially assessed at 2010: R16 361 068 and 2009: R21 033 819 respectively. The current portions in the aforementioned amounts are R2 047 421 and R1 988 062 respectively.

<b>Balance at beginning of year</b>	722 136 169	694 671 000
Contributions to provision	190 982 831	30 944 897
Expenditure incurred		0
Transfer of current portion to current liabilities	0	-3 479 728
<b>Balance at end of year</b>	<b>913 119 000</b>	<b>722 136 169</b>

**Rehabilitation of landfill sites**

In terms of the licencing conditions of the landfill refuse sites, Council will incur rehabilitation costs of R25 849 452 for the Arlington Tip site, R35 153 602 for the Koedoeskloof Tip site and R69 973 988 for the Ibhayi Tip site determined at net present value to restore the sites at the end of its useful lives estimated to be in 2057, 2052 and 2007 respectively. Squatters are currently occupying the Ibhayi Landfill site that is already closed as a tip site. It is envisaged that the squatters will be removed by the end of 2010 in order to restore the site. Provision has been made for the rehabilitation of the landfill sites based on the net present value of cost. The cost factors as determined have been applied and projected at an inflation rate of 5.5% and discounted to the present value at the average borrowing cost of 11.3475%.

<b>Balance at beginning of year</b>	97 702 755	106 561 239
Contributions to provision	33 274 287	-8 858 485
Expenditure incurred	0	0
<b>Balance at end of year</b>	<b>130 977 042</b>	<b>97 702 755</b>

**Rehabilitation of Swartkops River**

<b>Balance at beginning of year</b>	0	
Contributions to provision		
Expenditure incurred	14 879 629	
Transfer of current portion to current liabilities		
<b>Balance at end of year</b>	<b>14 879 629</b>	<b>0</b>

The provision is in relation to the Municipality's obligation to address the environmental pollution of the Swartkops River.



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
<b>5. CURRENT PROVISIONS</b>		
Gratuity Provision	2 047 421	2 120 179
Post Retirement Benefits	34 839 000	33 083 110
Performance bonus provision	4 462 555	2 863 559
Provision for litigation and claims	5 305 145	5 330 940
<b>Total Current Provisions</b>	<b>41 348 976</b>	<b>43 397 788</b>

**Gratuity Provision**

This provision is in respect of the short-term liability relating to gratuities payable to employees that were not previously members of a pension fund.

<b>Balance at beginning of year</b>	2 120 179	1 134 750
Contributions to provision	2 932 084	3 224 569
Transfer (to) / from non-current provision		627 421
Expenditure incurred	-3 004 841	-2 866 562
<b>Balance at end of year</b>	<b>2 047 421</b>	<b>2 120 179</b>

**Post Retirement Benefits**

The provision is in respect of the short-term liabilities attributable to ill-health retirements and medical aid contributions and ex-gratia pensions.

<b>Balance at beginning of year</b>	33 083 110	30 188 000
Contributions to provision	37 537 781	29 453 607
Expenditure incurred	-35 781 891	-32 353 594
Transferred from Non-current provision	0	5 795 097
<b>Balance at end of year</b>	<b>34 839 000</b>	<b>33 083 110</b>

**Performance bonus provision**

This provision is in respect of the short-term liability relating to performance bonuses payable to Section 57 employees, based on a maximum of 14% of their all-inclusive remuneration package paid as per regulation 32.(1) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

<b>Balance at beginning of year</b>	2 863 559	1 317 250
Contributions to provision	1 598 996	1 546 309
Expenditure incurred	0	0
<b>Balance at end of year</b>	<b>4 462 555</b>	<b>2 863 559</b>

**Provision for litigation and claims**

The provision is in respect of probable claims against the Municipality, pending the outcome of court decisions - See note 45.

Contributions to provision	5 305 145	5 330 940
<b>Balance at end of year</b>	<b>5 305 145</b>	<b>5 330 940</b>

**6 DERIVATIVE FINANCIAL INSTRUMENTS**

NMBM has not entered into any derivative financial instruments contracts.

**7 CONSUMER DEPOSITS**

Electricity and Water	79 056 941	75 676 889
Interest Paid	567 397	1 437 819
	<b>79 624 337</b>	<b>77 114 708</b>

Guarantees held in lieu of Electricity and Water Deposits	<b>4 166 208</b>	<b>3 934 247</b>
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**8 CREDITORS**

Trade creditors	1 288 232 123	933 460 623
Payments Received in Advance	56 563 908	52 276 259
Staff leave	144 160 625	112 269 306
Other creditors	56 191 890	58 133 011
Retentions	100 747 361	68 004 450
Operating leases	274 980	280 186
Entities	0	933 338
<b>Total Creditors</b>	<b>1 646 170 886</b>	<b>1 225 357 174</b>

Refer to Restatement Note 40.11

**Financial liabilities:**

Trade creditors are non-interest bearing and are normally settled on 30-day terms, except for retention amounts of R100 747 361 , which could be settled within the next 12 months.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8. CREDITORS (Continued)

2010  
R

Restated 2009  
R

It was not considered necessary to discount the Staff leave pay accrual to its present value as the potential obligation is of a short-term nature. In accordance with the collective agreement on conditions of service, municipal employees are required to take their annual leave over a period of twelve months.

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9.1 Conditional Grants from other spheres of

Equitable Share (See Note 24.3)		0
Financial Management Grant (See Note 24.4)	755 906	1 193 584
Library Carnegie Corporation Grant (See Note 24.5)	841 621	791 422
SMME - Development (See note 24.6)	192 500	192 500
Project Consolidate (See Note 24.7)	84 492	84 492
Disaster Management Grant (See Note 24.8 a)	0	0
Disaster Management Grant (See Note 24.8 b)	0	42 169
Municipal Infrastructure Grant (See Note 24.9)	495 991	86 688 637
Ploughing Fields (See Note 24.10)	28 229	26 545
Project Generation (DEAET) (See Note 24.11)	7 474 053	7 028 262
Amphitheatre (UDDI) (See Note 24.12)	3 934 828	41 652
NT- Accreditation of Municipalities (See Note 24.13)	3 716 665	4 198 406
2010 Soccer World Cup Stadium (See Note 24.15)	33 988 641	49 307 270
Walmer Youth Development Project (See Note 24.16)	53 623	53 623
Youth Advisory Centre (See Note 24.17)	0	0
PTIF - 2010 Soccer World Cup (See Note 24.20)	0	318 167 967
DME Subsidy on Connection (See Note 24.21)	0	5 976 651
Energy - Social Projects (See Note 24.23)	21 283 720	
EU Sector Policy Support Policy (See Note 24.22)	24 292 923	38 175 633
Other Grants (See Note 24.24)	115 511 844	134 154 365
<b>Total Unspent Conditional Grants and Receipts</b>	<b>212 655 036</b>	<b>646 123 178</b>

10 PROPERTY, PLANT AND EQUIPMENT (PPE)

As at 30 June 2010

	R	R	R
	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	2 225 868 470	88 527 849	2 137 340 621
Infrastructure Assets	7 676 957 300	2 420 119 884	5 256 837 416
Community Assets	946 511 647	125 601 864	820 909 783
Heritage Assets	111 082 716	0	111 082 716
Other Assets	782 951 746	252 894 772	530 056 974
	<b>11 743 371 879</b>	<b>2 887 144 369</b>	<b>8 856 227 510</b>

Refer Appendix B and Note 48 for reconciliation.

As at 30 June 2009

	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	2 452 337 049	144 682 570	2 307 654 479
Infrastructure Assets	6 096 357 189	1 900 232 014	4 196 125 175
Community Assets	429 093 914	83 721 783	345 372 131
Heritage Assets	66 339 820	0	66 339 820
Other Assets	595 054 087	250 530 806	344 523 281
	<b>9 639 182 059</b>	<b>2 379 167 173</b>	<b>7 260 014 886</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 INTANGIBLE ASSETS  
As at 30 June 2010

Computer Software  
Website Development

	R	R	R
Cost		Accumulated	Carrying Value
Computer Software	428 416 312	14 240 876	414 175 436
Website Development	70 000	42 000	28 000
	<u>428 486 312</u>	<u>14 282 876</u>	<u>414 203 436</u>

Refer Appendix B and Note 49 for reconciliation.

As at 30 June 2009

Computer Software  
Website Development

	Cost	Accumulated Amortisation	Carrying Value
Computer Software	330 368 992	5 437 421	324 931 571
Website Development	70 000	28 000	42 000
	<u>330 438 992</u>	<u>5 465 421</u>	<u>324 973 571</u>

12 INVESTMENT PROPERTY  
As at 30 June 2010

Land & Buildings

	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	1 995 008 176	18 919 743	1 976 088 433
	<u>1 995 008 176</u>	<u>18 919 743</u>	<u>1 976 088 433</u>

Refer Appendix B and Note 50 for reconciliation.

As at 30 June 2009

Land & Buildings

	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	1 865 721 534	0	1 865 721 534
	<u>1 865 721 534</u>	<u>0</u>	<u>1 865 721 534</u>

Description of Investment Property:

Nelson Mandela Bay Logistics Park  
Nelson Mandela Bay Stadium  
Kings Beach  
Springs Resort  
Telkom Park  
Mc Arthur Bath  
Willows Resort  
Beachview Resort  
Van Staden Resort  
**Market Value of Investment Property**

	2010 R
Nelson Mandela Bay Logistics Park	38 000 000
Nelson Mandela Bay Stadium	2 283 550 000
Kings Beach	35 855 000
Springs Resort	6 190 000
Telkom Park	24 130 000
Mc Arthur Bath	29 145 250
Willows Resort	246 430 000
Beachview Resort	12 300 000
Van Staden Resort	22 740 000
<b>Market Value of Investment Property</b>	<u><b>2 698 340 250</b></u>

Additional Disclosure:

The Municipality applies the Cost Model

The Fair Value was determined by independent valuers as follows:

The depreciated replacement cost method of valuation was applied in determining the valuation of the property. This method of valuation is usually applied to properties that do not often change hands in the open market. The depreciated replacement cost method of valuation is calculated by determining the replacement cost of the improvements, as at the date of the valuation, less a depreciation factor which comprises physical deterioration, functional obsolescence and location deterioration. The value of land is determined by means of comparable sales of similar properties in the area. The two values are added together to arrive at the valuation of the property.

Rental revenue included in surplus for following Investment Property:

Beachview resort  
Van Stadens Resort

	2010 R	Restated 2009 R
Beachview resort	240 000	240 000
Van Stadens Resort	240 000	240 000

Direct Operating expenses that generated rental revenue

0 0

Direct Operating expenses that did not generate rental revenue - 2010 FIFA  
Soccer Stadium

20 221 631 20 221 631

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	Restated 2009 R
<b>13. INVESTMENTS</b>		
Investment in UITESCO	20 000	20 000
<b>Financial instruments</b>	0	14 308 579
Fixed Deposits	0	13 601 498
Sanlam Shares	0	707 080
<b>Total</b>	<b>20 000</b>	<b>14 328 579</b>
<b>Average rate of return on investments</b>		<b>11.15%</b>
The Municipality holds a 33% share in UITESCO		
The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.		
<b>14 LONG-TERM RECEIVABLES</b>		
Loan - UITESCO	17 905 515	17 905 515
Sporting and Other Bodies	19 891	39 457
Car Loans		14 024
Other Debtors	50 315	35 315
Consumer Debtors	62 553 227	75 977 839
Rate and General	28 869 627	33 927 054
Electricity	5 358 327	6 017 451
Water	14 959 933	18 026 065
Refuse	4 376 928	6 074 233
Sewerage	8 988 412	11 921 194
Insurance	0	11 841
<b>Long-term receivables (Net of current portion)</b>	<b>80 528 948</b>	<b>93 972 149</b>
<b>CURRENT RECEIVABLES</b>		
Sporting and Other Bodies	19 566	10 559
Car Loans	14 024	636 747
<b>Current Portion of Long-term receivables</b>	<b>33 590</b>	<b>647 306</b>
<b>Total Current and Non-current Receivables</b>	<b>80 562 538</b>	<b>94 619 455</b>

**CAR LOANS****Financial Assets - Loans**

Senior Staff were entitled to car loans prior to the introduction of the MFMA. These loans attract interest at 8% per annum and are repayable over a maximum period of 6 years with the final repayments being made in the year 2010. The South African Revenue Service's official rate has also been taken into account and the difference between the interest rates has been treated as a Fringe Benefit for the relevant employees and they are taxed accordingly.

**LONG-TERM RECEIVABLES - CONSUMER DEBTORS****Financial Assets - Receivables:**

Consumer Debtors have a fixed repayment term per individual consumer and interest is calculated on monthly basis at prime plus 1% and are therefore considered to be fairly valued.

**LOAN - UITESCO**

This loan was granted to UITESCO by the erstwhile Uitenhage Town Council in order to fund infrastructure for the provision of electricity for the consumers. This loan bears no interest and is repayable upon dissolution of UITESCO.

**CONSUMER DEBTORS**

The current portion is disclosed in note 16 - Consumer Debtors.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	Restated 2009 R
<b>15 INVENTORY</b>		
Raw Materials	137 951 499	135 039 428
Finished Goods	139 817	184 261
Water Finished Goods - at cost	118 101 831	116 199 848
Consumable Goods	6 126 701	3 882 463
	13 583 150	14 772 857
Less: Provision for Obsolete Inventory	-2 832 372	-3 811 163
	<u>135 119 127</u>	<u>131 228 266</u>

**16 CONSUMER DEBTORS**

	R	R	R
	<b>Gross Balances</b>	<b>Provision for Doubtful Debts</b>	<b>Net Balance</b>
<b>As at 30 June 2010</b>			
Service Debtors	1 374 110 580.00	-540 424 272	833 686 308
Rates and General	277 815 216	-253 257 178	24 558 038
Electricity	389 556 199	-75 717 729	313 838 470
Water	321 075 951	-107 607 678	213 468 273
Refuse	84 921 485	-45 759 683	39 161 802
Sewerage	300 741 729	-58 082 004	242 659 725
House Rentals	13 335 123	-6 677 583	6 657 540
<b>Total</b>	<u>1 387 445 703</u>	<u>-547 101 855</u>	<u>840 343 848</u>

**Consumer debtors are made up as follows:**

Consumer debtors - Non-exchange Transactions	112 434 795
Consumer debtors - Exchange Transactions	727 909 053
	<u>840 343 848</u>

**Doubtful Debts Provision**

The doubtful debts provision is based on the ageing of debtors and excludes all government debts. Council's policy is to provide for all debtors' balances which have been outstanding for more than 90 days.

	R	R	R
	<b>Gross Balances</b>	<b>Provision for Doubtful Debts</b>	<b>Net Balance</b>
<b>As at 30 June 2009</b>			
Service Debtors	1 357 625 278.80	-493 887 403	863 737 876
Rates and General	492 642 933	-241 377 376	251 265 557
Electricity	333 642 714	-62 148 604	271 494 110
Water	270 277 147	-95 285 045	174 992 102
Refuse	102 190 279	-41 355 323	60 834 956
Sewerage	158 872 205	-53 721 055	105 151 150
House Rentals	10 306 616	-6 582 659	3 723 957
<b>Total</b>	<u>1 367 931 895</u>	<u>-500 470 062</u>	<u>867 461 833</u>

**Consumer debtors are made up as follows:**

Consumer debtors - Non-exchange Transactions	140 838 738
Consumer debtors - Exchange Transactions	726 623 095
	<u>867 461 833</u>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

16. CONSUMER DEBTORS (Continued)	2010 R	Restated 2009 R
<b><u>Rates and General: Ageing</u></b>		
Current (0-30 days)	119 349 019	208 751 295
31 - 60 Days	14 880 922	17 034 284
61 - 90 Days	3 765 407	4 553 607
Over 90 Days	139 819 868	262 303 747
34 - 60 Days	<u>277 815 216</u>	<u>492 642 933</u>
<b><u>Electricity: Ageing</u></b>		
Current (0-30 days)	289 896 375	249 969 532
31 - 60 Days	17 720 567	16 072 675
61 - 90 Days	2 231 752	1 942 786
Over 90 Days	79 707 505	65 657 721
<b>Total</b>	<u>389 556 199</u>	<u>333 642 714</u>
<b><u>Water: Ageing</u></b>		
Current (0-30 days)	165 519 047	142 393 939
31 - 60 Days	27 746 990	17 308 555
61 - 90 Days	12 942 226	9 558 741
Over 90 Days	114 867 688	101 015 912
<b>Total</b>	<u>321 075 951</u>	<u>270 277 147</u>
<b><u>Refuse: Ageing</u></b>		
Current (0-30 days)	33 684 602	55 279 429
31 - 60 Days	3 268 137	3 570 903
61 - 90 Days	1 489 556	1 279 489
Over 90 Days	46 479 190	42 060 458
<b>Total</b>	<u>84 921 485</u>	<u>102 190 279</u>
<b><u>Sanitation: Ageing</u></b>		
Current (0-30 days)	224 994 292	86 537 422
31 - 60 Days	8 522 621	9 628 609
61 - 90 Days	3 589 564	4 211 394
Over 90 Days	63 635 252	58 494 780
<b>Total</b>	<u>300 741 729</u>	<u>158 872 205</u>
<b><u>Housing Rentals: Ageing</u></b>		
Current (0-30 days)	4 289 537	3 331 850
31 - 60 Days	264 914	280 634
61 - 90 Days	137 221	111 473
Over 90 Days	8 643 451	6 582 659
<b>Total</b>	<u>13 335 123</u>	<u>10 306 616</u>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 16. CONSUMER DEBTORS (Continued)

Summary of Debtors by Customer Classification

	R	R	R
	<u>Residential Consumers</u>	<u>Industrial / Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2010</b>			
Current (0-30 days)	706 931 790	120 251 715	10 549 367
31 - 60 Days	42 281 617	3 767 596	26 354 939
61 - 90 Days	5 132 492	15 206 405	3 816 829
Over 90 Days	360 135 631	58 760 907	34 256 416
<b>Gross Consumer Debtors by Customer classification</b>	<b>1 114 481 530</b>	<b>197 986 622</b>	<b>74 977 550</b>
Gross Consumer Debtors			1 387 445 702
Less: Provision for Doubtful Debts			-547 101 855
<b>Net Consumer Debtors for the year ended 30 June 2010</b>			<b>840 343 847</b>

Summary of Debtors by Customer Classification

	R	R	R
	<u>Residential Consumers</u>	<u>Industrial / Commercial</u>	<u>National and Provincial Government</u>
<b>30 June 2009</b>			
Current (0-30 days)	567 394 311	167 620 151	11 248 979
31 - 60 Days	33 585 449	1 428 264	28 881 974
61 - 90 Days	12 466 692	4 783 734	4 407 064
Over 90 Days	335 409 579	165 060 483	35 645 216
<b>Gross Consumer Debtors by Customer classification</b>	<b>948 856 031</b>	<b>338 892 632</b>	<b>80 183 233</b>
Gross Consumer Debtors			1 367 931 895
Less: Provision for Doubtful Debts			-500 470 062
<b>Net Consumer Debtors for the year ended 30 June 2009</b>			<b>867 461 833</b>

Reconciliation of the doubtful debts provision

Balance at beginning of year		500 470 062	564 581 182
Contributions to provision		236 863 578	177 988 471
		737 333 640	742 569 653
Bad debts written off against provision		-190 231 785	-242 099 591
<b>Balance at end of year</b>		<b>547 101 855</b>	<b>500 470 062</b>

Financial Assets have been classified as loans and receivables

The consumer debtors are billed interest at prime plus 1% on overdue accounts and are therefore considered to be fairly valued.

Trade and Other receivables past due but not provided for as doubtful debts

Trade and other receivables which are less than 3 months past due are not considered to be provided for as doubtful debts. At 30 June 2010 R130 816 294, R, (2009: R121 198 393) were past due but not provided for.

The ageing of amounts past due but not provided for is as follows

	2010 R	Restated 2009 R
1 month past due	72 404 152	63 895 687
2 months past due	24 155 726	21 657 490
3 months past due	34 256 416	35 645 216
	<b>130 816 294</b>	<b>121 198 393</b>

Trade and other receivables provided for as doubtful debts

As of 30 June 2010, trade and other receivables of R553 821 108, (2009: R522 057 688) were impaired and provided for. The ageing of these receivables is as follows:

3 months and over	553 821 108	522 057 688
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## 17 OTHER DEBTORS

Government Grants and Subsidies	429 993 622	84 838 578
Interest on External Investments	7 915 434	13 705 396
Operating lease accruals	240 327	261 687
External Debtors	83 961 446	76 089 873
	<b>522 110 829</b>	<b>174 895 534</b>
Less: Provision for doubtful debts	-4 050 209	-1 000 000
<b>Balance at end of year</b>	<b>518 060 620</b>	<b>173 895 534</b>

Refer Restatement Note 40.28



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>18. VAT</b>	<b>2010 R</b>	<b>Restated 2009 R</b>
VAT refund	<u>57 178 765</u>	<u>57 112 587</u>
VAT Suspense	<u>33 241 321</u>	<u>-120 850 192</u>

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

**19 SHORT-TERM INVESTMENT DEPOSITS**

ABSA Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 6.6% during the current audit period.	75 000 000	90 000 000
FNB Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 6.6% during the current audit period.	75 000 000	98 000 000
Investec Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 6.5 % during the current audit period.	108 051 155	199 551 155
Nedbank Investment Account - interest receivable on monthly basis at the average annual interest rate of 6.4% during the current audit period.	146 500 000	145 000 000
Standard Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 7.4% during the current audit period.	100 856 913	252 325 589
	<u>505 408 068</u>	<u>784 876 744</u>
<b>Financial instruments</b>		
Fixed Deposits	6 965 190	
Sanlam Shares	935 408	
<b>Total Short Term Deposits</b>	<u>513 308 667</u>	<u>784 876 744</u>

The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

No Investments were written off during the year.

The municipality is the holder of 40 919 shares in Sanlam Ltd at no value, of which the market value at 30 June 2010 was R935 408 (2009: R 707 080). The shares were awarded to the municipality as the beneficiary of an insurance endowment policy, which matured during October 1998.

All deposits are invested in call accounts with all of the above banks as per the above-mentioned interest rate options.

Short-term Investment Deposits amounting to R 99 272 617 (2009: R58 208 523) are ring-fenced and attributable to repaying long-term loans.

**20 BANK BALANCES AND CASH**

The Nelson Mandela Bay Metropolitan Municipality operates various current accounts with Standard Bank of South Africa, with no overdraft facility. The details are as follows:

**BANK:** Standard Bank of South Africa  
**ACCOUNT NUMBER:** 08 002 125 5  
**BRANCH:** Port Elizabeth  
**BRANCH CODE:** 05 00 17

Cash Book balance at beginning of the year	95 383 202	67 513 928
Cash Book balance at end of the year	<u>112 751 698</u>	<u>95 383 202</u>
Bank Balance at beginning of the year	84 097 789	67 535 481
Bank Balance at end of the year	<u>106 582 656</u>	<u>84 097 789</u>

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

Bank balances and cash	<u>112 751 698</u>	<u>95 383 202</u>
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NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21 PROPERTY RATES	2010 R	Restated 2009 R
<i>Actual</i>		
Residential	388 217 097	344 261 608
Commercial	239 256 869	196 882 016
State	52 349 359	48 886 839
Other	76 675 869	69 746 374
	<b>756 499 194</b>	<b>659 776 837</b>

Other includes farms, smallholdings, municipal public service infrastructure and vacant properties.

<i>Valuations</i>	<b>R000's</b>	<b>R000's</b>
Residential	77 198 019	75 879 292
Commercial	21 264 818	19 843 220
State	4 920 052	5 053 948
Other	10 985 821	10 817 659
	<b>114 368 710</b>	<b>111 594 119</b>

22 SERVICE CHARGES		
Sale of Electricity	1 810 227 801	1 502 322 088
Sale of Water	412 686 846	344 730 202
Refuse Removal	105 486 372	96 266 170
Sewerage and Sanitation charges	228 020 162	226 506 885
	<b>2 556 421 181</b>	<b>2 169 825 346</b>

23 FOREIGN EXCHANGE TRANSACTIONS

Loss on foreign exchange transactions	<b>3 973 498</b>	<b>13 248 072</b>
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The loss on foreign exchange relates to expenditure associated with the 2010 FIFA Soccer Stadium.

The loss on foreign exchange is attributable to the fluctuation in foreign exchange rates when comparing the spot rate as per the contract with the ruling foreign exchange rate on the date of settlement of the payments.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>24 GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2010</b>	<b>Restated 2009</b>
	<b>R</b>	<b>R</b>
PHB Subsidies (See Note 24.1)	376 649 544	158 791 453
Health Subsidies (See Note 24.2)	84 013 292	71 352 824
Equitable Share Allocation ( See Note 24.3)	466 834 967	382 444 090
Finance Management Grant (See Note 24.4)	1 187 678	931 536
Library Services - Carnegie Corporation Grant (See Note SMME - Development (See Note 24.6)		0
Project Consolidate (See Note 24.7)		0
Disaster Management Grant (See Note 24.8)		1 431 265
Municipal Infrastructure Grant (See Note 24.9)	3 118 886	8 281 968
Ploughing Fields (See Note 24.10)	1 805 117	2 482 583
Project Generation (DEAET) (See Note 24.11)	0	0
Amphitheatre - Uitenhage - UDDI (See Note 24.12)	0	0
National Treasury - Accreditation of Municipalities (See Note 24.13)	4 317 715	4 317 715
RSC Levies Replacement (See Note 24.14)	360 042 000	317 050 916
2010 Soccer World Cup Stadium (See Note 24.15)	63 306 673	24 894 413
Walmer Youth Development Project (See Note 24.16)	0	0
Youth Advisory Centre (See Note 24.17)	0	126 676
HIV / AIDS Columbia University Project (See Note 24.18)	3 423 470	2 584 547
Provincial Government Grants (See Note 24.19)	3 500 000	17 718 936
PTIF SoccerWorld Cup (See Note 24.20)	0	0
DME Subsidy on Connections (See Note 24.21)	0	0
EU Sector Policy Support Project (See Note 24.22)	16 132 336	13 027 129
Energy-Special Projects (See Note 24.23)	8 716 280	
Other Grants (See Note 24.24)	61 695 355	14 922 734
Government Grant Revenue (See Note 24.25)	993 724 317	970 071 544
	<b>2 448 467 630</b>	<b>1 990 430 329</b>

**24.1 PHB Subsidies**

This Grant is received from Provincial Government and is used for the construction of low cost housing.

<b>Balance at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	376 649 544	158 791 453
Funding of Capital Projects	0	0
Conditions met - transferred to revenue	-376 649 544	-158 791 453
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>

**24.2 Health Subsidies**

This grant is received from the Provincial Government and used in the Health function.

<b>Balance at beginning of year</b>		<b>0</b>
Current year receipts	84 013 292	71 352 824
Funding of Capital Projects		0
Conditions met - transferred to revenue	-84 013 292	-71 352 824
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	2010 R	Restated 2009 R
<b>24.3 Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Balance unspent at beginning of year</b>		<b>0</b>
Current year receipts	466 834 967	382 444 090
Funding of Capital Projects		0
Conditions met - transferred to revenue	-466 834 967	-382 444 090
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>
<b>24.4 Finance Management Grant</b>		
This grant is used in the financial reform project under the guidance of National Treasury.		
<b>Balance unspent at beginning of year</b>	<b>1 193 583</b>	<b>1 375 119</b>
Current year receipts	750 000	750 000
Funding of Capital Projects		0
Conditions met - transferred to revenue	-1 187 678	-931 536
<b>Conditions still to be met - transferred to liabilities</b>	<b>755 906</b>	<b>1 193 583</b>
<b>24.5 Library Services - Carnegie Corporation Grant</b>		
This Grant is used in the provision of books and services in the municipality's libraries.		
<b>Balance unspent at beginning of year</b>	<b>791 422</b>	<b>708 320</b>
Current year receipts	50 199	83 102
Funding of Capital Projects		0
Conditions met - transferred to revenue		0
<b>Conditions still to be met - transferred to liabilities</b>	<b>841 621</b>	<b>791 422</b>
<b>24.6 SMME - Development</b>		
This Subsidy is used for the development of Small businesses in the Metropolitan Area.		
<b>Balance unspent at beginning of year</b>	<b>192 500</b>	<b>192 500</b>
Current year receipts	0	0
Funding of Capital Projects	0	0
Conditions met - transferred to revenue	0	0
<b>Conditions still to be met - transferred to liabilities</b>	<b>192 500</b>	<b>192 500</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)

2010  
R

Restated 2009  
R

**24.7 Project Consolidate**

This Grant was received from the Department of Provincial and Local Government as an initiative to improve municipal systems relating to the collection of debt.

<b>Balance unspent at beginning of year</b>	<b>84 492</b>	<b>1 515 757</b>
Current year receipts		0
Funding of Capital Projects		0
Conditions met - transferred to revenue		-1 431 265
<b>Conditions still to be met - transferred to liabilities</b>	<b>84 492</b>	<b>84 492</b>

**24.8 Disaster Management Grant**

a) This grant is being used for the establishment of a Disaster Management Centre and related infrastructure.

<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>2 192 263</b>
Current year receipts		0
Funding of Capital Projects		0
Conditions met - transferred to revenue		-2 192 263
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>

b) This Grant is used to provide aid to those in need when disasters arise in the metropolitan area.

<b>Balance unspent at beginning of year</b>	<b>42 169</b>	<b>6 913 334</b>
Current year receipts		0
Debtor Raised	3 076 717	
Conditions met - transferred to revenue	-3 118 886	-6 089 704
Funding of Capital Projects		-781 461
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>42 169</b>

**24.9 Municipal Infrastructure Grant**

This Grant is used for the provision of Infrastructure in the metropolitan area.

<b>Balance unspent at beginning of year</b>	<b>86 688 637</b>	<b>134 417 478</b>
Current year receipts	156 015 217	133 392 306
Funding of Capital Projects	-240 402 747	-178 638 565
Conditions met - transferred to revenue	-1 805 117	-2 482 583
<b>Conditions still to be met - transferred to liabilities</b>	<b>495 991</b>	<b>86 688 637</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	2010 R	Restated 2009 R
<b>24.10 Ploughing Fields</b>		
This Grant is used to promote Economic development.		
<b>Balance unspent at beginning of year</b>	26 545	23 758
Current year receipts	1 684	2 787
Funding of Capital Projects		0
Conditions met - transferred to revenue		0
<b>Conditions still to be met - transferred to liabilities</b>	<b>28 229</b>	<b>26 545</b>
<b>24.11 Project Generation(DEAET)</b>		
This Grant is used to promote Economic development.		
<b>Balance unspent at beginning of year</b>	7 028 262	6 290 271
Current year receipts	445 791	737 992
Funding of Capital Projects		0
Conditions met - transferred to revenue		0
<b>Conditions still to be met - transferred to liabilities</b>	<b>7 474 053</b>	<b>7 028 262</b>
<b>24.12 Amphitheatre - Uitenhage - UDDI</b>		
This Grant is used to promote Economic development in the Uitenhage and Despatch Development Initiative.		
<b>Balance unspent at beginning of year</b>	41 652	37 278
Current year receipts	3 893 176	4 374
Funding of Capital Projects		0
Conditions met - transferred to revenue		0
<b>Conditions still to be met - transferred to liabilities</b>	<b>3 934 827</b>	<b>41 652</b>
<b>24.13 National Treasury - Accreditation of Municipalities</b>		
This Grant is used for capacity building of employees in the municipality's Housing and Land Directorate.		
<b>Balance unspent at beginning of year</b>	4 198 406	6 761 735
Current year receipts	3 835 975	1 754 386
Funding of Capital Projects		0
Conditions met - transferred to revenue	-4 317 715	-4 317 715
<b>Conditions still to be met - transferred to liabilities</b>	<b>3 716 666</b>	<b>4 198 406</b>
<b>24.14 RSC Levies Replacement Grant</b>		
This Grant is to compensate for loss of revenue due to the abolishment of RSC Levies		
<b>Balance unspent at beginning of year</b>	0	0
Current year receipts	360 042 000	317 050 916
Funding of Capital Projects		0
Conditions met - transferred to revenue	-360 042 000	-317 050 916
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	2010 R	Restated 2009 R
<b>24.15 2010 Soccer World Cup Stadium</b>		
This Grant is used to fund the building of the 2010 Soccer World Cup Stadium.		
<b>Balance unspent at beginning of year</b>	<b>49 307 271</b>	<b>60 558 816</b>
Current year receipts	175 763 744	507 926 051
Funding of Capital Projects	-127 775 700	-494 283 183
Conditions met - transferred to revenue	-63 306 673	-24 894 413
<b>Conditions still to be met - transferred to liabilities</b>	<b>33 988 641</b>	<b>49 307 271</b>
<b>24.16 Walmer Youth Development Project</b>		
This Grant is used for Youth Development.		
<b>Balance unspent at beginning of year</b>	<b>53 623</b>	<b>53 623</b>
Current year receipts		0
Funding of Capital Projects		0
Conditions met - transferred to revenue		0
<b>Conditions still to be met - transferred to liabilities</b>	<b>53 623</b>	<b>53 623</b>
<b>24.17 Youth Advisory Centre</b>		
This Grant is used for Youth Development.		
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>126 324</b>
Current year receipts		352
Funding of Capital Projects		0
Conditions met - transferred to revenue		-126 676
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>
<b>24.18 HIV/AIDS Columbia University Project</b>		
This Grant is used for HIV / AIDS projects.		
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	3 423 470	2 584 547
Conditions met - transferred to revenue	-3 423 470	-2 584 547
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>
<b>24.19 Provincial Government Grants</b>		
This grant is received from the Provincial Government and used to subsidise Libraries & the Environmental Services Function.		
<b>Balance at beginning of year</b>	<b>0</b>	<b>0</b>
Current year receipts	3 500 000	17 718 936
Funding of Capital Projects		0
Conditions met - transferred to revenue	-3 500 000	-17 718 936
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	2010 R	Restated 2009 R
<b>24.20 PTIF SoccerWorld Cup</b>		
This Grant is received from National Treasury for upgrading of infrastructure to support the 2010 World Cup Stadium.		
<b>Balance unspent at beginning of year</b>	<b>318 167 967</b>	<b>154 098 228</b>
Current year receipts	109 551 949	343 013 260
Funding of Capital Expenditure	-526 840 954	-178 943 521
Debtor Raised	130 338 781	
Conditions met - transferred to revenue	-31 217 743	
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>318 167 967</b>
<b>24.21 DME Subsidy on Electricity Connections</b>		
This Grant is used to fund electricity connections and upon application also the upgrade of the Electricity infrastructure in order to install these electricity connections.		
<b>Balance unspent at beginning of year</b>	<b>5 976 651</b>	<b>3 990 023</b>
Current year receipts		30 790 000
Funding of Capital Projects	-6 891 474	0
Funding of Capital Projects	914 823	-28 803 372
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>5 976 651</b>
<b>24.22 EU Sector Policy Support Project</b>		
This Grant is received from the European Union to fund various authorised developmental projects.		
<b>Balance unspent at beginning of year</b>	<b>38 175 633</b>	<b>48 101 617</b>
Current year receipts	2 249 626	9 688 263
Funding of Capital Projects		-6 587 117
Conditions met - transferred to revenue	-16 132 336	-13 027 129
<b>Conditions still to be met - transferred to liabilities</b>	<b>24 292 923</b>	<b>38 175 633</b>
<b>24.23 Energy Special Projects</b>		
This Grant is used to fund Energy Efficient Electricity Projects		
<b>Balance unspent at beginning of year</b>	<b>0</b>	
Current year receipts	30 000 000	
Funding of Capital Projects		
Conditions met - transferred to revenue	-8 176 280	
<b>Conditions still to be met - transferred to liabilities</b>	<b>21 823 720</b>	<b>0</b>
<b>24.24 Other Grants</b>		
These are grants received by the municipality for various purposes.		
<b>Balance unspent at beginning of year</b>	<b>134 154 365</b>	<b>166 969 754</b>
Current year receipts	103 072 955	53 277 334
National & Provincial Government Capex Funding	-60 020 120	-72 210 596
Conditions met - transferred to revenue	-61 695 355	-13 882 127
<b>Conditions still to be met - transferred to liabilities</b>	<b>115 511 845</b>	<b>134 154 365</b>
<b>24.26 Government Grant Revenue</b>		
Funding of Capital Projects	993 724 317	997 697 815
Conditions met - transferred to revenue	-993 724 317	-997 697 815
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>
Previously when the conditions of the grant was met, the amount was transferred to Deferred Income. The change in accounting policy from IAS 20 to GRAP 23 results		
<b>25 OTHER INCOME</b>	<b>R</b>	<b>R</b>
Sale of Land	4 879 992	6 254 246
Fees and Charges	127 770 325	129 511 837
Grave Income	3 470 266	4 756 183
Public Contributions and Donations Revenue	62 658 915	18 786 803
Other Income	37 442 534	27 314 514
	<b>231 342 040</b>	<b>186 623 583</b>
<b>Refer to Restatement Note 40.7</b>		



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**26 EMPLOYEE RELATED COSTS**

	<b>2010</b>	<b>Restated 2009</b>
Employee related costs - Salaries and Wages	1 015 249 215	842 920 215
Employee related costs - Contributions for UIF, pensions and medical aids	366 404 964	262 165 232
Travel, motor car, accomodation, subsistence and other allowances	97 853 354	63 130 796
Housing benefits and allowances	9 875 463	13 970 628
Overtime payouts	87 600 187	65 957 997
Performance bonus	15 083 283	13 668 519
Long-service Awards	23 926 156	19 057 330
	<b>1 615 992 622</b>	<b>1 280 870 717</b>

**Remuneration of the Municipal Manager**

Annual Remuneration	1 049 964	941 076
Performance Bonuses		0
Car allowance	96 000	96 000
UIF, Medical and Pension Funds	1 497	0
<b>Total</b>	<b>1 147 461</b>	<b>1 037 076</b>

**Remuneration of the Acting Municipal Manager**

Annual Remuneration	849 000	
Performance Bonuses		
Car allowance		
UIF, Medical and Pension Funds	998	
<b>Total</b>	<b>849 998</b>	<b>0</b>

**Remuneration of the Chief Financial Officer**

Annual Remuneration	706 371	620 952
Performance Bonuses		0
Car allowance	159 600	159 600
UIF, Medical and Pension Funds	128 805	74 384
<b>Total</b>	<b>994 776</b>	<b>854 936</b>

**Remuneration of the Chief Operating Officer**

Annual Remuneration	714 579	620 208
Performance Bonuses		0
Car allowance	144 000	144 000
UIF, Medical and Pension Funds	134 692	134 265
<b>Total</b>	<b>993 271</b>	<b>898 473</b>

**Remuneration of the Chief of Staff**

Annual Remuneration	883 500	792 396
Performance Bonuses		0
Car allowance		0
UIF, Medical and Pension Funds	76 785	76 785
<b>Total</b>	<b>960 285</b>	<b>869 181</b>

**Remuneration of Individual Executive Directors**

**Corporate Services**

Annual Remuneration	838 788	747 684
Performance Bonus		0
Car Allowance	120 000	120 000
UIF, Medical and Pension Funds	1 497	0
	<b>960 285</b>	<b>867 684</b>

**Economic Development and Recreational Services**

Annual Remuneration	727 248	619 518
Performance Bonus		0
Car Allowance	96 000	112 626
UIF, Medical and Pension Funds	137 035	135 538
	<b>960 283</b>	<b>867 682</b>

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>26 EMPLOYEE RELATED COSTS (Continued)</b>	<b>2010 R</b>	<b>Restated 2009 R</b>
<b>Public Health</b>		
Annual Remuneration	951 439	636 144
Performance Bonus		0
Car Allowance	130 880	96 000
UIF, Medical and Pension Funds	1 373	135 538
	<b>1 083 692</b>	<b>867 682</b>
<b>Housing and Land</b>		
Annual Remuneration	938 976	834 360
Performance Bonus		0
Car Allowance	120 000	120 000
UIF, Medical and Pension Funds	1 497	42 000
	<b>1 060 473</b>	<b>996 360</b>
<b>Electricity and Energy</b>		
Annual Remuneration		232 120
Performance Bonus		0
Car Allowance		51 360
UIF, Medical and Pension Funds		6 249
	<b>0</b>	<b>289 729</b>
<b>Infrastructure and Engineering</b>		
Annual Remuneration	826 788	744 684
Performance Bonus		0
Car Allowance	132 000	123 000
UIF, Medical and Pension Funds	1 497	0
	<b>960 285</b>	<b>867 684</b>
<b>Strategic Programmes Unit</b>		
Annual Remuneration	760 788	669 684
Performance Bonus		0
Car Allowance	120 000	120 000
UIF, Medical and Pension Funds	1 497	78 000
	<b>882 285</b>	<b>867 684</b>
<b>Safety and Security</b>		
Annual Remuneration	637 304	695 088
Performance Bonus		0
Car Allowance	108 000	144 000
UIF, Medical and Pension Funds	1 123	0
	<b>746 427</b>	<b>839 088</b>
<b>2010 FIFA World Cup South Africa</b>		
Annual Remuneration	810 606	720 240
Performance Bonus		0
Car Allowance	120 000	120 000
UIF, Medical and Pension Funds	89 524	81 600
	<b>1 020 130</b>	<b>921 840</b>

The Electricity and Energy Executive Director position has been vacant since 1 November 2008.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>27 REMUNERATION OF COUNCILLORS</b>	<b>2010</b>	<b>Restated 2009</b>
	<b>R</b>	<b>R</b>
Mayor's Remuneration	922 159	858 259
Deputy Mayor's Remuneration	733 956	686 607
Speaker's Remuneration	732 416	686 607
Councillors' Remuneration	41 120 784	37 763 078
Telephone Allowances	1 376 481	1 260 748
	<b>44 885 796</b>	<b>41 255 299</b>
<b><i>In-kind Benefits</i></b>		
<p>The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.</p> <p>The Executive Mayor has the use of a Council owned vehicle for official duties driven by a chauffeur employed by the Council.</p> <p>In accordance with the Councillors' remuneration package; the structure has changed to an all-inclusive package, with the exception of a Telephone Allowance.</p>		
<b>28 BAD DEBTS</b>		
Bad debts consists of the following:		
Bad debts expense	190 231 785	242 099 591
Contribution to doubtful debts	20 563 987	-66 550 796
	<b>210 795 772</b>	<b>175 548 795</b>
<b>29 FINANCE CHARGES</b>		
Interest on External Loans	108 623 744	53 914 021
Interest on Government Grants and Creditors	8 724 815	30 511 156
	<b>117 348 559</b>	<b>84 425 177</b>
<b>Refer to Restatement Note 40.8</b>		
<b>30 BULK PURCHASES</b>		
Electricity	1 189 295 864	902 556 864
Water	49 695 065	39 274 972
	<b>1 238 990 929</b>	<b>941 831 836</b>
<b>31 GRANTS AND SUBSIDIES PAID</b>		
Grants in aid	6 299 144	6 656 508
Grants to Entities	76 884 700	82 321 803
Grants to Individuals	264 700 858	162 102 006
Grants to Other Organisations	16 671 084	14 683 530
	<b>364 555 785</b>	<b>265 763 847</b>
<b>Refer Restatement note 40.4</b>		

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	Restated 2009 R
<b>32 CASH GENERATED FROM OPERATIONS</b>		
<b>Surplus for the year</b>	<b>578 394 701</b>	<b>1 040 494 043</b>
Adjustment for:-		
Investment income	-145 883 538	-264 920 284
Contribution to bad debts provision	46 631 793	-64 111 120
Contribution for Obsolete inventory	-978 791	-905 847
Gain on disposal of PPE	-2 130	-5 850
Actuarial Loss	83 385 949	-2 981 000
Loss on disposal of PPE	2 932 733	7 538 422
Gain in Sanlam shares	-228 328	39 471
Revenue - Non cash	0	-24 629 592
Carring value of General Valuation Roll	0	-19 818 530
Depreciation - Property, plant and equipment	510 022 285	404 024 289
Depreciation - Investment Property	8 817 455	-6 927 614
Amortisation	18 369 219	-12 428 495
Interest paid	117 368 936	84 425 177
Contribution to provisions - non-current	193 771 275	22 086 413
Contribution to provisions - current	37 859 187	39 555 425
Loss on Foreign exchange	3 973 498	13 248 072
Impairment Loss	6 719 253	21 587 626
Operating Surplus before working capital changes	<b>1 461 153 498</b>	<b>1 236 270 605</b>
(Increase)/Decrease in Inventory	-2 912 070	-41 140 892
(Increase)/Decrease in debtors	-19 513 808	-64 108 678
(Increase)/Decrease in other debtors	-347 215 295	-25 428 538
(Increase)/Decrease in VAT	-66 178	-30 083 751
(Decrease)/Increase in Unspent conditional grants and receipts	-433 468 143	51 796 979
Increase in Creditors	82 762 524	74 818 283
	<b>740 740 527</b>	<b>1 202 124 009</b>
<b>33 CASH AND CASH EQUIVALENTS</b>		
Short-term Investment Deposits	513 308 667	0
Bank balances and cash	112 751 698	0
Total Cash and Cash Equivalents	<b>626 060 365</b>	<b>0</b>
<b>34 (DECREASE) IN LONG-TERM LOANS (EXTERNAL)</b>		
Loans raised	1 165 000 000	0
Loans repaid	-58 208 522	-56 438 440
	<b>1 106 791 478</b>	<b>-56 438 440</b>
<b>35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>35.1 Contributions to organised local government</b>		
Opening balance	0	0
Council subscriptions	13 234 254	6 329 423
Amount paid - current year	-13 234 254	-6 329 423
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b>35.2 Audit Fees</b>		
<b>Opening balance</b>	<b>0</b>	<b>0</b>
Current year audit fee	6 030 105	5 533 705
Amount paid - current year	-6 030 105	-5 533 705
Amount paid - previous year	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<b>35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>	<b>2010 R</b>	<b>Restated 2009 R</b>
<b>35.3 VAT</b>		
VAT inputs and VAT output are shown in note 18. All VAT returns have been submitted by the due date throughout the year.		
<b>35.4 PAYE and UIF</b>		
<b>Opening balance</b>	<b>12 402 486</b>	<b>11 159 351</b>
Current year payroll deductions	184 441 853	153 330 789
Amount paid - current year	-168 587 572	-140 928 303
Amount paid - previous year	-12 402 486	-11 159 351
<b>Balance unpaid (included in creditors)</b>	<b>15 854 281</b>	<b>12 402 486</b>
<b>35.5 Pension and Medical Aid Deductions</b>		
<b>Opening balance</b>	<b>0</b>	<b>0</b>
Current year payroll deductions and Council Contributions	344 855 079	285 339 428
Amount paid - current year	-344 855 079	-285 339 428
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>
<b>35.6 Skills Development Levy</b>		
<b>Opening balance</b>	<b>742 446</b>	<b>643 125</b>
Current year payroll deductions	10 447 871	8 676 907
Amount paid - current year	-9 540 788	-7 934 461
Amount paid - previous year	-742 446	-643 125
<b>Balance unpaid (included in creditors)</b>	<b>907 083</b>	<b>742 446</b>
<b>OTHER ADDITIONAL DISCLOSURES:</b>		
<b>35.7 Impairment</b>		
Debtors in the amount R6 719 253 have been impaired as it have been outstanding for more than 5 years.		
	<b>6 719 253</b>	<b>21 587 626</b>
No Property, plant and equipment have been impaired as it had been restored to its originally assessed standard of performance		
<b>35.8 Loss on disposal of Property, plant and equipment</b>		
Loss on disposal of property, plant and equipment	<b>2 932 733</b>	<b>7 538 422</b>
The amount of R2 932 733 relates to selling and letting schemes of which ownership has been transferred.		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

36.1 Councillors' arrear consumer accounts

Councillors had arrear accounts outstanding for more than 90 days as at:	R <u>Total</u>	R <u>Outstanding less than 90 days</u>	R <u>Outstanding more than 90 days</u>
<b>30 June 2010</b>			
Councillor I Adams	16	16	0
Councillor H M August	242	232	10
Councillor X S Banga	1 730	1 730	0
Councillor M A Booysen	49	49	0
Councillor R N Captain	1	1	0
Councillor N Du Plessis	12 275	12 275	0
Councillor F V Frans	334	334	0
Councillor P Hermaans	323	323	0
Councillor E Johnson	653	653	0
Councillor SD Madlavu	198	195	3
Councillor M P Makapela	389	389	0
Councillor Z G Makasi	1 578	1 250	328
Councillor M C Makoni	100	100	0
Councillor VR Maqentuka	102	101	1
Councillor ACG Mfunda	494	494	0
Councillor M Mini	334	328	6
Councillor L P Mlonzi	436	428	8
Councillor V E Mzaza	2 496	2 496	0
Councillor TH Ngcolomba	156	156	0
Councillor M Nzotoy	3 148	3 148	0
Councillor M Odayar	794	794	0
Councillor Z J Seale	616	616	0
Councillor J J F Seymore	2 393	2 393	0
Councillor BB Sibengile	17	4	13
Councillor N N Sihlwayi	348	348	0
Councillor NM Sonjuca	349	248	101
Councillor P W Terblanche	81	81	0
Councillor M Von Buchenroder	507	507	0
Councillor ZG Wayile	377	377	0
Councillor BC Williams	228	228	0
	<b>30 763</b>	<b>30 294</b>	<b>469</b>

Councillors had arrear accounts outstanding for more than 90 days as at:	Total	Outstanding less than 90 days	Outstanding more than 90 days
<b>30 June 2009</b>			
Councillor H M August	265	260	5
Councillor X S Banga	731	707	24
Councillor M A Booysen	104	103	1
Councillor D Buti	212	212	0
Councillor P Hermaans	298	292	6
Councillor E Johnson	421	421	0
Councillor MM Kwenaitse	900	900	0
Councillor P B Lonake	934	922	12
Councillor SD Madlavu	177	175	2
Councillor N S Magopeni	143	143	0
Councillor M P Makapela	352	351	1
Councillor Z G Makazi	942	942	0
Councillor A M Mali	1 397	1 386	11
Councillor M M Manentsa	5	5	0
Councillor VR Maqentuka	1 608	90	1 518
Councillor A Meyer	617	617	0
Councillor X E Mgudlandlu	354	354	0
Councillor M Mini	184	182	3
Councillor L P Mlonzi	384	384	0
Councillor V E Mzaza	474	474	0
Councillor TH Ngcolomba	12	12	0
Councillor Z J Qupe	366	366	0
Councillor MC Roberts	16	16	0
Councillor Z J Seale	188	188	0
Councillor J J F Seymore	626	626	0
Councillor BB Sibengile	13	0	13
Councillor N N Sihlwayi	256	256	0
Councillor N E Skweyiya	640	640	0
Councillor NM Sonjuca	107	107	0
Councillor E Trent	782	751	30
Councillor M Von Buchenroder	771	771	0
Councillor TG Vusani	560	550	11
Councillor ZG Wayile	415	415	0
Councillor BC Williams	470	470	0
	<b>15 724</b>	<b>14 088</b>	<b>1 636</b>

Councillors' consumer accounts outstanding for more than 30 days at a particular month-end are deducted from the Councillors' remuneration for the following month.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>	<b>2010</b>	<b>Restated 2009</b>
	<b>R</b>	<b>R</b>
	<b>R</b>	<b>R</b>
<b>36.2 List of Entities and related transactions</b>		
<b>Solely-controlled entities</b>		
All entities are solely controlled by the municipality and have received the following grants.:		
1. Nelson Mandela Bay Development Agency	76 884 700	82 321 803
2. Centenary Hall Promotions		10 558
3. Feathermarket Hall Promotions		116 061
<b>Total</b>	<b><u>76 884 700</u></b>	<b><u>82 448 422</u></b>

In accordance with a Council decision; Centenary Hall Promotions and Feather Market Hall Promotions were absorbed into the Municipality with effect from 1 May 2009.

**Section 57 Employees (See note 26)**

**Other Organisations**

The Organisations have received the following grants:

1. Uitenhage Despatch Development Initiative	4 012 220	8 619 561
2. Nelson Mandela Bay Tourism	12 624 330	14 353 845
<b>Grants to Other Organisations</b>	<b><u>16 636 550</u></b>	<b><u>22 973 406</u></b>

**36.3 Supply Chain Management Policy**

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. The deviations for the 2008/09 financial year are detailed as follows:

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	Restated 2009 R
<b>37 CAPITAL COMMITMENTS</b>		
<b>Approved and contracted for</b>	280 443 860	340 536 659
Infrastructure	266 865 991	340 536 659
Community	12 971 571	
Other	606 298	
<b>Approved but not yet contracted for</b>	1 657 995	77 139 262
Infrastructure	343 211	27 969 515
Community	1 314 784	48 432 164
Heritage		
Other		737 584
<b>Total</b>	<b>282 101 855</b>	<b>417 675 921</b>
<b>This expenditure will be financed from:</b>		
Capital Replacement Reserve	130 339 313	140 693 453
Grants and Subsidies	44 704 682	207 047 078
External Finance Fund	34 722 501	4 700 380
RSC Levies	20 244 775	65 235 010
Consolidated Municipal Infrastructure Programme	52 090 585	
<b>Total</b>	<b>282 101 855</b>	<b>417 675 921</b>
<b>38</b>		
<b>UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term liabilities (See Note 3)	1 549 186 637	442 395 159
Used to Finance property, plant and equipment - at cost	1 549 186 637	442 395 159
Sub-total	0	0
<b>Cash set aside for the repayment of long-term liabilities</b> (See Note 3)	<b>99 272 617</b>	<b>58 208 523</b>
<b>39 FINANCIAL RISK MANAGEMENT</b>		
<b>Interest rate risk</b>		
The Nelson Mandela Bay Municipality is not exposed to interest rate risk on its financial liabilities. All of the Municipality's interest-bearing external loan liabilities, as detailed in Appendix A are fixed interest loans. No interest rate swap agreements have been entered into. The Municipality invests its surplus funds in fixed interest rate deposits with banks for fixed terms not exceeding one year.		
<b>Liquidity risk</b>		
The Nelson Mandela Bay Municipality (NMBM) manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. It was accordingly not necessary to secure standby credit facilities with the NMBM's banker in order to cater for any unexpected temporary shortfall in operating funds.		
The following table details the Municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cashflows of financial liabilities based on the earliest date on which the Municipality can be required to pay. The table includes both estimated interest and principal cashflows.		
<b>Trade payables</b>		
1-3 months	1 344 424 013	991 593 634
> 3 months	100 747 361	68 004 450
<b>Other payables</b>		
1-3 months	144 160 625	112 269 306
> 3 months	56 838 887	53 489 784
<b>Credit risk</b>		
The Nelson Mandela Bay Municipality (NMBM) manages credit risk in its borrowing and investing activities by dealing with only A-rated financial institutions, and by spreading its exposure over a range of such institutions in accordance with its approved Cash Management and Investments Policy. Credit risk relating to consumer debtors is managed in accordance with NMBM's credit control and debt collection policy. The NMBM's credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in Note 16 to the financial statements.		
<b>Fair value interest risk</b>		
The NMBM is exposed to fair value interest rate risk on its external loan liabilities, which are all fixed interest rates. The fair value of financial assets and liabilities are disclosed and compared with their carrying values.		
<b>Currency risk</b>		
The NMBM undertakes certain transactions denominated in foreign currencies, either directly through the import of goods and services, or indirectly through the award of contracts to local importers which are priced in foreign currency.		



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Restated 2009  
R

40 RESTATED PRIOR YEAR COMPARATIVES

Statement of Financial Performance

**40.1 Surplus for the year**

Balance as per audited financial statements 1 019 616 521

**Net effect on surplus**

General expenses (Refer 40.2)	-245 752 179
Grants and subsidies paid (Refer 40.4)	262 419 090
Other Income (Refer 40.7)	2 719 983
Fines (Refer 40.50)	-2 004 825
Contracted Services (Refer 40.3)	-714 895
Finance charges (Refer 40.8)	-13 542
Government Grants and subsidies (Refer 40.6)	4 223 889
	<b>20 877 521</b>

**Restated surplus for 2008/2009**

**1 040 494 042**

**40.2 General expenses**

<b>Balance as per Audited financial statements</b>	<b>833 713 646</b>
Transfer to Grants and subsidies paid	-245 952 858
Transfer to Trade Creditors	-250 000
Transfer from Donations and Public Contributions	-7 121
Transfer from Government Grants Reserve	56 442
	<b>587 560 109</b>

Grants and subsidies in the amount of R245 952 858 have been incorrectly included in General expenses

Provision for Contingent liability in the amount R250 000 have been accrued twice

Office equipment in the amount of R7 121 purchased have been incorrectly charged to Donations and Public Contributions

Office equipment purchased in the amount of R56 442 have been incorrectly charged to Governr Grants Reserve

**40.3 Contracted Services**

<b>Balance as per Audited financial statements</b>	<b>92 486 697</b>
Transfer to Other Income	714 895
	<b>93 201 592</b>

Income in the amount of R714 895 relating to Mandela Bay stadium have been incorrectly included in Contracted services

**40.4 Grants and subsidies paid**

<b>Balance as per Audited financial statements</b>	<b>36 277 220</b>
Transfer to Grants and subsidies paid	245 952 858
Transfer to Output VAT suspense	-16 466 232
	<b>265 763 847</b>

Grants and subsidies in the amount of R245 952 858 have been incorrectly included in General expenses

Vat in the amount of R16 466 232 have incorrectly included in Equitable share grant

**40.5 Fines**

<b>Balance as per Audited financial statements</b>	<b>25 527 952</b>
Transfer from Other Income	2 004 825
	<b>27 532 777</b>

Fines in the amount of R2 004 825 have been incorrectly included in other income

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**40 RESTATED PRIOR YEAR COMPARATIVES (Continued)**

Restated 2009  
R

**40.6 Government Grants and subsidies**

<b>Balance as per Audited financial statements</b>	<b>1 986 206 440</b>
Transfer from Government Grants reserve	4 223 889
	<b><u>1 990 430 329</u></b>

Housing receipts in the amount of R4 223 889 have been incorrectly included in the Government Grant Reserve

**40.7 Other Income**

<b>Balance as per Audited financial statements</b>	<b>187 913 249</b>
Transfer to Fines	-2 004 825
Transfer from Contracted services	714 895
Transfer from Government Grant reserve	263
	<b><u>186 623 583</u></b>

Fines in the amount of R2 004 825 have been incorrectly included in other income

Income in the amount of R714 895 relating to Mandela Bay stadium have been incorrectly included in Contracted services

Income in the amount of R263 have been incorrectly received to Government Grant reserve

**40.8 Finance Charges**

<b>Balance as per Audited financial statements</b>	<b>84 411 635</b>
Transfer from Accumulated Surplus	13 542
	<b><u>84 425 177</u></b>

Finance charges in the amount of R13 542 have been incorrectly included in Donations Accumulated Surplus

**Statement of Financial Position**

**40.9 Accumulated Surplus**

<b>Opening Balance as per audited financial statements</b>	<b>2 443 376 033</b>
Transfer from VAT suspense (Refer 40.10)	44 413 313
Transfer to Capital Replacement Reserve (Refer 40.12)	-206 505 680
Transfer from Capital Replacement Reserve (Refer 40.12)	925 124 421
Transfer to Finance Charges (Refer 40.8)	13 542
<b>Restated Opening Balance</b>	<b><u>3 206 421 629</u></b>

**40.10 Vat suspense**

<b>Balance as per Audited financial statements</b>	<b>120 850 192</b>
<b>Output VAT suspense</b>	
Transfer from Grants and Subsidies	-16 466 232
Transfer from Accumulated Profit	-44 413 313
<b>Input VAT suspense</b>	
Transfer from Trade Creditors	0
	<b><u>59 970 647</u></b>

Vat in the amount of R16 466 232 and R44 413 313 have incorrectly included in Equitable share grant

Creditors in the amount of R17 385 454 have been incorrectly processed to the VAT

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**40.11 Creditors**

<b>Balance as per Audited financial statements</b>	<b>1 207 941 578</b>
Transfer from Input Vat Suspense	17 385 454
Transfer to General expenses	-250 000
Transfer from Donations and Public Contributions	280 142
	<u><u>1 225 357 174</u></u>

Creditors in the amount of R17 385 454 have been incorrectly processed to the VAT

Provision for Contingent liability in the amount R250 000 have been accrued twice

Refunds in the amount of R280 142 to Creditors have been incorrectly included with Donations and Public Contributions

**40.12 Capital Replacement Reserve**

<b>Balance as per Audited financial statements</b>	<b>1 006 273 377</b>
Transfer to Accumulated Surplus	-925 124 421
Transfer from Accumulated Surplus	206 505 680
	<u><u>287 654 636</u></u>

Contributions and funding of property, plant and equipment in the amount of R925 124 421 and R206 505 680 have been incorrectly processed between Capital replacement reserve and Accumulated Surplus.

**40.13 Government Grant Reserve**

<b>Balance as per Audited financial statements</b>	<b>2 828 955 747</b>
Transfer to Other Income	-263
Transfer to General expenses	56 442
Transfer to Government Grants and subsidies	-4 223 889
	<u><u>2 824 788 037</u></u>

Income in the amount of R263 have been incorrectly received to Government Grant reserve

Housing receipts in the amount of R4 223 889 have been incorrectly included in the Government Grant Reserve

Office equipment purchased in the amount of R56 442 have been incorrectly charged to Govern Grants Reserve

**40.14 Donations and Public Contributions Reserve**

<b>Balance as per Audited financial statements</b>	<b>206 375 197</b>
Transfer to Creditors	-280 142
Transfer to General expenses	-7 121
	<u><u>206 087 934</u></u>

Office equipment in the amount of R7 121 purchased have been incorrectly charged to Donations and Public Contributions

Refunds in the amount of R280 142 to Creditors have been incorrectly included with Donations and Public Contributions

**41 CHANGE IN ACCOUNTING POLICY**

During the year ended 30 June 2010 , management have decided to use the benchmark treatment for Borrowing costs: GRAP 5 as it was considered to be impracticable to allocate finance charges to a number of capital projects.

As borrowing costs have always been expensed, therefore no adjustment was necessary in the financial statements.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

2010

Restated 2009

**42 CHANGE IN ACCOUNTING ESTIMATE**

A condition assessment are annually done on property, plant and equipment, which indicates whether the useful life of the assets have increased or decreased and as a result of this condition assessment some assets useful has either increased or decreased and therefore the depreciation charge have now change.

It is considered impracticable to disclose the amount of the effect of the change in useful lives as the accounting system was set-up to calculate the value of the depreciation taking into account the remaining useful life as if the asset always had the amended useful life. Accordingly the total depreciation/ amortisation expense of R537 208 958 includes depreciation on the current useful lives and the change in useful lives of the assets.

**43 OPERATING LEASE COMMITMENTS****NMBMM as Lessee****Future minimum lease payments under non-cancellable operating leases:****Buildings**

	<b>12 241 565</b>	<b>4 550 132</b>
Payable within one year	5 271 651	2 041 927
Payable within two to five years	6 969 914	2 507 245
Payable after 5 years	0	960

**Photocopier, fax machines and other equipment**

	<b>855 196</b>	<b>2 284 719</b>
Payable within one year	584 517	1 577 379
Payable within two to five years	270 679	707 340
Payable after 5 years	0	0

**Motor vehicles**

	<b>0</b>	<b>186 594</b>
Payable within one year	0	186 594
Payable within two to five years	0	0
Payable after 5 years	0	0

**13 096 761****7 021 445****NMBMM as Lessor**

At statement of financial performance date, NMBMM has contracted with tenants for the following minimum lease payments:

**Land**

	<b>15 840 000</b>	<b>16 320 000</b>
Receivable within one year	480 000	480 000
Receivable within two to five years	1 920 000	1 920 000
Receivable after 5 years	13 440 000	13 920 000

**Buildings**

	<b>620 800</b>	<b>867 644</b>
Receivable within one year	271 528	246 844
Receivable within two to five years	349 230	620 757
Receivable after 5 years	42	43

**16 460 800****17 187 644**

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	Restated 2009 R
<b>44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
Opening Balance	5 784 178	4 239 828
Irregular Expenditure current year	0	1 544 350
Approved by Council		
Transfer to receivables for recovery		
<b>Closing Balance</b>	<b>5 784 178</b>	<b>5 784 178</b>
<b>Incident/ Disciplinary steps / Criminal Proceedings</b>		
<b>44.1 Relocation of families to sites</b>		
Irregular payment for the relocation of families to sites. No actions taken as investigations are still in progress.	1 366 230	1 366 230
<b>44.2 Supply chain management policy not followed</b>		
Supply chain management policy not followed in procurement of services. The Official concerned received a final written warning. The Expenditure was deemed unauthorised but not fruitless and wasteful.	39 615	39 615
<b>44.3 Ekard sales</b>		
Ekard sales totalling R500 000 have not been disclosed in the operating budget for 2006/2007 as the income was either collected and not banked, or was not received at all. The case was reported to the SA Police for further investigation (refer CAS 547/01/2007). The services of the employee in question was terminated.	500 000	500 000
<b>44.4 Unauthorised requisitioning of stock</b>		
Printer cartridges (held as stock items in municipal stores) to the value of approximately R1.938 million have been withdrawn on the basis of fraudulently completed requisitions. This amount was charged to the operating budget resulting in overexpenditure on the vote. The official was summarily suspended awaiting a disciplinary hearing. The case was reported to the SA Police for further investigation (refer CAS 190/05/2007).	1 938 750	1 938 750

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)	2010	Restated 2009
	R	R
<b>44.6 Theft of Municipal goods through irregular amendments to requisitions</b>		
Municipal officials altered requisitions after submission to the Stores and Purchasing Section. The case was reported to the SA Police for further investigation (refer CAS 12/10/2008).	59 218	59 218
<b>44.7 Allegations of exorbitant payment for emptying of digester tanks in Colchester</b>		
Allegations that emptying of digester tanks for the low cost housing development section in Colchester were emptied at an unrealistic cost to the municipality. It was alleged that the tender process was not followed and that the contractor charged for work not performed.	336 015	336 015
<b>44.8 Irregular expenditure incurred regarding the provision of catering services at the funeral of the late P. Ngingi</b>		
Municipal Official authorised catering services which was incurred in vain, relevant to council business. Disciplinary action was instituted against the official concerned and he was ordered to repay the amount in question.	44 350	44 350
<b>44.9 Alleged irregularities in creditors and Supply Chain Management</b>		
Payments were made for services not rendered and goods received advices signed by officials beyond their scope of authority. One official was dismissed, the sanction against 2 others being awaiting and disciplinary steps against two more in progress. Criminal case was reported to Commercial Crime Unit.	1 500 000	1 500 000

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>45 CONTINGENT LIABILITIES</b>	<b>2010 R</b>	<b>2009 R</b>
<b><u>Possible Contingent liabilities:</u></b>		
Guarantees by Council in respect of general and commercial	493 260	536 392
<b>(a) Linton Projects</b> The claim arises out of a dispute surrounding the sale of Council owned land.	0	385 808
<b>(b) Swartkops Seesout</b> The claim arises out of an alleged Sewer spillage into the salt pans	7 157 829	7 157 829
<b>(c) Amadisi Construction</b> The claim arises out of a dispute between a housing contractor and the Municipality over the termination of a housing contract due to the continuous failure of the claimant to comply with his obligations under the contract to timeously completing the work. On the initial arbitration the NMBM was succesful in dismissing the claimants claim. The claimant has not taken futher steps in the matter.	10 342 465	10 342 465
<b>(d) S E Van Zyl</b> The claim arises out of damage to the Claimant's vehicle allegedly caused by swerving to avoid a Municipal Traffic officer overtaking an overloaded truck.	651 369	651 369
<b>(e) H E Davids</b> The claim arises out of the Municipality allegedly failing to inform Sanlam timeously of the Claimant's prospective or potential medical boarding resulting in the alleged repudiation of his claim against Sanlam for permanent and total disability benefits.	241 680	241 680
<b>(f) D Pook</b> The claim arises out of injuries sustained in an alleged fall on a pavement.	499 000	499 000
<b>(g) B W Morgan</b> The claim arises out of injuries sustained in an alleged fall into an open manhole.	61 608	61 608
<b>(h) M. Smith</b> The claim arises from the Municipality allegedly burying (plaintiffs' father) after it was exhumed for DNA testing.	400 000	400 000
<b>(i) J. Ruiters</b> The claim arises as a result of municipal vehicle being involved in an accident with the plaintiff's vehicle.	45 000	45 000
<b>(j) E Barnard</b> The claim arises from an alledged fall over an indentation formed on a pavement.	20 000	100 000
<b>(k) C Swarts</b> The claim arises from an alledged fall into a sewerage hole.	15 000	52 008
<b>(l) C Du Plessis</b> The claim arises as a result of a motor cycle accident allegedly caused by the motor cycle skiding on the loose gravel on the road surface.	50 000	100 000

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

<b>45 CONTINGENT LIABILITIES - (continued)</b>	<b>2010 R</b>	<b>2009 R</b>
<b>(m) Tommy Lamont</b> The claim is against various defendants for past and future hospital expenses, loss of income and general damages for shock, pain and suffering and loss of the amenities of life. The defendants have applied to join the Municipality as a third party and claim that in the event of the court holding them liable to the plaintiff, that they are entitled to a contribution from the Municipality.	4 585 604	4 585 604
<b>(n) Mlungisi Nelson Kulati</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	10 458	10 458
<b>(o) A Humphreys</b> The claim arises out of injuries sustained by the claimant's minor child arising from the fact that the child allegedly came into contact with an exposed live electrical conductor.	10 000	10 000
<b>(p) N Cenga</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	342 138	342 138
<b>(q) The Minister Of Correctional Services</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	17 421	17 421
<b>(r) Imperial car rental</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	82 830	82 830
<b>(s) Sala Pension Fund i.r.o. G.P. Mnyaka</b> This is a claim for monies paid by SALA to the deceased's dependants. It is alleged that the Municipality failed to advise the underwriter timeously of the employee's death and as a result, the underwriter repudiated the dependant's claim.	54 148	54 148
<b>(t) Sala Pension Fund i.r.o. S.E. Makhanda</b> This is a claim for monies paid by SALA to the deceased dependants. It is alleged that the Municipality failed to advise the underwriter timeously of the employee's death and as a result, the underwriter repudiated the dependant's claim.	289 381	289 381



**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>45 CONTINGENT LIABILITIES - (continued)</b>		
<b>(u) Blue Horizon Bay</b>		
This represents an opinion furnished on possible claims arising out of flood damages to property and expropriation of land.	4 000 000	4 000 000
<b>(v) Mayberry</b>		
The claim arises as a result of non-compliance with contract specifications relating to the construction of roads.	992 000	992 000
<b>(w) Dumisa Design and Advertising</b>		
The claim arises as a result of damages suffered by Dumisa Design and Advertising due to an alleged breach of contract by the Municipality..	56 651	56 651
<b>(x) Grundlingh</b>		
The claim arises as a result of alleged non-compliance with the conditions of subdivision pertaining to roads.	447 500	447 500
<b>(y) Algoa Bus</b>		
The claim arises as result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	19 878	19 878
<b>(z) Nothalaza</b>		
The claim arises as a result of Mr Nothalaza, an NMBM employee, who lost control of a NMBM truck he was driving hitting 2 pedestrians, an electric pole and damaging immovable property situated in Uitenhage.	197 871	197 871
<b>(aa) A du Plessis</b>		
The claim arises from injuries sustained in an alleged fall into a hole in the road.	350 000	60 000
<b>(bb) SALA</b>		
The claim arises as a result of the SALA Pension Fund instituting legal action against the NMBM for increased contributions.	17 414 525	17 070 696
<b>(cc) Heck</b>		
The claim arises as a result of a dispute regarding the job description and salary entitlement upon the retirement of the employee.	1 200 000	1 200 000
<b>(dd) Hendricks</b>		
The claim arises as a result of injuries sustained by a minor child due to an alleged collapse of a jungle-gym on a municipal playground.	3 541 600	3 541 600
<b>(ee) JM Meiring</b>		
The claim arises from damages to property as a result of an electrical overload	26 996	
<b>(ff) E. Haasbroek</b>		
The claim arises as a result of damages caused to the plaintiff's property by a burst water pipe.	652 000	
<b>(gg) T. Meyer</b>		
The claim arises from damages in respect of bodily injuries allegedly suffered by the Plaintiff's minor child when a metal plate fell from an electrical housing fell onto the minor's left foot.	25 000	
<b>(hh) A. Von Werkhoven</b>		
The claim arises from damages in respect of bodily injuries allegedly sustained by the plaintiff, whilst walking she stepped and fell into an open drain / manhole.	15 000	
<b>(ii) C. Laubscher</b>		
The claim arises from damages in respect of bodily injuries sustained by the plaintiff, whilst walking she stepped and fell into an open manhole.	30 000	

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>45 CONTINGENT LIABILITIES - (continued)</b>		
<b>(jj) West South House CC</b>		
The claim arises from damages caused by a burst water pipe resulting in extensive damage to the plaintiff's private property.	100 000	
<b>(kk) P R Smit</b>		
The claim arises as the plaintiff alleges that she has tripped over 2 metal spikes whilst walking on Municipality property.	339 871	
<b>(ll) Algoa Bus Company</b>		
The claim arises from damages allegedly caused to the plaintiff surface of the plaintiff's bus parking yard as a result of a water leak from the Municipality main water supply.	137 497	
<b>(mm) Telkom</b>		
The claim arises from allegations that an employee or employees under the control of Municipality and who were acting in the course and scope of their employment damaged a underground telecommunication cable.	8 442	
<b>(nn) Telkom</b>		
The claim arises from allegations that an employee or employees under the control of Municipality and who were acting in the course and scope of their employment damaged a underground telecommunication cable.	8 510	
<b>(oo) Telkom</b>		
The claim arises from allegations that an employee or employees under the control of Municipality and who were acting in the course and scope of their employment damaged a underground telecommunication cable.	4 929	
<b>(pp) Telkom</b>		
The claim arises from allegations that an employee or employees under the control of Municipality and who were acting in the course and scope of their employment damaged a underground telecommunication cable.	50 370	
<b>(qq) Telkom</b>		
The claim arises from allegations that an employee or employees under the control of Municipality and who were acting in the course and scope of their employment damaged a underground telecommunication cable.	24 774	
<b>(rr) Telkom</b>		
The claim arises from allegations that an employee or employees under the control of Municipality and who were acting in the course and scope of their employment damaged a underground telecommunication cable.	12 079	
<b>(ss) E.V. Botha</b>		
The claim arises from alleged damages to property as a result of an electrical overload.	15 355	
<b>(tt) E.Uithaler</b>		
The claim arises from labour related matter.	250 000	
<b>(uu) Cape Joint Pension Fund</b>		
This represents an opinion in relation to a claim by the Cape Joint pension fund against the municipality for increased pension contributions.	8 000 000	
	<b>57 308 461</b>	<b>53 386 334</b>

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>45 CONTINGENT LIABILITIES - (continued)</b>		
<b><u>Probable contingent liabilities - Provided for under Current Provisions - see Note 5</u></b>		
<b>(vv) X.C. Zimemo</b> The claim arises out of injuries sustained by the Claimant's minor son arising from the fact that he allegedly came into contact with an exposed live electrical conductor.	1 616 000	1 616 000
<b>(ww) J &amp; C Sampson</b> This is a claim against the Municipality and Police for alleged failure to display any prominent warnings signs on the flooded road the Plaintiff was traveling. It is alleged that as a result of the Municipality failure, the Plaintiff who was four (4) months pregnant at the time was trapped in the floodwaters and as a result lost her unborn baby.	300 000	1 000 000
<b>(xx) N. Grundling</b> This claim arises from an alleged assault and defamation by a municipal employee.	30 000	30 000
<b>(yy) V. Matroos</b> The claim arises as a result of the Plaintiff suing the municipality for an alleged unlawful arrest.	62 385	62 385
<b>(zz) RL Judd</b> The claim arises out of injuries sustained in alleged fall over a raised and cracked portion of a sidewalk.	100 000	10 000
<b>(aaa) Hasty-Tasty Frozen Foods</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	15 000	20 000
<b>(bbb) B Mdyogolo</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	15 000	100 000
<b>(ccc) VE Manyane</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	15 000	20 000
<b>(ddd) AMF</b> The claim arises as a result of an alleged breach of contract.	2 000 000	2 000 000
<b>(eee) Winston Malgas</b> The claim arises as a result of the Plaintiff suing the municipality for an alleged unlawful arrest.	62 660	62 660
<b>(fff) Telkom</b> The claim arises as a result of damage allegedly caused to Telkom's underground cables.	15 660	15 660
<b>(ggg) MJ Strydom</b> The claim arises out of injuries sustained in an alleged fall into an open manhole.	75 000	75 000
<b>(hhh) TA Vikiva</b> The claim arises as a result of injuries sustained by a minor child due to playing on a merry-go-round belonging to the NMBM.	59 837	59 837
<b>(iii) HS Prinsloo</b> The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	32 399	32 399
<b>(jjj) Z.L. Bouwer</b> The claim arises out of injuries sustained in alleged fall into an open fire hydrant.	67 000	67 000
<b>(kkk) M.C. Kobese</b> The claim arises out of injuries sustained in an alleged fall into an open fire hydrant.	90 000	70 000
<b>(lll) E. Hills</b> The claim arises out of injuries sustained in an alleged fall into an open manhole.	200 000	379 850
<b>(mmm) E. Lottering</b> The claim arises out of injuries sustained by the Claimant's minor son arising from the fact that he allegedly came into contact with an exposed live electrical conductor.	100 000	100 000

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>45 CONTINGENT LIABILITIES - (continued)</b>		
<b>(nnn) R. Parker</b>	15 000	
The claim arises as a result of a motor vehicle collision, the plaintiff is alleging that the Municipal driver was the sole cause of the collision		
<b>(ooo) M. Schmidt</b>	50 000	
The claim arises from an unlawful assaulted by a traffic officer who was acting within the course and scope of his employment.		
<b>(ppp) H.W. Terblanche</b>	6 500	
The claim arises as a result of a motor vehicle collision, the plaintiff is alleging that the Municipal driver was the sole cause of the collision.		
<b>(qqq) S.S. Sani</b>	30 000	
The claim arises from damages as a result of personal injuries sustained by the plaintiff when he stepped onto a drain cover and fell into the open drain.		
<b>(rrr) P. Ryan</b>	50 000	
The claim arises from an unlawful and wrongful arrested and detention by municipal officers who were acting within the course & scope of their employment.		
<b>(sss) G. Du preez</b>	10 000	
The claim arises from damages iro of bodily injuries sustained by the plaintiff, when she stepped & fell into an open manhole.		
<b>(ttt) D. Jita</b>	15 000	
The claim arises as a result of a motor vehicle collision, the plaintiff is alleging that the municipal driver was the sole cause of the collision.		
<b>(uuu) D. F. Mathee</b>	100 000	
The claim arises as a result of injuries sustained by the plaintiff when he was allegedly assaulted by traffic officers who were acting within the course and scope of their employment.		
<b>(vvv) M.N. Qwabe</b>	26 455	
The claim arises as a result of a motor vehicle collision, plaintiff is alleging that the Municipal driver was the sole cause of the collision.		
<b>(www) K. Westraad</b>	11 730	
The claim arises as a result of a motor vehicle collision, the plaintiff is alleging that the municipal driver was the sole cause of the collision.		
<b>(xxx) G. Volstruis</b>	58 850	
The claim arises as a result of injuries sustained by the plaintiff when he was allegedly assaulted by traffic officers who were acting within the course and scope of their employment.		
<b>(yyy) E. Gouveia</b>	12 000	
The claim arises as a result of a motor vehicle collision, the plaintiff is alleging that the Municipal driver was the sole cause of the collision.		
<b>(zzz) D. Adams</b>	53 070	
The claim arises as a result of injuries sustained by the plaintiff when he was allegedly assaulted by traffic officers who were acting within the course and scope of their employment.		
<b>(aaaa) R.S. Smith</b>	10 600	
The claim arises as a result of damages to the plaintiff's motor vehicle as a result of a failure by the municipal officials to remove slurry/ tar primer from the road surface on the free way or failing to put warning signs.		
	<b>5 307 155</b>	<b>5 722 799</b>

**46 EVENTS - STIL UNDER INVESTIGATION**

**Investigation into allegations made against the Municipal Manager:**

On 23 July 2009, the Council resolved to establish an investigating team to investigate certain allegations against the Municipal Manager relating to the administration of service delivery and other related matters. The allegations include the following:

- irregular conduct;
- unauthorised expenditure;
- fruitless and wasteful expenditure;
- non-disclosure of business interests; and
- poor work performance; and
- land sales.

The Council also resolved that the Municipal Manager take special leave with full pay up to 10 September 2009 or such further date to be Furthermore the investigation into the allegations against the Municipal Manager has not yet been concluded.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**  
**47. Information on Post Retirement Benefits**

The total liability in respect of post-retirement benefits amounts to R947.958 million as at 30 June 2010 (2009: R734.185 million). Provision for R947.958 million has been made (non-current R913.119 million, current R34.839 million). It is expected that approximately 3.7% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumptions below.

**Sensitivity analysis on the unfunded accrued liability (R millions)**

Assumption	Change	In-service	Continuation	Total	% change	RM CHANGE
<b>Sensitivity Analysis on the Accrued Liability (R millions)</b>						
Central Assumptions		480.944	467.014	947.958		
Health care inflation	1%	576.798	517.710	1 094.508	15%	146.55
	-1%	404.418	353.022	827.956	-13%	-120.00
Post-retirement mortality	-1 yr	495.858	483.786	979.644	3%	31.69
Average retirement age	-1 yr	519.114	467.014	986.128	4%	38.17
Withdrawal Rate	-50%	515.108	467.014	982.122	4%	34.16

**Post-retirement pension benefits**

An actuarial valuation as at 30 June 2010 has been performed of the Entity's unfunded liability in respect of revenue pension benefits to eligible employees and retirees of the Nelson Mandela Bay Municipality. The unfunded liability in respect of past service has been estimated at R16.361 million, of which R14.314 million relates to the non-current portion. It is expected that approximately 12.5% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumptions below.

**Sensitivity analysis on the unfunded accrued liability (R)**

Assumption and change	Test	Liability	% change	R change
<b>Sensitivity Analysis on the Unfunded Accrued Liability</b>				
Central Assumptions		16 361 068		
Inflation	+1%	17 546 700	7%	1 185 632
	-1%	15 299 811	-6%	-1 061 257
Post-retirement mortality	-1 yr	15 873 194	-3%	-487 874
<b>Sensitivity Analysis on the Interest Cost for the year ending 30/06/2010</b>				
Central Assumptions		1 692 181		
Inflation	+1%	1 762 631	4%	70 450
	-1%	1 625 704	-4%	-66 477
Post-retirement mortality	-1 yr	1 743 371	3%	51 190
<b>Sensitivity Analysis on the Interest Cost for the year ending 30/06/2011</b>				
Central Assumptions		1 249 488		
Inflation	+1%	1 345 952	8%	96 464
	-1%	1 163 144	-7%	-86 344
Post-retirement mortality	-1 yr	1 209 795	-3%	-39 693

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
47. Information on Post Retirement Benefits (continued)**

**RETIREMENT BENEFIT INFORMATION**

The Nelson Mandela Bay Municipality makes provision for post-retirement benefits to employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, and include both defined benefit and defined contribution schemes. Contribution of R 137.758 million (R2009: R 114.095 million) to the defined benefit and defined contribution structures are expensed as incurred during the year under review.

The Nelson Mandela Bay Municipality has adopted IAS 19 paragraph 30 for multi-employer plans as sufficient information was not available to use defined-benefit accounting. The Municipality has therefore accounted for the plan as a defined contribution plan. It is impracticable to disclose as a defined benefit plan because the fund does not determine a separate actuarial valuation per Municipality but does it as a whole for all the Municipalities together.

These schemes are subject to an annual actuarial valuation, as set out hereunder.

**DEFINED BENEFIT SCHEMES**

**CAPE JOINT PENSION FUND**

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is 27% (9% by the members and 18% by their councils). The fund was certified by the actuary as being in a sound financial condition as at 30 June 2008. The valuation disclosed an actuarial surplus of R182.7 million, and was funded 106.5%

**SALA PENSION FUND**

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is 26.67% (8.6% by the members and 18.07% by their councils). This defined benefit plan, is financially sound, and was 96% funded as at 30 June 2009

**DEFINED CONTRIBUTION SCHEMES**

**CAPE RETIREMENT FUND**

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund as being in a sound financial position as at 30 June 2008. The Pensions Account reflected a funding level of 112.2% as at 30 June 2008.

**SALA CONTRIBUTION FUND**

The SALA Contribution Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and their councils (18.07%) is sufficient to fund the benefits accruing from the Fund in the future.

**SOUTH AFRICAN MUNICIPAL WORKERS UNION (SAMWU) NATIONAL PROVIDENT FUND**

The SAMWU National Provident Fund is a defined contribution scheme. The last actuarial valuation of the Fund was performed at 30 June 2005, and certified it as being in a financially sound position. The 30 June 2008 report is not available yet - the Financial Services Board has set an extended deadline of 31 March 2010 for the finalisation of the report. The contribution rate paid by the members (7.5%) and their councils (18%) is sufficient to fund the benefits accruing from the Fund in the future.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
 47. Information on Post Retirement Benefits (continued)

DEFINED BENEFIT AND DEFINED CONTRIBUTION SCHEMES

EX-GRATIA PENSION BENEFITS FUND

General description of the type of plan

The Ex-gratia pension benefits scheme operates as pensions that are being paid from the Council's revenue i.e. they are not funded or paid from one of the Employer's formalised pension arrangements. Pensions increase annually each January at the same rate of increase targeted by the Cape Joint Pension Fund, which currently stands at 50% of CPI. The last actuarial valuation was performed at 30 June 2010. The next valuation is due by 30 June 2011.

Membership

	Female	Male	Total
Membership 30 June 2010	75	122	197

Reconciliation of opening and closing accrued liability values as well as best estimate of benefits payments expected in the next annual period

	30/06/2010	30/06/2011	30/06/2012	30/06/2013
<b>Opening Accrued Liability</b>	<b>21 033 819</b>	<b>16 361 068</b>	<b>15 563 135</b>	<b>14 684 251</b>
Current-service Cost	0	0	0	0
Interest Cost	1 692 181	1 249 488	1 183 953	
Benefit Payments	-1 988 062	-2 047 421	-2 062 837	
Total Annual Expense	-295 881	-797 933	-878 884	
Actuarial Loss / (Gain)	-4 376 870			
<b>Closing Accrued Liability</b>	<b>16 361 067</b>	<b>15 563 134</b>	<b>14 684 251</b>	

Analysis of accrued liability

Category	Total
Total Past Service liability	16 361 068
Value of assets	0
<b>Unfunded liability / (asset)</b>	<b>16 361 068</b>

Reconciliation of accrued liability and that reflected in the balance sheet; Expense items recognised in Profit and Loss; Recognition in a Statement of Recognised Income and Expense

Balance Sheet Figures

Balance Sheet	Year ending 30/06/2010	Year ending 30/06/2011
Fair Value of Plan Assets	0	0
Accrued Liability	16 361 068	15 563 135
<b>Unfunded Accrued Liability</b>	<b>16 361 068</b>	<b>15 563 135</b>
Unrecognised Transitional Liability	0	0
Unrecognised Actuarial Gains/(Losses)	149 525	0
Unrecognised Past Service Costs	0	0
Miscellaneous Item	0	0
<b>Net Liability in Balance Sheet</b>	<b>16 510 593</b>	<b>15 563 135</b>





## Reconciling and Projecting the Unfunded Accrued Liability

<b>Unfunded Accrued Liability</b>	<b>Year ending 30/06/2010</b>	<b>Year ending 30/06/2011</b>
Opening Balance	21 033 819	16 361 068
Current Service Cost	0	0
Interest Cost	1 692 181	1 249 488
Expected Return on Plan Assets	0	0
<b>Actuarial (Gain)/Loss</b>	<b>-4 376 870</b>	<b>0</b>
Past Service Cost	0	0
Effect of Curtailment/Settlement	0	0
<b>Expected Employer Benefit Payments</b>	<b>-1 988 062</b>	<b>-2 047 421</b>
Employer Prefunding Contributions	0	0
<b>Closing Balance</b>	<b>16 361 068</b>	<b>15 563 135</b>
<b>Projected Accrued Liability</b>	<b>20 737 938</b>	<b>15 563 135</b>

**Plan asset characteristics, including proportions in each major asset category and expected rates of return**

Not applicable as there are no planned assets

**Principal assumptions used as at the balance sheet date**

<b>Key financial assumptions</b>	<b>Value p.a.</b>
Discount rate	8.14%
Future inflation rate	5.16%
Pension increase rate	2.58%
Net effective discount rate	5.42%
It was assumed that next salary increase will take place in January 2009	
<b>Key demographic assumptions</b>	<b>Value</b>
Mortality in Retirement	PA90 Ultimate - 1 year of age
Age of female spouse	4 years younger

**Discount Rate:** IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 8.14% per annum has been used. This rate does not reflect any adjustment for taxation.

**Consumer Price Inflation:** This assumption is not used explicitly, but is used to guide some of the other assumptions. The expected inflation assumption of 5.16% was obtained from the differential between index-linked bonds (2.35%) and nominal bonds (8.14%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50). Therefore determined as follows:  $(8.14\% - 0.5\% - 2.35\%) / 1.0235$ .

**Post-retirement discount rate:** The assumption reflects the expectation of future increases to pensions currently in payment.

**Post-retirement Mortality:** PA(90) ultimate table, adjusted down by one year of age.

**Family Profile (retirees):** It has been assumed that in-service husbands will be four years older than their wives.

**Other assumptions:** Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the Employer's ex-gratia pension benefit liability.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
 47. Information on Post Retirement Benefits (continued)

Sensitivity of valuation results to changes in main assumptions

Assumption and change	Test	Liability	% change
<b>Sensitivity Analysis on the Unfunded Accrued Liability</b>			
Central Assumptions		16 361 068	
Inflation	+1%	17 546 700	7%
	-1%	15 299 811	-6%
Post-retirement mortality	-1 yr	15 873 194	-3%
<b>Sensitivity Analysis on the Current Service and Interest Costs for the year ending 30/06/2010</b>			
Central Assumptions		1 692 181	
Inflation	+1%	1 762 631	4%
	-1%	1 625 704	-4%
Post-retirement mortality	-1 yr	1 743 371	3%
<b>Sensitivity Analysis on the Current Service and Interest Costs for the year ending 30/06/2011</b>			
Central Assumptions		1 249 488	
Inflation	+1%	1 345 952	8%
	-1%	1 163 144	-7%
Post-retirement mortality	-1 yr	1 209 795	-3%

Liabilities and experience adjustments for current and previous four annual periods

**Comparison with Previous Valuation**

**Introduction**

The most recent valuation of the Municipality's Unfunded ex-Gratia Liability was undertaken as at 30 June 2010.

This section compares the figures between the valuation dates and summarises the primary reasons for the changes in the liability since the last valuation.

**Comparison of Vital Statistics**

Comparison of Eligible Retirees

Retirees	30/06/2009	30/06/2010
Number of Pensioners	201	197
Average Annual Pension	R 9 891	R 10 393
Pension Weighted Average Age	67.2	67.4

**Comparison of Valuation Assumptions**

Category	30/06/2009	30/06/2010
Discount Rate	8.44%	8.14%
Pension Increase Rate	2.71%	2.58%
Post Retirement Interest Rate	5.59%	5.42%
Mortality in Retirement	PA (90) - 1 year	

**Comparison of Liability Results**

	30/06/2009	30/06/2010	Impact
Total Unfunded Liability	21 033 819	16 361 068	-22%
Average Liability per Retiree	104 646	83 051	-21%

**Reasons for the Movement in the Liability:**

The average liability has decreased by 21%. The decrease is mainly due to a different interpretation of the pension policy in previous valuations. It was previously assumed that widowers of deceased female ex employees would receive a pension. The average liability has further reduced due to a slight increase in the average age, offset by an increase in the average annual pension and a decrease in the post retirement interest rate.

The total liability has decreased by 22% (or R4,672,751) due to the above and because the number of ex-gratia pensioners has decreased.

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**47. Information on Post Retirement Benefits (continued)**

**Actuarial Gains and Losses**

<b>Actuarial (Gain)/Loss</b>	<b>-4 376 870</b>
Contribution to Actuarial Gain:	
Basis Changes	208 126
Pension increases higher than assumed	259 693
Change in the assumed pension policy	-5 085 404
Change to membership profile, different fro	240 715

**POST-EMPLOYMENT HEALTH CARE BENEFITS**

The Nelson Mandela Bay Municipality recognises past service of employees and retired employees, and provides for the actuarially determined present value of post retirement medical aid employer contributions on an accrual basis, using the projected unit credit method.

**General description of the type of plan**

The Employer offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme. Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income. In-service and continuation members belonging to the LA Health Medical Scheme are entitled to a post-employment Employer subsidy of 70% of their medical contribution payable. In-service and continuation members belonging to any other medical scheme are entitled to a 60% post-employment subsidy. All employees' contributions are capped at a maximum amount of R3,092.55 per principal member. This maximum amount applies to the year beginning 1 July 2010. On the death-in-service or death-in retirement of an eligible principal member, the surviving dependants will continue to receive the same subsidy percentage. Child dependants a

**The members of medical aid schemes entitled to a post-employment medical scheme subsidy at 30 June were as follows:**

<b>Member category</b>	<b>No. of members</b>
In-service (employee) members	4 990
In-service (employee) non-members	1 507
Continuation (retiree and widow) members	1 460
<b>Total</b>	<b>7 957</b>

**Reconciliation of opening and closing accrued liability values as well as best estimate of benefits payments expected in the next annual period**

	Year ending 30/06/2010	Year ending 30/06/2011	Year ending 30/06/2012
<b>Opening Accrued Liability</b>	<b>705 645 715</b>	<b>20 737 938</b>	<b>20 361 015</b>
Current-service Cost	23 080 429	24 464 721	26 679 285
Interest Cost	75 027 419	65 082 107	70 269 065
Benefit Payments	-28 297 536	-31 095 048	-33 446 862
<b>Total Annual Expense</b>	<b>69 810 312</b>	<b>58 451 779</b>	<b>63 501 488</b>
Actuarial Loss / (Gain)	-41 270 566		
<b>Closing Accrued Liability</b>	<b>734 185 460</b>	<b>792 637 239</b>	<b>856 138 727</b>

**The Unfunded Liability in respect of past services:**

Category of Members	2009/06/30	2010/06/30
In-service members	352	480 944
Continuation members	382	467 014
<b>Total liability</b>	<b>734</b>	<b>947 958</b>
Value of assets	0	0
<b>Unfunded liability</b>	<b>734</b>	<b>947 958</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
 47. Information on Post Retirement Benefits (continued)

**Current Service and Interest Costs**

Category of Member	Year ending 30/06/2010	Year ending 30/06/2011
In-Service Employees (Current Service Cost)	24 464 700	34 670 400
All Eligible Individuals (Interest Cost)	65 082 100	85 745 900

**Reconciliation of opening and closing plan assets fair values**

Not applicable as there are no plan assets.

**Reconciling and Projecting the Unfunded Accrued Liability (Rand Millions)**

Unfunded Accrued Liability	Year ending 30/06/2010	Year ending 30/06/2011
Opening Balance	734.185	947.958
Current-service Cost	24.465	34.670
Interest Cost	65.082	85.746
Expected Return on Plan Assets	0	0
<b>Actuarial (Gain)/Loss</b>	<b>155.321</b>	<b>0</b>
Past-service Cost	0.000	0
Effect of Curtailment/Settlement	0.000	0
<b>Expected Employer Benefit Payments</b>	<b>-31.095</b>	<b>-34.839</b>
Employer Prefunding Contributions	0	0
<b>Closing Balance</b>	<b>947.958</b>	<b>1 033.535</b>
<b>Projected Accrued Liability</b>	<b>792.637</b>	<b>1 033.535</b>

**Net Liability to reflect in the Balance Sheet (Rand Millions)**

Net Liability in Balance Sheet	Year ending 30/06/2010	Year ending 30/06/2011
Opening Balance	722.136	864.273
Current-service Cost	24.465	34.670
Interest Cost	65.082	85.746
Expected Return on Plan Assets	0	0
Transitional Liability Recognised	0	0
Actuarial (Gain)/loss Recognised in P&L	83.685	83.685
Past-service Cost Recognised	0	0
Effect of Curtailment/Settlement	0	0
<b>Net Periodic Cost Recognised in P&amp;L</b>	<b>173.232</b>	<b>204.101</b>
Expected Employer Benefit Payments	-31	-35
Employer Prefunding Contributions	0	0
Transitional Liability Recognised outside P&L	0	0
Actuarial (Gain)/Loss Recognised outside P&L	0	0
<b>Closing Balance</b>	<b>864.273</b>	<b>1 033.535</b>

**Recognition in a Statement of Recognised Income and Expense**

**Plan asset characteristics, including proportions in each major asset category and expected rates of return**

Not applicable as there are no plan assets

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
 47. Information on Post Retirement Benefits (continued)

**Principal assumptions used as at the balance sheet date**

Key financial assumptions		Value p.a.	
Discount rate		9.21%	
Health care inflation rate		7.24%	
Net effective discount rate		1.84%	
the next contribution rate increase is assumed to occur at 1 January 2011.			
<b>Key demographic assumptions</b>			
		Value	
Average retirement age		62	
Continuation of membership at retirement		100%	
Proportion assumed married at retirement		90%	
Proportion of eligible current non-member employees joining the scheme by retirement		50%	
Mortality during employment		SA85-90	
Mortality post-retirement		PA90-1 ultimate	
Withdrawal from service (sample annual rates)	Age	Females	Males
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>55	0%	0%

**Discount Rate:** IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 9.21% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2010. This rate does not reflect any adjustment for taxation.

**Health Care Cost Inflation Rate:** This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective. A health care cost inflation rate of 7.24% has been assumed. This is 1.75% in excess of expected CPI inflation over the expected term of the liability, namely 5.49%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.84% which derives from  $(9.21\% - 7.24\%) / 1.0724$ .

The expected inflation assumption of 5.49% was obtained from the differential between index-linked bonds (3.06%) and nominal bonds (9.21%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows:  $(9.21\% - 0.5\% - 3.06\%) / 1.0306$

The next contribution increase was assumed to occur with effect from 1 January 2011

**Replacement ratio:** This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 75% was assumed.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
 47. Information on Post Retirement Benefits (continued)

Demographics are required to estimate the changing profile of current employees and retirees who are eligible for post-employment benefits.

**Pre-retirement Mortality:** SA85-90 ultimate table, adjusted for female lives.

**Post-retirement Mortality:** PA(90) ultimate table, adjusted down by one year of age

**Withdrawal from Service:** If an in-service member leaves, the employer's liability in respect of that member ceases. It is therefore important not to overstate withdrawal rates.

**Average retirement Age:** The normal retirement age of employees is 65. It has been assumed that all in-service members will retire at age 62, which then allows for expected rates of early and ill-health retirement

**Continuation of Membership:** It is assumed that 100% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

**Proportion of current eligible non-members on a medical aid scheme at retirement:**

It has been assumed that 50% of current eligible in-service non-members will be on a medical aid scheme at retirement (should they not exit employment before then).

**Family Profile (retirees):** It is assumed that 90% of in-service members who remain on the Municipality's health care arrangements will be married at retirement. Further, it has been assumed that in-service husbands will be four years older than their wives. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

**Other assumptions:**

Management has indicated that there are currently no long-term assets set aside off-balance sheet in respect of the Employer's ex-gratia pension benefit liability. The health care arrangements and subsidy policy will not change

The level of benefits receivable and the contributions payable in respect of such will remain unchanged with the exception of allowing for inflationary adjustments. The current levels of cross-subsidy from in-service members to continuation members within the medical scheme are sustainable and will continue.

**Sensitivity of valuation results to changes in main assumptions:**

Assumption	Change	In-service	Continuation	Total	% change
<b>Sensitivity Analysis on the Accrued Liability (R millions)</b>					
Central Assumptions		480.944	467.014	947.958	
Health care inflation	1%	576.798	517.710	1 094.508	15%
	-1%	404.418	423.538	827.956	-13%
Post-retirement mortality	-1 yr	495.858	483.786	979.644	3%
Average retirement age	-1 yr	519.114	467.014	986.128	4%
Withdrawal Rate	-50%	515.108	467.014	982.122	4%
<b>Sensitivity Analysis on the Current-service and interest Costs for the year ending 30/06/2010</b>					
Central Assumptions		24 464 700	65 082 100	89 546 800	
Health care inflation	1%	30 062 600	74 801 900	104 864 500	17%
	-1%	20 104 800	57 111 400	77 216 200	-14%
Post-retirement mortality	-1 yr	25 225 600	67 589 900	92 815 500	4%
Average retirement age	-1 yr	25 791 700	67 603 400	93 395 100	4%
Withdrawal Rate	-50%	27 457 100	67 751 800	95 208 900	6%
<b>Sensitivity Analysis on the Current-service and interest Costs for the year ending 30/06/2011</b>					
Central Assumptions		34 670 400	85 745 900	120 416 300	
Health care inflation	1%	42 236 400	99 244 500	141 480 900	17%
	-1%	28 734 800	74 692 700	103 427 500	-14%
Post-retirement mortality	-1 yr	35 698 200	88 664 500	124 362 700	3%

Average retirement age	-1 yr	36 285 100	89 261 700	125 546 800	4%
Withdrawal Rate	-50%	38 511 700	88 892 700	127 404 400	6%



NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

48. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

Liabilities and experience adjustments for current and previous four annual periods

History of liabilities and assets (R millions)

	2002/07/01	2007/06/30	2008/06/30	2009/06/30	2010/06/30
Present value of accrued liability	625.731	746.025	705.646	734.185	947.958
Fair value of plan asset	0	625.731	0	0	0
Surplus / (Deficit)	-625.731	-120.294	-705.646	-734.185	-947.958

History of experience adjustments: Gains and losses (R millions)

Experience Adjustments	Year Ending 01/07/2002	Year Ending 30/06/2007	Year Ending 30/06/2008	Year Ending 30/06/2009	Year Ending 30/06/2010
Liabilities: (Gain) / Loss	Unknown	Unknown	-99.406	-59.916	154.539
Assets: Gain / (Loss)	0	0	0	0	0

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
<b>Carry Value 1 July 2009</b>						
Cost	2 238 483 069	6 130 122 974	594 754 256	70 445 143	634 951 079	9 668 756 521
Transfers/Adjustments	214 493 516	(33 765 785)	(155 773 367)	(4 105 323)	(38 268 706)	(17 419 665)
Disposal (639 536)			(9 886 975)		(1 628 286)	(12 154 797)
Accumulated Depreciation (144 682 570)		(1 900 232 014)	(83 721 783)	-	(250 530 806)	(2 379 167 173)
	<b>2 307 654 479</b>	<b>4 196 125 175</b>	<b>345 372 131</b>	<b>66 339 820</b>	<b>344 523 281</b>	<b>7 260 014 886</b>
<b>Movement during year ended 30 June 2010</b>						
Acquisition	68 284 470	1 510 477 188	237 061 601	36 213 159	191 257 810	2 043 294 228
Capital Under Construction			6 819 317			6 819 317
Cost Adjustments (294 753 049)		70 122 923	274 603 962	8 529 737		58 503 573
Depreciation Adjustment 66 092 382		(6 731 721)	(56 482 337)	2 327 800		5 206 124
Depreciation (9 937 661)		(513 156 149)	14 209 761	(2 327 800)	(3 466 036)	(514 677 885)
	<b>(170 313 858)</b>	<b>1 060 712 241</b>	<b>476 212 304</b>	<b>44 742 896</b>	<b>187 791 774</b>	<b>1 599 145 357</b>
<b>Carry Value of Disposals during year ended 30 June 2010</b>						
Cost			(1 067 147)		(3 360 151)	(4 427 298)
Depreciation			392 495		1 102 070	1 494 565
	<b>-</b>	<b>-</b>	<b>(674 652)</b>	<b>-</b>	<b>(2 258 081)</b>	<b>(2 932 733)</b>
<b>Carrying Values at 30 June 2010</b>	<b>2 137 340 621</b>	<b>5 256 837 416</b>	<b>820 909 783</b>	<b>111 082 716</b>	<b>530 056 974</b>	<b>8 856 227 510</b>
<b>Summary - Carrying Values at 30 June 2010</b>						
Summary - Cost	2 225 868 470	7 676 957 300	946 511 647	111 082 716	782 951 746	11 743 371 879
Summary - Accumulated Depreciation (88 527 849)		(2 420 119 884)	(125 601 864)	-	(252 894 772)	(2 887 144 369)
	<b>2 137 340 621</b>	<b>5 256 837 416</b>	<b>820 909 783</b>	<b>111 082 716</b>	<b>530 056 974</b>	<b>8 856 227 510</b>

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

49. INTANGIBLE ASSETS RECONCILIATION

Reconciliation of Carrying Value	Intangible Assets
<b>Carry Value 1 July 2009</b>	
Cost	421 463 371
Transfers/Adjustments	(91 024 379)
Disposal	-
Accumulated Amortisation	(5 465 421)
	<b>324 973 571</b>
<b>Movement during year ended 30 June 2010</b>	
Acquisition	98 047 320
Adjustment	-
Amortisation	(8 817 455)
	<b>89 229 865</b>
<b>Carry Value of Disposals during year ended 30 June 2010</b>	
Cost	-
Depreciation	-
	<b>-</b>
<b>Carrying Values at 30 June 2010</b>	<b>414 203 436</b>
<b>Summary - Carrying Values at 30 June 2010</b>	
Summary - Cost	428 486 312
Summary - Accumulated Depreciation	(14 282 876)
	<b>414 203 436</b>

50. Investment Property Reconciliation

Reconciliation of Carrying Value	Investment Property
<b>Carry Value 1 July 2009</b>	
Cost	1 858 793 920
Transfers/Adjustments	6 927 614
Disposal	-
Accumulated Depreciation	-
	<b>1 865 721 534</b>
<b>Movement during year ended 30 June 2010</b>	
Acquisition	125 131 300
Transfers/Adjustments	4 155 342
Depreciation Adjustment	(550 524)
Depreciation	(18 369 219)
	<b>110 366 899</b>
<b>Carry Value of Disposals during year ended 30 June 2010</b>	
Cost	-
Depreciation	-
	<b>-</b>
<b>Carrying Values at 30 June 2010</b>	<b>1 976 088 433</b>

Summary - Carrying Values at 30 June 2010	
Summary - Cost	1 995 008 176
Summary - Accumulated Depreciation	(18 919 743)
	<b>1 976 088 433</b>

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**51. FINANCIAL INSTRUMENTS**

Financial instruments are classified into the following categories:

Financial assets: Loans and receivables

Financial liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities are assumed.

	2010			2009		
	Loans and receivables R	Non financial assets R	Total R	Loans and receivables R	Non financial assets R	Total R
<b>ASSETS</b>						
Property, Plant and Equipment		8 856 227 510	8 856 227 510		7 260 014 886	7 260 014 886
Intangible Assets		414 203 436	414 203 436		324 973 571	324 973 571
Investment Property		1 976 088 433	1 976 088 433		1 865 721 534	1 865 721 534
Investments	20 000		20 000	14 328 579		14 328 579
Long-term Receivables	80 528 948		80 528 948	93 972 149		93 972 149
Inventory	135 119 127		135 119 127	131 228 266		131 228 266
Consumer debtors - Exchange Transactions	727 909 053		727 909 053	726 623 095		726 623 095
Consumer debtors - Non-exchange Transactions	0	112 434 795	112 434 795		140 838 738	140 838 738
Other Debtors	518 060 620		518 060 620	173 895 534		173 895 534
VAT	57 178 765		57 178 765	57 112 587		57 112 587
VAT Suspense		33 241 321	33 241 321			
Current portion of long-term receivables	33 590		33 590	647 306		647 306
Short-term investment deposits	513 308 667		513 308 667	784 876 744		784 876 744
Bank balances and cash	112 751 698		112 751 698	95 383 202		95 383 202
	<b>2 144 910 468</b>	<b>11 392 195 495</b>	<b>13 537 105 963</b>	<b>2 078 067 462</b>	<b>9 591 548 728</b>	<b>11 669 616 190</b>

	Measured at amortised cost			Measured at amortised cost		
	cost R	Non financial liabilities R	Total R	cost R	Non financial liabilities R	Total R
<b>LIABILITIES</b>						
Long-term Liabilities	1 459 787 232		1 459 787 232	393 471 794		393 471 794
Non-current Provisions		1 073 289 318	1 073 289 318		836 794 971	836 794 971
Consumer deposits	79 624 337		79 624 337	77 114 708		77 114 708
Current Provisions		41 348 976	41 348 976		43 397 788	43 397 788
Creditors	1 646 170 886		1 646 170 886	1 225 357 174		1 225 357 174
Unspent Conditional Grants and Receipts	212 655 035		212 655 035	646 123 178		646 123 178
VAT Suspense		0	0		42 585 193	42 585 193
Current Portion of Long-term Liabilities	99 272 617		99 272 617	58 208 523		58 208 523
	<b>3 497 510 107</b>	<b>1 114 638 294</b>	<b>4 612 148 401</b>	<b>2 400 275 377</b>	<b>922 777 952</b>	<b>3 323 053 329</b>

Net Assets		8 924 957 562	8 924 957 562		8 346 562 860	8 346 562 860
	<b>-1 352 599 638</b>	<b>1 352 599 638</b>	<b>0</b>	<b>-322 207 915</b>	<b>322 207 915</b>	<b>0</b>

**Loans and receivables at amortised cost**

**Opening balance**  
*Net other movements*  
**Closing balance**

**2010**

2 078 067 462  
66 843 006  
**2 144 910 468**

**Financial liabilities at amortised cost**

**Opening balance**  
*Net other movements*  
**Closing balance**

2 400 275 377  
1 097 234 730  
**3 497 510 107**

## APPENDIX A

## NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30JUNE 2010

<b>EXTERNAL LOANS</b>							
Local Registered Stock							
<b>LOAN NO.</b>	<b>INTEREST RATE %</b>	<b>YEAR</b>	<b>DATE REPAYABLE</b>	<b>BALANCE AT 30 June 2009 R</b>	<b>RECEIVED DURING THE YEAR R</b>	<b>REPAID DURING THE YEAR R</b>	<b>BALANCE AT 30 June 2010 R</b>
1	16.90%	2000	2011/06/30	8 000 000	0	0	<b>8 000 000</b>
279	16.40%	2000	2009/09/26	8 000 000	0	8 000 000	<b>0</b>
				<b>16 000 000</b>	<b>0</b>	<b>8 000 000</b>	<b>8 000 000</b>
Development Bank of Southern Africa				171 395 157	0	20 208 522	<b>151 186 635</b>
Amalgamated Banks of South Africa				255 000 000	0	30 000 000	<b>225 000 000</b>
Development Bank of Southern Africa				0	420 000 000		<b>420 000 000</b>
Nedbank				0	745 000 000		<b>745 000 000</b>
				<b>442 395 157</b>	<b>1 165 000 000</b>	<b>58 208 522</b>	<b>1 549 186 635</b>

APPENDIX B												
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2010												
	COST						ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals	Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	
<b>Land &amp; Buildings</b>												
Buildings	637 541 385	(294 753 049)	68 284 470			411 072 806	144 682 570	(66 092 382)	9 937 661		88 527 849	322 544 957
Land	1 814 795 664	-	-			1 814 795 664					-	1 814 795 664
	<b>2 452 337 049.00</b>	<b>(294 753 049)</b>	<b>68 284 470</b>	-	-	<b>2 225 868 470</b>	<b>144 682 570</b>	<b>-66 092 382</b>	<b>9 937 661.00</b>	-	<b>88 527 849.00</b>	<b>2 137 340 621</b>
<b>Infrastructure Assets</b>												
Roads, Sidewalks & Stormwater Networks	2 492 629 902	51 702 317	817 789 409			3 362 121 628	532 749 626	189 232	462 739 476		995 678 334	2 366 443 294
Beach Developments	30 247 731	-	16 044 121			46 291 852	13 098 199		(7 049 720)		6 048 479	40 243 373
Electricity Supply Network	1 613 532 372	2 626 140	235 516 413			1 851 674 925	644 428 050	(189 214)	(98 696 231)		545 542 605	1 306 132 320
Fencing	16 424 629	-	532 744			16 957 373	6 787 406		1 797 483		8 584 889	8 372 484
Sewer Network & Purification Work	1 060 784 042	(292 365)	152 364 259			1 212 855 936	514 613 169		21 340 801		535 953 970	676 901 966
Waste Disposal Facilities	15 198 499	12 389 672	7 771 207			35 359 373	13 239 031	6 731 723	(19 419 606)		551 148	34 808 230
Water Supply & Reticulation	638 234 162	3 697 159	159 289 292			801 220 613	102 764 625	(20)	162 601 502		265 366 107	535 854 506
Dams & Treatment Works	229 305 852	-	121 169 743			350 475 595	72 551 908		(10 157 556)		62 394 352	288 081 243
	<b>6 096 357 189</b>	<b>70 122 923</b>	<b>1 510 477 188</b>	-	-	<b>7 676 957 300</b>	<b>1 900 232 014</b>	<b>6 731 721</b>	<b>513 156 149.00</b>	-	<b>2 420 119 884</b>	<b>5 256 837 416</b>
<b>Community Assets</b>												
Libraries	40 199 981	8 990 978	8 349 616			57 540 575	4 300 160	4 954 240	(1 919 180)		7 335 220	50 205 355
Fire Stations	9 137 254	33 203 383	3 728 039			46 068 676	3 731 347	8 463 893	(5 566 181)		6 629 059	39 439 617
Cemeteries	23 817 227	9 133 022	2 202 960			35 153 209		2 572 104	(112 448)		2 459 656	32 693 553
Clinics	59 746 922	1 122 785	29 965 926			90 835 633	7 805 028	281 821	3 358 748		11 445 597	79 390 036
Community Centres	69 248 987	53 618 604	18 489 260			141 356 851	19 515 849	14 016 907	(8 712 662)		24 820 094	116 536 757
Public Conveniences	4 833 809	531 319				5 365 128	1 885 000		61 485		1 946 485	3 418 643
Swimming Pools	35 037 024	2 712 990	15 561 303	6 819 317		60 130 634	14 775 678	766 060	(8 372 494)		7 169 244	52 961 390
Recreational Facilities	104 923 433	165 290 881	158 764 497			428 978 811	6 059 266	25 427 312	4 552 061		36 038 639	392 940 172
Selling & Letting Schemes	82 149 277				1 067 147	81 082 130	25 649 455	-	2 500 910	392 495	27 757 870	53 324 260
	<b>429 093 914</b>	<b>274 603 962</b>	<b>237 061 601</b>	<b>6 819 317.00</b>	<b>1 067 147</b>	<b>946 511 647</b>	<b>83 721 783</b>	<b>56 482 337</b>	<b>-14 209 761.00</b>	<b>392 495</b>	<b>125 601 864</b>	<b>820 909 783</b>
<b>Heritage Assets</b>												
Memorials & Statues	-	3 064 761	-			3 064 761		(17 743)	17 743		-	3 064 761
Heritage Assets	-	58 430 543	32 535 204			90 965 747			-		-	90 965 747
Museums	58 430 543	(52 965 567)	1 318 018			6 782 994		2 345 543	(2 345 543)		-	6 782 994
Art Works	7 909 277	-	2 359 937			10 269 214					-	10 269 214
	<b>66 339 820</b>	<b>8 529 737</b>	<b>36 213 159</b>	-	-	<b>111 082 716</b>	-	<b>2 327 800</b>	<b>(2 327 800)</b>	-	-	<b>111 082 716</b>
<b>Other Assets</b>												
Bins & Containers	1 402 424		179 780			1 582 204	286 478		188 290		474 768	1 107 436
Vehicles & Plant	285 029 965		143 030 302		378 305	427 681 962	133 987 871		(8 799 623)	293 020	124 895 228	302 786 734
Office Furniture & Fittings	174 621 898		37 650 139		1 630 358	210 641 679	84 578 576	9 382 957.00	16 921 564	185 297	110 697 800	99 943 879
Tip Sites	91 612 980		94 485			91 707 465	22 294 924		(14 599 976)		7 694 948	84 012 517
Computer Hardware	42 386 820		10 303 104		1 351 488	51 338 436	9 382 957	(9 382 957)	9 755 781	623 753	9 132 028	42 206 408
	<b>595 054 087</b>	-	<b>191 257 810</b>	-	<b>3 360 151</b>	<b>782 951 746</b>	<b>250 530 806</b>	-	<b>3 466 036</b>	<b>1 102 070</b>	<b>252 894 772</b>	<b>530 056 974</b>
	<b>9 639 182 059</b>	<b>58 503 573</b>	<b>2 043 294 228</b>	<b>6 819 317</b>	<b>4 427 298</b>	<b>11 743 371 879</b>	<b>2 379 167 173</b>	<b>-550 524</b>	<b>510 022 285</b>	<b>1 494 565</b>	<b>2 887 144 369</b>	<b>8 856 227 510</b>

APPENDIX B												
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2010												
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals	Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	Carrying Value
<b>Intangible</b>												
Computer Software	330 368 992		98 047 320	-	-	428 416 312	5 437 421		8 803 455	-	14 240 876	414 175 436
Website Development	70 000					70 000	28 000	-	14 000		42 000	28 000
	<b>330 438 992</b>	<b>-</b>	<b>98 047 320</b>	<b>-</b>	<b>-</b>	<b>428 486 312</b>	<b>5 465 421</b>	<b>-</b>	<b>8 817 455</b>	<b>-</b>	<b>14 282 876</b>	<b>414 203 436</b>
APPENDIX B												
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2010												
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals	Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	Carrying Value
<b>Investment Property</b>												
Investment Property	1 865 721 534	4 155 342	125 131 300	-	-	1 995 008 176	-	550 524	18 369 219	-	18 919 743	1 976 088 433
	<b>1 865 721 534</b>	<b>4 155 342</b>	<b>125 131 300</b>	<b>-</b>	<b>-</b>	<b>1 995 008 176</b>	<b>-</b>	<b>550 524</b>	<b>18 369 219</b>	<b>-</b>	<b>18 919 743</b>	<b>1 976 088 433</b>
	11 835 342 585	62 658 915	2 266 472 848	6 819 317	4 427 298	14 166 866 367	2 384 632 594	-	537 208 959	1 494 565	2 920 346 988	11 246 519 379

**APPENDIX B(1)**  
**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
<b>Carry Value 1 July 2009</b>						
Cost	2 238 483 069	6 130 122 974	594 754 256	70 445 143	634 951 079	9 668 756 521
Transfers/Adjustments	214 493 516	(33 765 785)	(155 773 367)	(4 105 323)	(38 268 706)	(17 419 665)
Disposal	(639 536)		(9 886 975)		(1 628 286)	(12 154 797)
Accumulated Depreciation	(144 682 570)	(1 900 232 014)	(83 721 783)	-	(250 530 806)	(2 379 167 173)
	<b>2 307 654 479</b>	<b>4 196 125 175</b>	<b>345 372 131</b>	<b>66 339 820</b>	<b>344 523 281</b>	<b>7 260 014 886</b>
	-					
<b>Movement during year ended 30 June 2010</b>						
Aquisition	68 284 470	1 510 477 188	237 061 601	36 213 159	191 257 810	2 043 294 228
Capital Under Construction			6 819 317			6 819 317
Cost Adjustments	(294 753 049)	70 122 923	274 603 962	8 529 737		58 503 573
Depreciation Adjustment	66 092 382	(6 731 721)	(56 482 337)	2 327 800		5 206 124
Depreciation	(9 937 661)	(513 156 149)	14 209 761	(2 327 800)	(3 466 036)	(514 677 885)
	<b>(170 313 858)</b>	<b>1 060 712 241</b>	<b>476 212 304</b>	<b>44 742 896</b>	<b>187 791 774</b>	<b>1 599 145 357</b>
<b>Carry Value of Disposals during year ended 30 June 2010</b>						
Cost			(1 067 147)		(3 360 151)	(4 427 298)
Depreciation			392 495		1 102 070	1 494 565
	-	-	<b>(674 652)</b>	-	<b>(2 258 081)</b>	<b>(2 932 733)</b>
<b>Carrying Values at 30 June 2010</b>	<b>2 137 340 621</b>	<b>5 256 837 416</b>	<b>820 909 783</b>	<b>111 082 716</b>	<b>530 056 974</b>	<b>8 856 227 510</b>
<b>Summary - Carrying Values at 30 June 2010</b>						
Summary - Cost	2 225 868 470	7 676 957 300	946 511 647	111 082 716	782 951 746	11 743 371 879
Summary - Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(125 601 864)	-	(252 894 772)	(2 887 144 369)
	<b>2 137 340 621</b>	<b>5 256 837 416</b>	<b>820 909 783</b>	<b>111 082 716</b>	<b>530 056 974</b>	<b>8 856 227 510</b>



**APPENDIX B(2)**  
**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**RECONCILIATION OF CARRYING VALUE OF INTANGIBLE ASSETS AS AT 30 JUNE 2010**

Reconciliation of Carrying Value	Intangible Assets
<b>Carry Value 1 July 2009</b>	
Cost	421 463 371
Transfers/Adjustments	(91 024 379)
Disposal	-
Accumulated Amortisation	(5 465 421)
	<b>324 973 571</b>
<b>Movement during year ended 30 June 2010</b>	
Aquisition	98 047 320
Adjustment	-
Amortisation	(8 817 455)
	<b>89 229 865</b>
<b>Carry Value of Disposals during year ended 30 June 2010</b>	
Cost	
Depreciation	-
	<b>414 203 436</b>
<b>Carrying Values at 30 June 2010</b>	
<b>Summary - Carrying Values at 30 June 2010</b>	
Summary - Cost	428 486 312
Summary - Accumulated Depreciation	(14 282 876)
	<b>414 203 436</b>

**APPENDIX B(3)**  
**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**RECONCILIATION OF CARRYING VALUE OF INVESTMENT PROPERTY AS AT 30 JUNE 2010**

Reconciliation of Carrying Value	Investment Property
<b>Carry Value 1 July 2009</b>	
Cost	1 858 793 920
Transfers/Adjustments	6 927 614
Disposal	-
Accumulated Depreciation	-
	<b>1 865 721 534</b>
<b>Movement during year ended 30 June 2010</b>	
Aquisition	125 131 300
Transfers/Adjustments	4 155 342
Depreciation Adjustment	(550 524)
Depreciation	(18 369 219)
	<b>110 366 899</b>
<b>Carry Value of Disposals during year ended 30 June 2010</b>	
Cost	-
Depreciation	-
	-
<b>Carrying Values at 30 June 2010</b>	<b>1 976 088 433</b>
<b>Summary - Carrying Values at 30 June 2010</b>	
Summary - Cost	1 995 008 176
Summary - Accumulated Depreciation	(18 919 743)
	<b>1 976 088 433</b>



**APPENDIX D**  
**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010**

2009	Actual	2009	Actual	2009	Surplus/ (Deficit)		2010	Actual	2010	Actual	2010	Surplus/ (Deficit)
	Income		Expenditure				Income			Expenditure		
	545 116 714		173 873 655		371 243 059	Executive and Council		244 043 431		322 204 198		(78 160 767)
	1 415 969 134		649 470 057		766 499 077	Finance and Admin		1 337 558 174		873 632 950		463 925 224
	82 444 462		121 893 516		(39 449 054)	Health		92 749 977		212 136 361		(119 386 384)
	197 679 082		273 159 983		(75 480 901)	Housing and Land		400 956 191		429 291 587		(28 335 396)
	55 466 029		272 495 693		(217 029 664)	Safety and Security		51 426 779		270 446 850		(219 020 071)
	26 152 832		189 673 423		(163 520 591)	Recreation and Cultural Services		41 624 590		134 176 608		(92 552 018)
	17 964 235		133 971 539		(116 007 304)	Environmental Services		25 486 029		233 156 247		(207 670 218)
	185 534 394		252 429 041		(66 894 647)	Waste Management		188 663 657		439 312 769		(250 649 112)
	250 628 692		211 197 740		39 430 952	Infrastructure and Engineering		724 663 208		273 778 998		450 884 210
	525 467 056		377 978 898		147 488 158	Water		638 152 072		522 289 151		115 862 921
	1 583 008 520		1 277 044 504		305 964 016	Electricity and Energy		1 933 101 991		1 480 635 815		452 466 176
	68 112 294		84 916 926		(16 804 632)	Economic Development, Tourism and Agriculture		119 415 160		152 927 396		(33 512 236)
	12 667 525		7 764 364		4 903 161	Market		13 680 927		8 540 800		5 140 127
	355 943 967		255 791 554		100 152 413	Sanitation		375 518 000		256 115 755		119 402 245
	<u>5 322 154 936</u>		<u>4 281 660 893</u>		<u>1 040 494 043</u>	<b>Total</b>		<u>6 187 040 186</u>		<u>5 608 645 485</u>		<u>578 394 701</u>

**Appendix E1**  
**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010**

	2010 Actual (R'000)	2010 Budget (R'000)	2010 Variance (R'000)	2010 Variance (%)	Explanations of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property rates	756 499	774 525	( 18 026)	-2	
Service charges	2 556 422	2 566 235	( 9 813)	0	
Rental of Facilities and equipment	15 547	18 417	( 2 870)	-16	
Interest earned - external investments	63 121	185 926	( 122 805)	-66	
Interest earned - outstanding debtors	82 762	114 121	( 31 359)	-27	
Fines	23 415	50 384	( 26 969)	-54	Due to the ad hoc nature of this income, accurate income projections are not possible.
Licenses and Permits	8 242	7 828	414	5	Due to the ad hoc nature of this income, accurate income projections are not possible.
Income for Agency Services	1 220	1 107	113	10	
Government grants and subsidies	2 448 468	1 398 577	1 049 891	75	
Other income	231 342	162 450	68 892	42	
Gains on disposal of property, plant and equipment	2	7	( 5) 0	-71	Less PPE disposed of than initially anticipated.
<b>Total Revenue</b>	<b>6 187 040</b>	<b>5 279 577</b>	<b>907 463</b>		
<b>EXPENDITURE</b>					
Employee related costs	1 615 993	1 479 386	136 607	9	
Remuneration of Councilors	44 886	46 311	( 1 425)	-3	
Bad debts	210 796	44 839	165 957	370	Increased bad debt write-offs due to escalating outstanding debtors.
Collection costs	2 758	3 448	( 690)	-20	
Depreciation - Property, plant & Equipment	510 022	451 991	58 031	13	
Depreciation - Investment Property	18 369	0	18 369		
Amortisation	8 817	0	8 817		
Repairs and maintenance	407 408	446 190	( 38 782)	-9	
Finance charges	117 369	162 371	( 45 002)	-28	The planned raising of certain loans was not concluded by year end.
Bulk purchases	1 238 991	1 234 408	4 583	0	
Contracted Services	147 177	86 213	60 964	71	
Impairment	6 719	0	6 719		
Loss on Foreign Exchange Transaction	3 973	0	3 973		
Grants and subsidies paid	364 556	102 032	262 524	257	
General expenses	907 879	1 127 155	( 219 276)	-19	Funds allocated for Housing Top Structures, less than initially anticipated.
Loss on disposal of PPE	2 932	0	2 932	-100	During the compilation of the Budget it was not certain of which assets the NMBM will dispose off.
<b>Total Expenditure</b>	<b>5 608 645</b>	<b>5 184 344</b>	<b>424 301</b>		

APPENDIX E(2)  
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010

	2009/10 Original Budget	Additions / Under Construction	Variance	% Variance of Original Budget	Explanation of Variances greater than 10 %
Infrastructure & Engineering - Roads & Storm water	1 082 252 000	976 761 074	105 490 926	10	
Housing & Land	18 000 000	79 531 221	(61 531 221)	-342	The Budget was adjusted to accommodate for Construction of civil services for Top Structures funded by Provincial government as projects are approved during the financial year
Economic Development & Recreational Services	218 027 870	214 808 331	3 219 539	1	
Safety & Security	92 179 420	88 928 898	3 250 522	4	
Budget & Treasury	42 200 000	51 396 006	(9 196 006)	-22	The Budget was adjusted to accommodate the acquisition of essential Computer Hardware upgrades for the increased capacity requirements of the metro's servers.
Public Health	91 286 060	81 242 413	10 043 647	11	
Corporate Services	49 250 000	46 471 277	2 778 723	6	
Sanitation Service	188 749 000	131 949 590	56 799 410	30	The late approval of Environmental Impact Assessments has delayed major projects to the 2011 Financial year. The budget has been amended accordingly.
Water Service	240 780 480	215 412 376	25 368 104	11	
Municipal Manager	28 765 360	141 600 250	(112 834 890)	-392	The Budget was adjusted for the Additional Grants received from National Government for the Construction of the Nelson Mandela Bay stadium.
Special Projects & Programmes	46 482 510	21 119 023	25 363 487	55	Late approval of final business plans for Helenvale Urban Renewal Projects has delayed implementation to the 2011 Financial year. The Budget has been amended accordingly.
Chief Operating Officer	6 000 000	6 198 628	(198 628)	-3	
Electricity & Energy	235 482 050	217 874 296	17 607 754	7	
	<b>2 339 454 750</b>	<b>2 273 293 384</b>	<b>66 161 366</b>	<b>3</b>	

**APPENDIX F**  
**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2010**

Name of Grants	Name of Organ of State	Quarterly Receipts				Total Funds Received	Quarterly Expenditure				Total Spent	Reasons for Delay	Did Municipality comply with grant conditions
		July-Sept	Oct-Dec	Jan- Mar	April-June		July-Sept	Oct-Dec	Jan- Mar	April-June			
Financial Management Grant	NT	750 000	0	0	0	750 000	86 041	310 679	464 224	326 734	1 187 678	N / A	Yes
National Electrification Programme	DME	0	0	0	0	0	2 086 277	3 247 969	0	1 557 229	6 891 475	N / A	Yes
Municipal Infrastructure Grant	DPLG	80 777 492	0	37 771 072	37 467 436	156 016 000	15 900 443	52 409 221	42 753 538	131 641 435	242 704 637	N / A	Yes
World Cup Soccer (Construction of Stadia)	NT	0	0	37 526 051	95 105 648	132 631 699	13 723 115	84 087 609	8 573 920	25 364 554	131 749 198	N / A	Yes
2010 Host City Operating Grant	NT	0	0	22 600 000	20 500 000	43 100 000	5 253 388	2 350 465	1 653 403	45 636 276	54 893 532	N / A	Yes
World Cup Soccer (Transport or PTIF)	NT	0	0	125 000 000	22 078 000	147 078 000	23 766 465	167 453 491	109 419 666	226 201 331	526 840 953	N / A	Yes
Neighbourhood Development Partnership Grant	NT	8 000 081	0	10 000 000	13 499 918	31 499 999	3 236 628	4 763 453	8 245 650	26 851 896	43 097 627	N / A	Yes
Neighbourhood Development Grant - Technical Assistance	NT	0	0	3 100 000	0	3 100 000	0	0	0	3 429 147	3 429 147	N / A	Yes
Energy Efficiency & Demand Side Management Grant	NT	0	15 000 000	0	15 000 000	30 000 000	0	0	0	8 717 560	8 717 560	N / A	Yes

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**36.3 Supply Chain Management Policy**

**SCHEDULE FOR RECORDING DEVIATION FROM NORMAL PROCUREMENT PROCESS FOR SUBMISSION TO COUNCIL AS REQUIRED  
IN TERMS OF REGULATION 36 OF THE SUPPLY CHAIN MANAGEMENT POLICY**

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
1.	Installation and maintenance of surveillance cameras – drivers' licence testing centre, Uitenhage.	R 36 252	Boxless Innovations	1 June 2009	The Traffic and Licensing Sub-directorate became aware of irregularities at the Drivers' Licence testing Centre in Uitenhage. On investigation by the Safety and Security Directorate it became clear that suspicious activities were taking place and the installation of surveillance cameras was accordingly approved by the Municipal Manager. Due to the seriousness of this matter and the fact that it was a sensitive and covert operation where the leaking of information could have jeopardized the investigation, normal tender procedures could not be followed to appoint a service provider to install the cameras and the original supplier of the security system at the centre was, therefore appointed to install the cameras
2.	Contract 149 – maintenance and repair of Algoa House passenger lift.	R 30 444.84 inclusive of VAT	Otis (Pty) Limited	27 May 2009	Given the reasons advanced in the report by the Executive Director : Corporate Services to the Adjudication Committee meeting held on 5 May 2009 and in particular the fact that Otis (Pty) Limited was the original designer and supplier of the lift, and further given the requirements of regulation 6 of the OHS Act and that no work had been undertaken by the contractor since



					<p>the expiry of the contract and further having regard to the evidence provided by the Executive Director : Corporate Services that the price offered by Otis was competitive, it was accordingly</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the offer of Otis (Pty) Limited for the maintenance and repair of the Algoa House passenger lift, over a period of three years, under Contract Enquiry 149 in the amount of R30 444,84 inclusive of VAT, for the first year and increasing for the second and third years based on the Consumer Price Index, be accepted</p>
3.	Hosting of Swallow partnership delegation from North East England – The Barn, Opera House.	R 2,000	The Barn, Opera House	26 May 2009	In view of the fact that the Opera House has its own liquor licence and the municipality, therefore, had no other choice but to purchase the beverages (soft drinks and wine) consumed at the finger supper held at the barn from that establishment, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) and (v) therefore for that purpose
4.	Appointment of Access Facilities and Leisure Management Company (Pty) limited as stadium operator – Nelson Mandela Bay multi-purpose stadium.		Access Facilities and Leisure Management Company (Pty) Limited	1 June 2009	Given that Access Facilities and Leisure Management Company (Pty) Limited has been selected as the preferred bidder for the function of

					<p>stadium operator and given that the Nelson Mandela Bay Municipality requires the services of an operator for an interim period for specific functions whilst a final agreement is being negotiated, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the official procurement processes of the Municipal Supply Chain Management Policy be dispensed with in terms of paragraph 36(1)(a)(v) thereof in that the current transaction is an exceptional case where it was impractical or impossible to follow the official procurement processes.</p> <p>(b) That the agreement attached to file copy (Agreement One) be concluded between the Municipality and Access Facilities and Leisure Management Company (Pty) Limited.</p> <p>(c) That direct negotiations continue in terms of paragraph 24 of the Municipal Supply Chain Management Policy with a view to concluding the agreements envisaged in the Adjudication Committee's recommendation.</p>
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					(d) That subject to the operator being informed that the Nelson Mandela Bay Municipality's written consent as envisaged in 4.23, and notwithstanding 4.37.4, will not be provided unless it was satisfied that the process followed for the acquisition of goods or services giving rise to the expenditure in question have been secured by a process which is fair, equitable, transparent, competitive and cost effective.
5.	Contract C365w – supply and installation of an operation and maintenance management system for water and sanitation – increase in contract sum.	R 794 751.35	Hydro-Comp Enterprises (Pty) Limited	1 June 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 28 May 2009, the recommendation of that Committee and given that the contract for the supply, installation and maintenance of the EDAMS Operation and Maintenance Management System is still extant, and that the extension to the system is now required for GRAP compliance and the rates quoted by the supplier are the same as originally quoted, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p>

					(b) That the approved contract sum of C365W – Supply and Installation of an Operation and Maintenance Management System for Water and Sanitation with Hydro-Comp Enterprises (Pty) Limited be increased by R794 751,35 from R2 299 503,00 to R3 094 254,35 inclusive of VAT and 15% contingency.
6.	Branding rights and branding material for pedestrian bridge at ironman event – 2010 FIFA World Cup.	R171, 000.00 (VAT inclusive)	South African Triathlon Corporation (Pty) Limited t/a Ironman South Africa	23 April 2009	The 2010 FIFA World Cup Directorate acquired the rights to advertise the event on the branding material to clad the pedestrian bridge erected for the Ironman event. SA Triathlon Corporation (Pty) Limited (the organizers of Ironman) have a three year contract with a supplier to brand the bridge and in order to acquire the rights, it was necessary to use that supplier, through SA Triathlon Corporation (Pty) Limited. It is clearly not possible to follow a competitive process
7.	Contract C5565 – tarring and upgrading of 28 cul-de-sacs in Motherwell phase 3(a), Port Elizabeth – cancellation of contract and substitution of contractor.	R3 402 101.82, inclusive of VAT and contingencies	Izana Civils	23 April 2009	For the reasons more fully motivated in the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting, held on 6 April 2009 and the recommendation of the Committee, it was  <b>RESOLVED:</b>  (a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v), thereof.

					(b) That the tender of Izana Civils, under Contract No. 5565: Tarring and Upgrading of 28 cul-de-sacs in Motherwell, Phase 3A, in the amount of R3 402 101.82, inclusive of VAT and contingencies, subject to escalation, in terms of the contract, be accepted.
8.	Training of youth from Motherwell for a call centre investor to be located in the Coega industrial development zone.	R 2,000,000	Coega Development Corporation (Pty) Limited	12 May 2009	A new investor to be located in Coega IDZ has indicated its willingness to employ youth from Motherwell Township and MURP has provided an amount of R2 million for the training of the Motherwell youth. As CDC has a well resourced and accredited training unit, (Human Capital Solutions) (HCS), the Economic Development and Recreational Services Directorate is of the opinion that the training of the youth should be co-ordinated by the CDC's HCS Unit, who can support and meet all the human resources and training requirements of investors that locate at the Coega IDZ. The Nelson Mandela Bay Municipality will enter into a partnership agreement with the Coega Development Corporation for the training of the youth for the investor as detailed in the report by the Executive Director : Economic Development and Recreational Services.
9.	2010 FIFA World Cup directorate – payment of Siyakhula technologies (Pty) limited and Business Connexion – incorporation of visitors information system (vicensys) in Nelson Mandela Bay Municipality's corporate GIS.	R338,092.45 (inclusive of VAT) and R108,000.00 (exclusive of VAT) respectively	Siyakhula Technologies (Pty) and Business Connexion	20 May 2009	Siyakhula Technologies (Pty) Limited was appointed by the Department of Environmental Affairs and Tourism to establish and upgrade the Nelson Mandela Bay Tourism's Visitors Information System (VICENSYS) in Nelson

					<p>Mandela Bay and 4 other Host Cities to equip them with the necessary infrastructure in preparation for the 2010 FIFA World Cup. In order to integrate the applications developed by Siyakhula Technologies for the Nelson Mandela Bay Tourism in the Nelson Mandela Bay Municipality's Corporate GIS Database, this company was appointed to provide this service and Business Connexion, the Nelson Mandela Bay Municipality's appointed service provider who provides support, development and administration of the Nelson Mandela Bay Municipality's Corporate GIS Application (ArcGIS Server) was best suited to undertake the proposed integration.</p>
10.	<p>Deviation – upgrading of Phillips Sopho IS1000 PABX telephone system – disaster management (south end fire station) and integration of satellite disaster management offices' telephone systems.</p>	<p>R583,764.30, inclusive of VAT</p>	<p>GijimaAst</p>	<p>9 June 2009</p>	<p>Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 28 May 2009, the recommendation of that Committee and having received confirmation of the competitiveness of the price submitted by the contractor, which reveals that it is comparable with similar work carried out for Nelson Mandela Bay Municipality previously, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p>

					(b) That the offer of GijimaAst for the upgrading of the Phillips Sopho IS1000 (PABX Telephone System (Disaster Management – South End Fire Station) and integration of satellite Disaster Management offices' telephone systems, in the amount of R583 764,30, inclusive of VAT, be accepted.
11.	Extension of validity period of contracts – waste management community co-operatives		Cocisizwe (Soweto-on-Sea), Sodlasonke (Walmer/Gqebera), Eyabafazi (Matthew Goniwe Hostel), Kuphilwa Phi (Joe Slovo) and Ncedolwethu (Blue Horizon Bay, Seaview and Kini Bay)	9 June 2009	<p>Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 28 May 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the services of Cocisizwe (Soweto-On-Sea), Sodlasonke (Walmer/Gqebera), Eyabafazi (Matthew Goniwe Hostel), Kuphilwa Phi (Joe Slovo), and Ncedolwethu (Blue Horizon Bay, Seaview and Kini Bay), be further procured on a month-to-month basis, on the same terms and conditions as previous, pending the finalisation of the tender process for these services, but not beyond 30 September 2009.</p> <p>(b) That the Supply Chain Management Policy be departed from, in terms of paragraph 36(1)(a)(v), to obviate the need for tenders.</p>

12.	Use of Nursingwise CC to provide nursing staff to the public health directorate on a temporary basis.		Nursingwise CC	8 June 2009	<p>The Corporate Services Directorate submitted a report to the Adjudication Committee meeting held on 8 October 2008 to consider the tenders received in respect of the appointment of a panel of recruitment agencies to provide staff and related services to the Nelson Mandela Bay Municipality. The report was however, inadequate and referred back to the Directorate to draw up new specifications and to re-advertise. Nursingwise CC was nevertheless the only tenderer in the category. The Public Health Directorate had been making use of the services of Nursingwise CC to fill vacancies of nursing staff on a temporary basis and until such time as the new tender is finalised and the appointment of a new panel confirmed by the Adjudication Committee, it was</p> <p><b>RESOLVED:</b></p> <p>That the services of Nursingwise CC be utilised to provide temporary nursing staff as required from time to time for a further period extending no later than 30 August 2009 and that paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) accordingly.</p>
13.	That CSKD Trading Enterprise cc be appointed to supply 250 soccer shirts with 3 logos.	R54 150,00 (inclusive of VAT).	CSKD Trading Enterprise cc	11 June 2009	<p>Given the reasons advanced in the report of the Executive Director : World Cup 2010 dated 7 May 2009 and supplemented by the further report dated 18 May 2009 reflecting the delays in the process in the Supply Chain Management Division arising inter alia, from staff shortages due to illness and</p>



					<p>demands of election related procurement and the need for the goods to be available for the Indaba, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of paragraph 18 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) to obviate the need for formal tenders.</p>
14.	Purchasing of premiums and corporate merchandise – 2010 FIFA World Cup South Africa directorate.	R1 250,000.00	Picto Bushby (Pty) Limited	13 May 2009	In order to promote the 2010 FIFA World Cup in Nelson Mandela Bay, the Nelson Mandela Bay Municipality's 2010 FIFA World Cup Directorate intends to purchase premiums and corporate merchandise bearing the composite logo, as give aways. As the service providers for the provision of these services had been contracted by FIFA, the Nelson Mandela Bay Municipality was obliged to make use of their services in terms of the Host City Agreement. Authority was therefore granted to depart from the provisions of the Municipal Supply Chain Management Policy
15	Authority to purchase waste compactors on eThekweni municipality contract : contract cf/04/08	R 7 335 293, 82	Ethekwini Municipality with MAN Truck and Bus:	2 July 2009	Funding is available on the Public Health Directorate's 2008/09 Capital Budget for the purchase of three industrial and one domestic refuse compactor. Should these vehicles be obtained through a competitive process in terms of the provisions of the Municipal Supply Chain Management Policy, the procurement thereof will extend beyond 30 June 2009 and the funding will be lost. Ethekwini Municipality has however secured a

					contract to procure similar units and was prepared to allow NMBM to obtain its vehicles through the Ethekweni's supplier, MAN Truck and Bus.
16	Extension of services of Nationwide and Umsimbithi security services for the provision of security services to NMBM.		Nationwide Security and Umsimbithi Security Services	25 June 2009	The tender for the three-year contract for contracted security services (Contract Enquiry 45/5) for the period 1 July 2009 to 30 June 2012 closed on 7 May 2009. Due to the limited time available (17 working days), the Safety and Security Directorate was unable to evaluate the tenders of the thirteen service providers received to meet the deadlines of the Evaluation Committee and Adjudication Committee meetings. It was therefore requested that the current contract of Nationwide and Umsimbithi Security be extended on a month-to-month basis until 30 September 2009 in order to allow the Safety and Security Directorate sufficient time for the evaluation process to be completed properly and finalisation of the Evaluation and Adjudication Committee processes.
17	Extension of full maintenance lease agreement with Vuswa Fleet Services (Pty) Limited		Vuswa Fleet Management Services (Pty) Limited	11 June 2009	Having considered the report by the Executive Director : Safety and Security and given that the original period of the full maintenance lease for the 43 traffic vehicles has expired and has been extended on a number of occasions to enable the Directorate to develop a replacement plan including an appropriate funding model and that the Directorate has now identified funds for the progressive replacement of the vehicles during 2008/09 and 2009/10, it was accordingly

					<p><b>RESOLVED:</b></p> <p>That the full maintenance lease agreement with Vuswa Fleet Management Services (Pty) Limited for the existing 43 traffic vehicles be extended with effect from 8 February 2009 as follows:</p> <p>(a) In respect of 43 vehicles, for the period from 8 February 2009 until receipt by the Directorate of the 9 vehicles to be acquired from Fleet Management Services (approximately mid July 2009);</p> <p>(b) In respect of the remaining 34 vehicles, for a period terminating upon the receipt by the Directorate of the further vehicles to be acquired by government tender (approximately 26/27 vehicles) (approximately end July 2009);</p> <p>(c) In respect of the remaining 7 of 8 vehicles, for a period until receipt by the Directorate of a similar number of vehicles to be acquired with funding secured in the 2009/10 budget (approximately end August 2009)</p>
18	Road to 2010 legacy programmes at the national juniors football tournament – 29 June to 3 July 2009.	R40,000	Nelson Mandela Bay Host City Ambassadors, Frankie Schoeman and Patrick Mayo	<b>26 June 2009</b>	In order to promote the 2010 Directorate's Road to 2010 and Legacy programme at the National Juniors Tournament hosted at the Gelvendale Playing Fields between 29 June to 3 July 2009, the 2010 Directorate required the services of two of the appointed Nelson Mandela Bay Host City Ambassadors, Frankie Schoeman

					<p>and Patrick Mayo. They rendered promotional services, conducted coaching clinics over five days and branded the venue at a cost not exceeding R40,000.00. Given that Host City Ambassadors had been appointed by the Executive Mayor and that such services cannot be obtained by a competitive process, it was</p> <p><b>RESOLVED:</b></p> <p>That in order to promote the 2010 Directorate's Road to 2010 Legacy Programme at the National Juniors Tournament hosted by the Glenville Celtic club at the Gelvendale Stadium between 29 June and 3 July 2009, authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to pay for the services of the Nelson Mandela Bay Host City Ambassadors, Frankie Schoeman and Patrick Mayo</p>
19	<p>Various payments for an advert placed in "HIV and AIDS, Democracy at risk from HIV; for "Shot Down", a South African Resistance Music compilation and 200 copies of the CD; for an advertisement on Red Location Museum's programme placed in "World Heritage Review"</p>	R 67,455.91	NAPM, Mr Michael Drewett, UNESCO	1 July 2009	<p>Given the reasons advanced by the Executive Director: Economic Development and Recreational Services, in his report to the Adjudication Committee meeting, held on 23 June 2009, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(1)(v) thereof.</p>

					<p>(b) The following retrospective appointments, for the provision of services, be made:</p> <ul style="list-style-type: none"> <li>• NAPM – Leadership, R11 400.00 for an advert placed in HIV and AIDS, Decracy at risk from HIV and vote 15715219 was used for this purpose.</li> <li>• Mr Michael Drewett, R23 724.16, for “Shot Down, a South African Restance Music compilation and 200 copies of the CD, Vote 15715219 was utilised for this purpose.</li> <li>• 2 500 Euro/R32 331.75 (R12.9327/ Euro), from Vote 15715219 for an advertisement on Red Location Museum’s programme placed in “World Heritage Review”.</li> </ul>
20	Purchase of sms bundles.	R102 600,00, inclusive of VAT	Siemens Limited (Siemens IT Solutions and Services)	2 July 2009	<p>Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 23 June 2009, the recommendation of that Committee and given that Siemens is the only service provider able to provide the relevant software, and further given that the price quoted was deemed fair and reasonable in terms of evidence provided by the Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p>

21	Procurement of artists for road to 2010 zone 365 bash.	R70,000.00	Local artists by True Music; D J Superman; One Solo Trumpeter (Shawn Lyon), Phaphama; One national artist, Chomee	26 June 2009	As part of its marketing and promotion of the 2010 countdown a "365" Countdown Bash was hosted by the 2010 Directorate on 24 June 2009 on Vuyisile Mini Square. The services of musicians, local artists and a national performing artist was acquired to participate in the event and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes
22.	Five year tender for the spreading, compacting and covering of waste and supply of cover material at the Arlington waste disposal site.	Budget 2009/2010 R8 019 090.	GV Transport (trading as Shweme Civils)	23 June 2009	<p>Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 11 June 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the services of GV Transport (trading as Shweme Civils) be procured on a month-to-month basis with effect from 1 July 2009 but not later than 31 October 2009 on the same terms and conditions as Contract 4998 pending the finalisation of the tender process for Contract 146: Spreading, Compacting and Covering of Waste and Supply of Cover Material at</p>

					the Arlington Waste Disposal Site.
23	Municipal management development programme: NMMU Business School.	Programme Development R772,200.00  Programme Piloting R470,000.00	Nelson Mandela Metropolitan University	23 June 2009	Having considered the report by Corporate Services to the Adjudication Committee meeting held on 11 June 2009 and the recommendation of that Committee, it was  <b>RESOLVED:</b>  (a) That the procurement process be dispensed with, in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy and that the Nelson Mandela Metropolitan University be appointed to develop and deliver a Municipal Management Development Programme at a total cost of R1 242 200, inclusive of VAT, made up as follows: Programme Development - R772 200.00 Programme Piloting – R470 000.00.
24	Renewal of software licences.	R377 670.06	Unify Corporation	23 June 2009	Unify Corporation was the only service provider able to provide the required software licences
25	Contract FMS 03/2006 : for the supply, installation and commissioning of electronic fleet monitoring systems	R4,266,792.00, inclusive of VAT	Control Instruments (Eastern Cape) CC	23 June 2009	Having considered the report by the Director : Infrastructure and Engineering to the Adjudication Committee meeting held on 11 June 2009, the recommendation of that Committee and given the need to fit all vehicles in the municipal fleet with a standardised tracking system and further given that the price quoted was deemed fair and reasonable in terms of the evidence provided by

					<p>the Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p>
26	Contract enquiry 16 : chemicals.		Various Service Providers	23 June 2009	<p>As per memorandum dated 18 June 2009 by the Acting Director : Supply Chain Management, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the official tender processes be dispensed with in terms of paragraph 36(1)(a)(i) and (v) of the Municipal Supply Chain Management Policy for the procurement of chemicals for a period not exceeding ninety (90) days in order to allow the current tender evaluation as well as adjudication process to be finalised.</p> <p>(b) That in order to comply with the constitutional procurement elements of, inter alia, fairness, transparency and competitiveness, the current providers of chemicals under this contract be allowed to continue with the supply thereof on an "as and when required" basis subject to the same terms and conditions as previously</p>



					<p>approved by the Adjudication Committee.</p> <p>(c) That the Acting Director : Supply Chain Management investigate and submit within 30 days a report in terms of Section 32 of the MFMA setting out whether any irregular expenditure has been incurred by this municipality in procuring chemicals under this contract and the steps to be followed in recovering same.</p>
27	Three housing launches	R216,499.68 inclusive of VAT.	various service providers	23 June 2009	<p>Having considered the report by the Housing and Land Directorate to the Adjudication Committee meeting held on 11 June 2009, the recommendation of that Committee and given the limited time/short notice the Directorate had to host the three housing launches, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain in terms of paragraph 36(1)(a)(v) thereof.</p>
28	Conference venue for Nelson Mandela Bay crime summit.	R66,740.00	Pine Lodge	18 June 2009	<p>The escalation in violent crimes in the Metro including the murder of a young school boy in a park and six children and a grandmother in Zwide, has evoked concerns from Council members of the NMBM. An integrated approach to crime prevention has to be developed with the SAPS and communities of NMB and a Crime Summit was arranged</p>

					by the Safety and Security Directorate on 25 and 26 June 2009 for this purpose. Due to short notice in making the arrangements for the summit, three suitable venues that can accommodate 150 delegates were contacted. Only two of the venues (Pine Lodge and Vulindlela Village) was available and Pine Lodge was the cheaper.
29	Deviation : Extension Of Various Annual Tenders.		Various service providers	1 September 2009	<p>Having considered the report by the Budget &amp; Treasury Directorate, to the Adjudication Committee Meeting, held on 23 July 2009 and the recommendations of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That a deviation, in terms of paragraph 36(1)(a)(v) be accepted and that the same service providers be appointed on a month-to-month basis with effect from 1 July 2009, on the same terms and conditions for a period not exceeding 31 December 2009.</p>
30	Contract 5474 : rehabilitation of concrete streets in Bethelsdorp.	increased by R4 560 000,00 from R35 996 646,84 to R40 556 646,84, including contingencies and VAT	URSA Civils CC	4 September 2009	<p>Having considered the report by the Executive Director : Infrastructure and Engineering to the Adjudication Committee meeting held on 20 August 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p>

					<p>(b) That URSA Civils CC be paid for the additional unforeseen works items undertaken as detailed in the Executive Director's report.</p> <p>(c) That the contract price under Contract C5474 for the Rehabilitation of Concrete Streets in Bethelsdorp, originally awarded to URSA Civils CC, be increased by R4 560 000,00 from R35 996 646,84 to R40 556 646,84, including contingencies and VAT, and subject to escalation in terms of the contract.</p>
31	Payment for services rendered by Siemens Enterprises Communications	R682 116,44, inclusive of VAT	Siemens Enterprises and Communications	2 September 2009	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 23 July 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the requirements of paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof in that it was impractical or impossible to follow the official procurement processes.</p> <p>26</p>

					(b) That Siemens Enterprises and Communications be retrospectively appointed for the period 25 April 2006 to 22 May 2009 for the maintenance of all telecommunications infrastructure and equipment and that the verified total amount of R682 116,44, inclusive of VAT, be paid.
32	Health and wellness compact disc calendars.	R18,184.63, inclusive of VAT	Boom Town Strategic Brand Agency	2 July 2009	<p>Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 23 June 2009, the recommendation of that Committee and given the short notice and further given that suppliers were closed for the holiday season, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to allow two quotes to suffice.</p> <p>(b) That Boom Town Strategic Brand Agency, the lower of the two quotes obtained, be paid the amount of R18,184.63, inclusive of VAT, for the design and printing of Compact Disc Calendars supplied to the Public Health Directorate.</p>

33.	Contract enquiry 2300 : deviation in terms of paragraph 36(1)(a)(v) : development, supply and implementation of a payroll human resources information system in the Nelson Mandela Bay Municipality.	R917,130, inclusive of VAT.	Various service providers	2 July 2009	<p>That for the reasons set out in the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 23 June 2009 and particularly that the project implementation is close to finalisation, with primarily the support phase still remaining and that it would not be practical or cost effective to change consultants at this stage, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Contract Enquiry 2300 be extended for a period not exceeding four months, from 1 July to 30 October 2009 at a cost not exceeding R917 130, inclusive of VAT.</p>
34.	Contract enquiry 2350 : extension of the aggressive recruitment and retention of scarce skills for the municipality.		Kelly	3 July 2009	<p>Given the reasons set out in the report from the Executive Director : Corporate Services to the Adjudication Committee meeting held on 23 June 2009 and in particular that many components of the project are still in progress and that it would not be practical to change consultants at this stage, it was</p> <p><b>RESOLVED:</b></p> <p>That the Municipal Supply Chain Management Policy be departed</p>

					from in terms of paragraph 36(1)(a)(v) thereof to extend the original contract with Kelly for the aggressive recruitment and retention of scarce skills under Contract Enquiry 2350, by a further twelve months ending 30 June 2010, on the same terms and conditions, inter alia, as reflected in resolution 152 of the Adjudication Committee meeting held on 29 May 2009.
35	Contract 5543 : tarring of gravel roads at Kabah/Langa (Uitenhage), phases 2 and 3, ward 50 : Uitenhage.	Increased by R2,703,277.42 from R21,280,137.66 to R23,983,415.08, inclusive of VAT and contingencies	Masakeni Construction	29 July 2009	<p>Given the reasons set out in the Executive Director : Infrastructure and Engineering's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, the establishment as work progressed that for certain roads, the geotechnical conditions required the importation of base materials and other necessary work which could not have been foreseen at the time of the tender, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That Masakeni Construction be paid for the additional unforeseen works items undertaken as detailed in the Executive Director's report.</p> <p>(c) That the contract price under Contract C5543: Tarring of Gravel Roads at Kabah/Langa (Phases 2 and 3), Ward 50 in</p>

					Uitenhage awarded to Masakeni Construction be increased by R2,703,277.42 from R21,280,137.66 to R23,983,415.08, inclusive of VAT and contingencies and subject to escalation in terms of the contract.
36	Extension of contract enquiry 2137: provision of mobile voice and data services.		Vodacom and MTN	29 July 2009	<p>Having considered the report by the Executive Director : Corporate Services to the Adjudication Committee meeting held on 16 July 2009 and given that the Executive Director would not be able to meet the contract expiry date of 31 July 2009 to complete the procurement process for the award of a new contract, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Contract Enquiry 2137: Provision of Mobile Voice and Data Services entered into with Vodacom and MTN and which expired on 31 July 2009, be extended for a further period of three months until 31 October 2009 pending the finalisation of the tender process for the award of a new contract which is currently underway.</p> <p>(c) That the extension of Contract Enquiry 2137 with</p>

					the service providers referred to in (b) above be based on the same terms and conditions as the current contract.
37.	Purchase of work of art : authorisation of expenditure : Michael Stevenson Fine Art cc	R359,100.00	Michael Stevenson Fine Art CC	24 July 2009	With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted a report to the Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
38.	Purchase of work of art : authorisation of expenditure : James Webb	R58,500.00	James Webb	24 July 2009	With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted a report to the Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
39	Contract enquiry 67 : Removal and salvage of waste material	Month-to-month basis	Khangela Waste	23 July 2009	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 23 June 2009 and the recommendation of that Committee, it was



					<p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 36(1)(a)(v) of the Supply Chain Management Policy.</p> <p>(b) That the services of Khangela Waste (the current contractor), be procured on a month-to-month basis with effect from 1 July 2009 until 30 October 2009 on the same terms and conditions as the existing Contract Enquiry 67, pending the finalisation of the procurement process to award a fresh tender.</p>
40	Contract 5497 : upgrading of Circular Drive and Kragga Kamma Road intersection.	increased by R1,537, 496.74 from R18,558,983.55 to R20,096,480.29, inclusive of VAT	Penny Farthing Contractors	29 July 2009	<p>Given the reasons set out in the Executive Director : Infrastructure and Engineering's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, that the original design was amended to accommodate a dual carriageway giving rise to the need for the necessary additional work, more fully described in the report, which could not have been foreseen at the time of the tender, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That Penny Farthing Contractors be paid for the additional unforeseen</p>

					<p>works items undertaken under Variation Order No. 8 as detailed in the Executive Director's report.</p> <p>(c) That the contract price under Contract C5497: Upgrading of Circular Drive and Kragga Kamma Road Intersection awarded to Penny Farthing Contractors accordingly be further increased by R1 537 496,74 from R18 558 983,55 to R20 096 480,29, inclusive of VAT and subject to escalation in terms of the contract.</p>
41	Contract enquiry 2448 : alterations and additions to the traffic training centre, Greenbushes.	Increased by R1 197 392,16 inclusive of VAT from R5 734 770,00 to R6 932 162,16, inclusive of VAT.		29 July 2009	<p>Given the reasons set out in the Executive Director : Safety and Security's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, the discovery that geotechnical challenges identified and provided for in the design were more severe than originally understood, and the need to undertake redesign work, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Policy in terms of Section 36(1)(a)(v) thereof to allow for the additional work, priced according to the bill of quantities of the tender.</p> <p>(b) That the contract value of Contract Enquiry 2448 be</p>

					increased by R1 197 392,16 inclusive of VAT from R5 734 770,00 to R6 932 162,16, inclusive of VAT.
42	Appointment of agents to sell pre-payment electricity on behalf of NMBM		<p>New Brighton- Njoli Motors, 1 Njoli Road;</p> <p>Despatch- Khayamnandi General Dealer, 39 Chief Albert Street;</p> <p>Motherwell- Ma-Unie Spaza Shop, 25010 Mandela Street;</p> <p>Kwazakhele- Aqua Fish and Chips CC, 4914 Njoli Road;</p> <p>Arcadia- La Fleur General Dealer, 270 Rensburg Street;</p> <p>Walmer Township- Nomwande Trading, C2 Bucwa Street;</p> <p>Soweto-on-Sea- Gruce Trading CC, 187 Johnson Road;</p> <p>Uitenhage- Kenny's Service Centre trading as Cuyler Service Station, Cuyler Street</p>	29 July 2009	<p>Given the reasons stated in the Chief Financial Officer's report to the Adjudication Committee meeting held on 16 July 2009, inter alia, the poor response to advertisements calling for agents to sell pre-payment electricity in the mentioned areas, and the need to identify and persuade vendors to apply, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That the following agents be appointed to sell pre-payment electricity on behalf of the Nelson Mandela Bay Municipality, for a period of three years, subject to them registering on the NMBM database:</p> <p>New Brighton- Njoli Motors, 1 Njoli Road;</p> <p>Despatch- Khayamnandi General Dealer, 39 Chief Albert Street;</p> <p>Arcadia- La Fleur General Dealer, 270 Rensburg Street;</p> <p>Walmer Township- Nomwande Trading, C2 Bucwa Street;</p>

					<p>Soweto-on-Sea- Gruce Trading CC, 187 Johnson Road;</p> <p>Uitenhage- Kenny's Service Centre trading as Cuyler Service Station, Cuyler Street</p>
43	<p>Payment of Stauch Vorster architects for services rendered by Mr Rod Phillip as an intermediary between NMBM and Grinaker LTA interbeton JV in respect of NMBM stadium related issues.</p>	<p>Amount payable by NMBM: R111,834.00 (i.e. ½ of total amount of R223 668,00)</p>	Mr Rod Phillip	29 July 2009	<p>Given that:</p> <p>(1) The Municipal Manager and senior executives of Grinaker LTA/Interbeton JV (GLTAI) had identified that the operational relationship between GLTAI and the NMBM (as represented by the site manager and the Principal Agent respectively) had developed problems which were affecting the mutual intention of completing the stadium on time.</p> <p>(2) The consequence that the inability of the parties to resolve operational challenges had resulted in substantial formal claims being lodged.</p> <p>(3) Senior management was of the view that both the operational relationship issues and the claims were capable of resolution and that the interests of the project would be best served by the appointment of a mediator acceptable to both parties.</p>

					<p>(4) Mr Rod Phillip was acceptable to both parties to fulfill this role.</p> <p>(5) It is not possible to identify an independent party with the requisite technical capacity, adequate seniority and mediation skills, who is also acceptable to both parties through a formal procurement process, which would also have taken too long.</p> <p>(6) Such appointment was to be a joint appointment by GLTAI and NMBM, who would each be responsible for half the appointee's fees.</p> <p>(7) The charges of Mr Phillip are competitive in that he agreed to the recommended scale of fees of the SA Institute of Architects.</p> <p>It was accordingly</p> <p><b>RESOLVED:</b></p> <p>That Mr Rod Phillip be jointly appointed by NMBM and GLTAI to undertake the mediatory and support function more fully set out in the letter from the Municipal Manager to Mr Phillip at the scale of fees recommended by the SAIA and that for the reasons set out above the Municipal Supply Chain Management Policy be departed from in terms of paragraph</p>
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					36(1)(a)(v) thereof to avoid the necessity for formal tenders.
44	Contract enquiry 2534 : Zosa street housing project, Korsten, Port Elizabeth.		SJW Civils CC	4 September 2009	<p>Having considered the report by the Executive Director : Housing and Land to the Adjudication Committee meeting held 23 July 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the requirements of paragraphs 20 to 22 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v), i.e.</p> <p>(i) The re-tendering process being limited to only the original three tenderers, namely SJW Civils CC, Omega Building Trust and Ntsebenzo Construction CC;</p> <p>(ii) The reduction of the prescribed tender closure period for the submission of bids to 7 days.</p> <p>(b) That the tender of SJW Civils CC, under Contract 2534 : Zosa Street Housing Project, Korsten, Port Elizabeth, be accepted, as the preferred tenderer, subject to a reduced contract amount being</p>

					negotiated with the preferred tenderer in terms of paragraph 24 of the Supply Chain Management Policy .
45.	Moving of 40 mva 66 kv to 22 kv transformer from Northdowns to Greenbushes.	R22 629,00, inclusive of VAT	Castle Crane Hire	2 September 2009	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 23 July 2009, the amended recommendation considered by the Committee and given that Castle Crane Hire has been selected as the preferred bidder through the official procurement processes for the use of the lowbed truck for one day, and given that the lowbed truck was required for transportation to Greenbushes the next day, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the requirements of paragraph 18 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof in that it was impractical or impossible to follow the official procurement processes.</p> <p>(b) That Castle Crane Hire be retrospectively appointed for the additional day's hire of the lowbed truck in the amount of R22 629,00, inclusive of VAT.</p>
46.	Payment of service provider for relocation of an additional 230 beneficiaries.	R122 770,00, inclusive of VAT.	Various Service Providers	4 September 2009	Having considered the report by the Executive Director : Housing and Land to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given the late instruction to

					<p>relocate an additional 230 beneficiaries, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That approval be granted to depart from the provisions of paragraph 19 of the Supply Chain Management Policy in respect of Section 36(1)(a)(v) thereof.</p> <p>(b) That authority be granted to retrospectively appoint the relevant service providers that relocated the beneficiaries as reflected in the Executive Director's report which services were paid for in accordance with the amounts reflected in the said annexure, totalling R122 770,00, inclusive of VAT.</p>
47	Validity period of contracts: waste management community cooperatives.		Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Co-operative (Kuyga)	7 September 2009	<p>Given that the procurement processes would not have been finalized upon expiry of this contract, and having considered the report by the Public Health Services Directorate to the Adjudication Committee meeting held on 20 August 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the requirements of paragraph 36(1)(a)(v) of the Supply Chain Management Policy be departed from to the extent necessary.</p> <p>(b) That Ntinga Ntaka Ndini</p>



					Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Co-operative (Kuyga) be re-appointed with effect from 1 September 2009 on the same terms and conditions as per the their current contracts pending the finalization of the tender process for the provision of these services but not later than 30 November 2009.
48	Repairs to 132 KV overhead towers csw26 and crp26.	R78 100,94 and R690 187,67, respectively, inclusive of VAT.	Consolidated Power Projects (Pty) Ltd	4 September 2009	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given the need to repair overhead towers as a matter of urgency and further given that the prices submitted was deemed to be fair and reasonable, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the requirements of paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(i) and (v) thereof.</p> <p>(b) That Consolidated Power Projects (Pty) Ltd be appointed retrospectively for emergency repair works carried out to towers CSW26 and CRP13 in the</p>

					amounts of R78 100,94 and R690 187,67, respectively, inclusive of VAT.
49.	Manufacture, supply, deliver, installation and commission of 2010 FIFA World Cup legacy icons (tracking no. 2010ftss00053) (9/3/2/18)	R1 266 278,66 inclusive of VAT	Rock of Ages	4 September 2009	<p>Having considered the report by the Parks Sub-directorate to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given the time constraints and further given that no other company in Africa manufactures this product, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(iii) and (v) thereof.</p> <p>(b) That Rock of Ages be appointed to proceed with the manufacturing, supply, deliver and commissioning of the six granite spheres</p>
50.	Appointment of Price Waterhouse Coopers to conduct a cyber forensic investigation.	R850 000 including disbursements but excluding VAT and costs of possible litigation	PriceWaterhouseCoopers	8 September 2009	<p>A major embezzlement of municipal funds was detected during August 2009. Due to the severity, complexity and sensitivity of the incident, an investigation into the alleged fraud required immediate response to ensure the securing of evidence and the prevention of further such incidences. The NMBM did not possess the internal capacity to undertake investigations of this nature.</p> <p>It has been established that PriceWaterhouseCoopers (PwC) performed similar investigations at other entities in the country where</p>

					the modus operandi of the embezzlement was the same and may implicate the same suspects. Based on this and that PwC possesses the local skills and knowledge required for such an investigation, it was proposed that they be appointed to assist the NMBM in conducting the forensic investigation into the alleged fraud. It would also not be in the interest of the NMBM to call for tenders in this matter. (Municipal Manager's Resolution 146/2009)
51	Institutional budget outreach.	<p><b>Public Address System</b></p> <p>R 26 573,40 R 9 000,00</p> <p><b>Videography and Photography</b></p> <p>R 7 500,00 R 7 500,00</p> <p>R 7 500,00 R 7 500,00</p> <p><b>Loudhailing</b></p> <p>R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00 R 8 500,00</p>	<p>Stage Audio Works Icon Media Pro</p> <p>Now You Know Branding Phandulwazi African Networking Imbizo Multimedia CC Dinimedia Technologies</p> <p>Ubuntu Ads and Distribution Vuyisani Meva Vuyani Hani Mshweshwe Mzimkhulu C Kapayi Akola Investment Flash Arch Chimurenga Masai Trading</p>	16 September 2009	The Director : Constituency Services was instructed by the Mayoral Caucus to co-ordinate the seating arrangements for the public meetings in respect of the Budget Outreach Programme scheduled to be held during the period 20 to 24 July 2009. As the instruction came at very short notice, as explained in the report by the Director : Constituency Services, it was not possible to follow formal tender procedures and quotations were obtained from a number of service providers for the provision of public address systems, videography, photography and loudhailing. To manage the meetings effectively, it was decided to make use of multiple service providers who quoted to share the workload. However, after 12 to 24 meetings were held, the Mayoral Caucus informed the Director that the programme had been put on hold until further notice. As services were already rendered in respect of the meetings that had already taken place, payment is due to the service providers. It is further noted that when the Director was informed of

					the postponement of the programme, all the loudhailing in the different areas had already been done by the appointed service providers.
52	Provision of offices including telephony requirements for 2010 FIFA organising committee in compliance with the host city agreement between the Nelson Mandela Bay Municipality and FIFA.	R33,845.46, inclusive of VAT	Communications Advisory Group (CAG)	19 September 2009	<p>In terms of the Host City Agreement between Nelson Mandela Bay Municipality and FIFA, offices had to be provided for the Organising Committee and the installation of telephones formed part of this requirement. The capacity of the telephone exchange in Kwantu Towers is maximized. The 2010 Directorate had to arrange for the installation of telephone points at the offices of the Organising Committee as there were no pre-installed points. Due to the change over of the telephone systems at the Noninzi Luzipho Building (Pleinhuis) the old\replaced unit was available for use at Kwantu Towers and this unit and the telephone sets at Kwantu Towers run off Siemens hardware. The Siemens Services had been outsourced to the Communications Advisory Group (CAG). CAG, the sole supporter of Siemens products, disconnected the system at the Noninzi Luzipho Building (Pleinhuis), refurbished same and reinstalled at Kwantu Towers. CAG also ensured that current directorates were operational when the change over was made. CAG applied for the Telkom lines for the Organising Committee. In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>That in order to arrange for the removal, refurbishing and installation</p>

					of the former telephone system at the Noninzi Luzipho Building (Pleinhuis) at Kwantu Towers, authority was granted to deviate from the provisions of paragraphs 17 and 18 of the Municipal Supply chain Management Policy in terms of paragraph 36(1)(a)(ii) thereof, to proceed with the appointment of the Communications Advisory Group (CAG)(CK2003/076/796/23), who is the sole supporter of Siemens telephone products in the Nelson Mandela Bay Municipality Area, at a cost not exceeding R33 845,46, inclusive of VAT.
53	Contract 2427 : complete main stand and suites at Wolfson Stadium - Kwazakhele	R722 363.22, inclusive of VAT	Abemi Civils	14 October 2009	<p>Having considered the report by the Economic Development and Recreational Services Directorate, to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the invitation for tenders be dispensed with, in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy.</p> <p>(b) That Abemi Civils be appointed for the completion of the erection of the steel roof trusses at Wolfson Stadium in the amount of R722 363.22, inclusive of VAT.</p> <p>(c) That the overall value of Contract Enquiry 2427 be increased by R722 363.22 from R2 738 530.36 to R3 460 893.58.</p>

54	Contract enquiry 146 : operation of the Arlington waste disposal site.		GV Transport (trading as Shweme Civils)	14 October 2009	<p>Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the requirements of paragraph 18 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That GV Transport (trading as Shweme Civils) be re-appointed with effect from 1 November 2009 on the same terms and conditions as per the current contract on a month-to-month basis for a period of 4 months but not later than 28 February 2010 pending the finalisation of the tender process for the provision of these services which process is currently underway.</p> <p>(c) That the resolution dated 23 June 2009 approving Schweme Civils' re-appointment on the same terms and conditions as per their current contract in respect of the CPA application only, be rescinded.</p> <p>(d) That the payment application of the tendered</p>
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					rate by Shweme Civils be backdated to 1 July 2009 and the tendered rate be the same before applying the CPA factor on 1 July 2009.
55	Lease of building for Motherwell distribution depot.	R26,245.00 per month inclusive of VAT for the first year), in terms of a new 3 year Lease Agreement, which is subject to 10% annual escalation in respect of years 2 and 3.	EP Livestock Agency	14 October 2009	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That, as numerous alterations had been done to suit the requirements of a distribution depot and further that the price was deemed fair and reasonable, the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(i) (a) (v) thereof.</p> <p>(b) That the existing facility be leased from EP Livestock Agency, with effect from 1 October 2009, in the amount of R20,52/m<sup>2</sup> (total R26 245 per month inclusive of VAT for the first year), in terms of a new 3 year Lease Agreement, which is subject to 10% annual escalation in respect of years 2 and 3.</p>
56	Contract enquiry 2357 : Gelvandale Sports Field boundary wall.	R123,252.24, inclusive of VAT	Fixtrade 1147CC	14 October 2009	Having considered the report by the Economic Development and Recreational Services Directorate to

					<p>the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the invitation for tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy.</p> <p>(b) That the scope of Contract Enquiry 2357: Gelvandale Sports Field Boundary Wall, awarded to Fixtrade 1147CC be extended to allow for additional work to be undertaken under the existing contract as detailed in the Directorate's report in the amount of R123 252,24, inclusive of VAT.</p> <p>(c) That the overall value of Contract Enquiry 2357 be increased by R123 252,24 from R1 179 492,34 to R1 302 744,58.</p>
57	Contract 5469 : tarring of gravel roads in Bloemendal/Frans Valley.	increased by R1 492 150 from R15 800 400 to R17 292 550 (including VAT)	Civils 2000	14 October 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in</p>



					<p>terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That the contract price for Contract 5469: Tarring of Gravel Roads in Bloemendal/Frans Valley awarded to Civils 2000 be increased by R1 492 150 from R15 800 400 to R17 292 550 (including VAT), subject to escalation in terms of the contract, due to additional works under Variation Order No. 5, as detailed in the Executive Director's report.</p>
58	Contract enquiry 2356 : Kleinskool Sports Field boundary wall	R26 653,20	Fixtrade 1147CC	14 October 2009	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 1 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the invitation for tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy.</p> <p>(b) That the scope of Contract Enquiry 2356: Kleinskool Sports Field Boundary Wall, awarded to Fixtrade 1147CC be extended to allow for additional work to be undertaken under the existing contract as detailed in the report of the Executive Director, at a cost of R26 653,20.</p>

					(c) That the overall value of Contract Enquiry 2356 be increased by R26 653,20 from R1 011 717,39 to R1 038 370,59.
59	Payment of expenditure incurred to procure the services of artists to perform on 20 and 21 March 2009.	R32 000,00 inclusive of VAT	Ibhubese Productions CC Isingqi se Afrika Uitenhage and District Gospel Board African Theatre Company Fohloza Entertainment P Lindoor Black Care Events and Logistics	5 October 2009	Having considered the report by the Executive Director : Economic Development and Recreational Services to the Adjudication Committee meeting held on 20 August 2009, the recommendation of that Committee and given that artistic talent is not a commodity which could be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, it was  <b>RESOLVED:</b>  (a) That authority be granted to depart to the extent necessary from the provisions of paragraph 17(b) of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) and (v) thereof to procure the services of artists to perform on 20 and 21 March 2009.
60	Extension of contract period for the use of Nursingwise CC to provide nursing staff to the public health directorate on a temporary basis.	Month to month basis	Nursingwise cc	25 September 2009	Municipal Manager's resolution 1352 dated 8 June 2009 approved a departure from paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to make use of the services of Nursingwise CC to provide nursing staff on a temporary basis to the Public Health Directorate from time to time for a

					<p>period not exceeding 30 August 2009. This temporary extension was granted to allow the Public Health Directorate to finalise a new tender for the appointment of a new panel by the Adjudication Committee. Although the Directorate has drawn up specifications for the supply of agency nurse categories of Primary Health Care Clinic Services and 24 hour Midwifery Obstetric Services within the NMBM and will be inviting tenders shortly, the tender process will not be completed by 30 August 2009. The Directorate is therefore requesting to continue using the services of Nursingwise CC until a new tender has been awarded.</p> <p><b>RESOLVED:</b></p> <p>As the provision of Primary Health Care Services to the community of the NMBM is an essential service that cannot be interrupted due to the non-availability of professional staff, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to continue with the use of the services of Nursingwise CC on a month--to-month basis until a new tender has been awarded for a period extending no later than 30 November 2009.</p>
61	Executive Leadership Development Programme (ELMDP) for Councillors : University of Pretoria.	R135 000	University of Pretoria	16 September 2009	The South African Local Government Association (SALGA), Eastern Cape in partnership with municipalities provides training to Councillors in the Executive Leadership Municipal Development Programme (ELMDP). Due to the unavailability of the ELMDP at

					institutions of higher learning in Nelson Mandela Bay and the fact that SALGA has already chosen the Pretoria University to facilitate the aforementioned programme, the NMBM has no option but to fall in with SALGA's arrangements in acquiring the services of the said university for the training of nine Councillors at R15 000 per person. The NMBM is responsible for the tuition fees of the Councillors at a total cost of R135 000 and SALGA is responsible for refreshments.
62	Provision of additional disk storage on the IBM systems due to unforeseen requirements	R1 041 415,00 (excluding VAT)	TCM (Pty) Limited	16 September 2009	<p>An emergency has arisen to acquire additional disk capacity on the Municipality's IBM systems to accommodate unforeseen requirements arising from the need to store additional details pertaining to assets and capital projects in line with the new reporting requirements relating to full compliance with all the Generally Recognised Accounting Practice (GRAP) standards. As there is only one authorized IBM vendor in the metro area who is certified by the manufacturer to supply, install and commission the requirement equipment, i.e. TCM (Pty) Limited, it was</p> <p><b>RESOLVED:</b></p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint TCM (Pty) Limited, the only authorized IBM vendor in the metropolitan area who is certified to supply, install and commission the required equipment in the amount of R1 041 415,00</p>

					(excluding VAT).
63	Councillors training programme : Local Government Law and Administration : University of Fort Hare.	R192 000,00	University of Fort Hare	16 July 2009	<p>Having considered and accepted the reasons advanced in the report by the Director : Office of the Speaker, it was</p> <p><b>RESOLVED:</b></p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to authorise the new intake of a second group of twenty Councillors identified by SALGA to enroll for the Diploma in Local Government Law and Administration at the University of Fort Hare, the preferred service provider of SALGA, at a cost of R15 000,00 per Councillor of which R12 000 per Councillor is payable by NMBM (total R192 000,00) and the balance by SALGA EC.</p>
64	Appointment of Vula Energy (Pty) Limited on a part-time basis.	R194 040,00	Vula Energy (Pty) Limited	16 September 2009	<p>Mr H Vosloo resigned as Chief Accountant Tariff and Financial Control in the Billing Co-ordination Division in the Budget and Treasury Directorate with effect from 1 August 2009 and is now employed at Vula Energy (Pty) Limited. As there is no staff member who is sufficiently trained to fulfill the critical functions performed by Mr Vosloo, who inter alia championed the migration process from the current billing system to the new Billing Solution that is still subject to commercial negotiations with Fujitsu, as detailed in the report of the Chief Financial Officer, authority is sought to appoint Vula Energy (Pty) Limited for a period not exceeding six months in order to utilize the</p>

					services of Mr H Vosloo on a part-time basis. The appointment could be terminated earlier, subject to the commercial negotiations with Fujitsu.
65	Advanced Local Government Law and Administration Programme for Councillors	R60 000	University of Fort Hare	16 September 2009	The South African Local Government Association (SALGA), Eastern Cape in partnership with municipalities provides training to Councillors in Advanced Local Government and Law Administration. Due to the fact that SALGA has chosen the University of Fort Hare to facilitate the aforementioned programme, the NMBM has no option but to fall in with SALGA's arrangements in acquiring the services of the said university for the training of four Councillors who have already successfully completed the Local Government Law and Administration Programme during 2008/09. The cost of the advanced programme is R15 000 per person. The total cost involved is R60 000.
66	Continued supply of IT support, services and development.	R235 800.00 (inclusive of VAT)  fixed hourly rate of R450,00 (inclusive of VAT) for additional application customisation, development, integration, training and support	Synapsis Software (Pty) Ltd	20 October 2009	Having considered the report by Public Health Directorate to the Adjudication Committee meeting held on 4 August 2009, the additional information provided by the Executive Director and given that Synapsis Software (Pty) Ltd has an existing contract with the Nelson Mandela Bay Municipality and that it has various applications in operation within the institution that are utilised on a daily basis, it was  <b>RESOLVED:</b>  (a) That authority be granted to depart from the provision of paragraph 19 of the

					<p>Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Synapsis Software (Pty) Ltd be appointed for a three-year period which will involve a fixed price component of R235 800,00 (inclusive of VAT) for integration with Inzekile, development of new Environmental Management Modules and training on all the existing SmartMun modules.</p> <p>(c) That a fixed hourly rate of R450.00 (inclusive of VAT) be agreed, that will be used for the duration of the three-year contract for additional application customisation, development, integration, training and support subject to funding being available.</p>
67	Extension of services of Omega Risk Solutions to provide security services in the Mandela Bay Development Agency's (MBDA) mandate area.		Omega Risk Solutions	9 October 2009	That, for the reasons set out in the report by the Acting Executive Director: Safety and Security, authority was granted to deviate from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to extend the services of the current service provider, Omega Risk Solutions, on a month-to-month basis until 31 December 2009 as per the terms and conditions of the recently extended contract.

68	Extension of services of Nationwide and Umsimbithi Security Services for the provision of security services to NMBM.		Nationwide Security and Umsimbithi Security Services	30 July 2009	That for the reasons set out in the report by the Acting Executive Director : Safety and Security, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to authorize current service providers, Nationwide Security and Umsimbithi Security Services, to be appointed by the NMBM on a month-to-month basis until 31 December 2009, as per the current terms and conditions of the contract, in order for the evaluation process of tenders received to be completed.
69.	Emergency repairs to network server at Korsten complex.	R25 699.78 (inclusive of VAT).	IBM	30 October 2009	An emergency arose with regards to the functioning of the server which provides network services to Recepting, Customer Care, ATTP, Libraries, Traffic Services (drivers' licences) as well as Public Health (ATTIC). IBM, the sole provider of maintenance, will provide and install parts in order to render the Korsten server operational. Due to the importance of the services provided at the complex, the server had to be repaired as a matter of urgency and it was therefore not practical or possible to follow formal tender procedures.
70	Services rendered for the PEBCO 3 and COSAS 2 burial.	R120 000.00, inclusive of VAT	Shweme and Shweme	30 October 2009	Having considered the report by the Director: Office of the Executive Mayor, to the Adjudication Committee meeting, held on 27 October 2009 and the recommendation of that Committee, it was  <b>RESOLVED:</b>  (a) That the provisions of the Supply Chain Management



					<p>Policy be departed from, in terms of paragraph 36(1)(a)(v), thereof.</p> <p>(b) That Shweme and Shweme be retrospectively appointed for the burial of the PEBCO 3 and COSAS 2, in the amount of R120 000, inclusive of VAT.</p>
71	Emergency repair work to the Churchill bulk water supply pipeline.	R141 048.82	Rand Water	29 July 2009	<p>Given the unexpected failure of the main supply pipeline, the potential for further damage and failure and the lack of necessary expertise locally and given further that Rand Water is an agent of state recommended by the Department of Environment and Water Affairs, as detailed in the report by the Executive Director : Infrastructure and Engineering, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(i) and (v) thereof to appoint Rand Water to carry out the emergency repairs to the Churchill Bulk Water Supply pipeline in the amount of R141 048.82.</p>
72	Appointment of contractors to effect repairs to urban and rural overhead line infrastructure caused by gale force winds on 26 October 2009.	R100 000	Bonelela Electrical and Lamont's Electrical	28 October 2009	<p>On 26 October 2009 gale force winds caused severe damage to the NMBM urban and rural overhead powerline infrastructure due to high winds, flying debris and falling trees. Damage is widespread and on some line sections broken poles and conductors need to be rebuilt. Existing staff capacity was hopelessly inadequate to cope with the emergency repair work and in</p>

					<p>order to restore supply to customers and businesses, some of whom have been without power since the morning of 26 October and to prevent possible claims against the municipality for loss of production due to lengthy outages, additional emergency assistance was required. Two local contractors who have previously done this type of work had capacity to assist at the same rates charged for similar type of work.</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) thereof in order to appoint contractors to effect emergency repair work to overhead powerlines severely damaged by gale force winds.</p> <p>(b) That Bonelela Electrical and Lamont's Electrical be appointed to effect the emergency repairs and refurbishments at the same rates for similar contract work previously done for NMBM.</p>
73	Dinner for Ningbo partnership.	R4 792.90	Various service providers	3 November 2009	A Ningbo Tourism delegation of six persons visited Nelson Mandela Bay from 20 to 22 October 2009. This visit took place in terms of the partnership agreement between NMBM and Ningbo Municipality and the MOU signed between Nelson

					<p>Mandela Bay Tourism Board and Ningbo Tourism Bureau. The focus of the visit was to gain first-hand experience of the tourism attractions that Nelson Mandela Bay region has to offer Chinese tourists with the view to promote the Nelson Mandela Bay region to Chinese travellers from the Ningbo region. Nelson Mandela Bay Tourism hosted the programme for the visit.</p> <p>On 21 October 2009 the Deputy Executive Mayor, who is responsible for Council's International Relations, hosted a dinner for the delegation at a restaurant.</p> <p>As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant the dietary requirements or preferences of the incoming delegation needed to be taken into consideration, it was impractical to follow formal tender procedures.</p>
74	Extension of validity period of CE 2225 and 2262 – occasional hire of road transport for the removal and transportation of waste to a permitted landfill site.		Various service providers	14 December 2009	<p>Having considered the report by the Public Health Directorate (Waste Management), it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the services of all contractors awarded the tender for Contract Enquiry 2225 and Contract Enquiry 2262 is procured on a</p>

					month to month basis with effect from 1 July 2008, but not later than 30 June 2010, on the same terms and conditions of the previous contract.
75	Install new x-ray equipment at Motherwell health centre.	R2 052 148.43, inclusive of VAT	Energy X-Ray Trading	17 December 2009	<p>Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Energy X-Ray Trading be appointed to install new X-Ray Equipment at the Community Health Centre in Motherwell at a cost of R2 052 148.43, inclusive of VAT, which included the additional laser printers for the West End Community Health Centre and Gqebera Clinic.</p>
76	Venue hire.	R165 579.53, inclusive of VAT	Eurest Support Services Coega (Pty) Limited	17 December 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was</p>

					<p><b>RESOLVED:</b></p> <p>(a) That due to the limited time as a result of the late receipt of the notice to arrange a Metro Public Transport Indaba, the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Eurest Support Services Coega (Pty) Limited be retrospectively appointed for the provision of the venue and associated services in respect of the Metro Public Transport Indaba and Summit at a total cost of R165 579.53, inclusive of VAT.</p>
77	Appointment of service provider to conduct a socio-economic impact assessment study on behalf of NMBM.	R320 000, inclusive of VAT	Wan Consulting CC	17 December 2009	<p>Having considered the report by the Executive Director : Special Programmes to the Adjudication Committee meeting held on 26 November 2009 and the recommendation to that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Wan Consulting CC be appointed to conduct the Socio-economic Impact</p>

					Assessment Study of the recession and the new collection measures introduced by the Municipality, in the amount of R320 000, inclusive of VAT.
78	Contract enquiry 2405 – upgrading and additions to Gelvandale library .	R147 623.95, inclusive of VAT	Okay Construction	17 December 2009	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Okay Construction be retrospectively appointed to do additional work as detailed in the Executive Director's report to the Adjudication Committee, outside the existing scope of works at a cost of R147 623.95, inclusive of VAT.</p> <p>(c) That the overall value of Contract Enquiry 2357 be increased by R147 623.95 from R1 714 273.97 to R1 861 897.92.</p>
79	Contract enquiry 2480 – additions and alterations – Despatch electrical depot office.	Increased by R190 380.00 from R2 249 270.82 to R2 439 650.82, inclusive of VAT	Masithembeke Construction cc	17 December 2009	Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 26 November 2009 and the

					<p>recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Masithembeke Construction CC be appointed retrospectively to do additional work falling outside the original scope of works of Contract CE2480 - Additions and Alterations - Despatch Electrical Depot Office, to allow for unforeseen additional work as detailed in the Executive Director's report to the Adjudication Committee.</p> <p>(c) That the overall value of Contract CE2480 be increased by R190 380.00 from R2 249 270.82 to R2 439 650.82, inclusive of VAT.</p>
80	Deviation – purchase of two liner blocks for Hamworthy pumps – Fishwater flats reclamation works.	R248 074.52	Compair SA (Pty) Limited	10 December 2009	The Infrastructure and Engineering Directorate reported that two of the three Hamworthy pumps at the Fishwater Flats Water Reclamation Works had become inoperable and, should the third pump also fail, raw sewage would be pumped into the sea, which would result in excessive pollution and environmental damage. The contamination of the ocean would be in violation of the

				<p>Department of Water Affairs permit which allowed for the disposal of treated effluent only.</p> <p>In order for the pumps to be recommissioned, liner blocks needed to be fitted. Tenders were called and two were received. The lowest tender was accepted, but the tenderer had since withdrawn it, as the company could not supply the liner blocks at the tendered price, as was explained to the tenderer in writing.</p> <p>The second-lowest tenderer, who was also the sole distributor of Hamworthy products in South Africa, could supply the product at the original price quoted. Due to the urgency of the repairs and the fact that the tenderer was the sole supplier, and that it would therefore be impractical to follow the procurement process again, it was</p> <p><b>RESOLVED:</b></p> <p>That authority be granted to depart from the provisions of paragraph 36(1)(a)(ii) and (v) of the Municipal Supply Chain Management Policy to purchase two liner blocks from Compair SA (Pty) Limited at a cost of R248 074.52, inclusive of VAT, due to the urgency of effecting the repairs required at the Hamworthy pumps at the Fishwater Flats Water Reclamation Works and the fact that the supplier was the sole distributor of Hamworthy products in South Africa.</p>
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81	Councillors' year-end function – 8 December 2009.	R100 880 (inclusive of VAT)	The Willows of Madiba Bay Resorts	15 December 2009	<p>The Director: Office of the Speaker reported that the annual year-end function for Councillors and partners would be held on 8 December 2009. Despite all efforts by the Office of the Speaker to obtain a venue, no suitable municipal or privately owned venues were available on that date, except The Willows of Madiba Bay Resorts, which also provided catering and equipment.</p> <p>Quotations for the entertainment for the event were obtained, and the lowest of the three quotes was recommended.</p> <p><b>RESOLVED:</b></p> <p>(a) That due to the unavailability of any other municipal venue and privately owned venues from accredited service providers on 8 December 2008, the use of The Willows of Madiba Bay Resorts as a venue for the end of year function for Councillors on that date, and for the provision of catering and the necessary equipment at a cost of R100 880 (inclusive of VAT) be approved, with the provisions of paragraph 17 of the Municipal Supply Chain Management Policy being departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That authority be granted to appoint Tshayina's Media and Entertainment to</p>
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					provide the entertainment for the event at a cost of R5 200.
82	Purchase of works of art by Obie Oberholzer and Nomusa Makhubu.	Mr R Rohner - R 6 900.00  Local women chopping up cattle heads - R 6 900.00  Landmine victims - R 6 900.00  Inquietude I, II and III - R15 000.00	Obie Oberholzer   Nomusa Makhubu	22 December 2009	In terms of the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Red Location Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Acting Municipal Manager requesting approval for payment of works of art to be purchased. It was stated that as artistic pieces were unique and had individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
83	Purchase of work of art by J Z Taljaard.	Dutchman - R35 000	J Z Taljaard	23 December 2009	In terms of the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Red Location Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Acting Municipal Manager requesting approval for payment of works of art to be purchased. It was stated that as artistic pieces were unique and had individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy,
84	Deviation contract 2178 : construction of Motherwell creative arts and culture centre : portion of erf 10064, Motherwell, Port Elizabeth.	Increased by R576 000.26, inclusive of VAT, from R4 998 720.22, inclusive of VAT to	Berco Indoor Gardens (PTY) LTD	22 December 2009	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting

		R5 574 720.48, inclusive of VAT			<p>held on 7 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the approved contract value for Contract Enquiry 2178: Construction of Motherwell Arts and Culture Centre, be increased by R576 000.26, inclusive of VAT, from R4 998 720.22, inclusive of VAT to R5 574 720.48, inclusive of VAT and contract escalation, for the reasons enumerated in the Executive Director's report.</p> <p>(c) That Akhiwa Construction's withdrawal from Contract Enquiry 2178: Construction of Motherwell Arts and Culture Centre, be noted and that the Contract accordingly be cancelled for the reasons enumerated in the Executive Director's report.</p>
85	Compliance with employment equity matters.	R438 444.00, inclusive of VAT	Strategic Consultants	22 December 2009	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was

					<p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Strategic Consultants, the service provider that developed the current Employment Equity Plan, be appointed for the implementation of the Director-General Review Recommendations, in the amount of R438 444,00, inclusive of VAT.</p>
86	Equipment for 2010 soccer world cup .	R170 247.60, inclusive of VAT	Weather Intelligence Systems (Pty) Limited	22 December 2009	<p>Having considered the report by the Safety and Security Services Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That, for the reasons mentioned in the Directorate's report to the Adjudication Committee, authority was granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Weather Intelligence Systems (Pty) Limited be appointed for a period of six months to provide the</p>

					Weather Early Warning Services during the FIFA 2010 World Cup, in the amount of R170 247.60, inclusive of VAT.
87	Weather equipment for 2010 Soccer World Cup.	R245 899.73, inclusive of VAT	South African Weather Services	22 December 2009	<p>Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That, as South African Weather Services was the only service provider able to provide the required equipment, authority was granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(ii) thereof.</p> <p>(b) That eight automatic rain stations (including installation costs, spares and an inclusive maintenance period of 36 months) be purchased from the South African Weather Services, in the amount of R245 899,73, inclusive of VAT).</p>
88	Investigation into the drownings on 2 September 2009 and other drownings (tracking no. 2010ftss00167) (19/11/4/2/6)	R3 000	Captain John Fobian of SAPS Emergency Services	22 December 2009	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was

					<p><b>RESOLVED:</b></p> <p>That authority be granted to deviate from the Supply Chain Management Policies in terms of Section 36(1)(a)(v) for the appointment of Captain John Fobian of SAPS Emergency Services to investigate the drowning of the paddler in the sea of NMB beaches on 2 September 2009 and indicate whether there were any shortcomings in the action that was taken by the Municipality and NSRI on the day and to make recommendations on what could be done to prevent re-occurrence of similar occurrences at no cost other than travel and accommodation in the estimated amount of R3 000.</p>
89	Extension of validity period of contracts : Waste Management Community Co-operatives.		Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleaning Co-operative (Kuyga)	23 December 2009	<p>Having considered the report by the Health Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the decision of the Adjudication Committee dated 26 November 2009 in respect of Contracts 177-8 and 177-9 be put on hold.</p> <p>(b) That, for the reasons mentioned in the Directorate's report to the Adjudication Committee, authority was granted to depart from the provisions of the Supply Chain</p>

					<p>Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(c) That Ntinga Ntaka Ndini Co-operative (Motherwell); Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleaning Co-operative (Kuyga) be retrospectively appointed with effect from 1 December 2009 on a month-to-month basis, but not later than 28 February 2010, pending the finalization of the investigation into objections received by the Acting Municipal Manager on the tender process on the same terms and conditions as per their previous contracts for the provision of waste management services.</p>
90	Contract enquiry 2073 : Supply of Electrical Maintenance : amendment to Adjudication Committee resolution dated 24 April 2006.		Delacom CC	22 December 2009	<p>Having considered the report by the Chief Financial Officer to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That, for the reasons mentioned in the Directorate's report, authority was granted to depart from the provisions of the Supply Chain Management Policy in</p>

					<p>terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That the tender of Delacom CC, under Contract Enquiry 2073 – Supply of Electrical Maintenance, be extended for a further eighteen months (18) months as of 1 January 2010 and ending 30 June 2011 at tendered rates approved at the Bid Adjudication meeting of 24 April 2006 as per the settlement agreement of case number 2148/09.</p>
91	Motherwell Community Development Forum (MCDF) : workshops hosted in each of the nine wards.	R63 000, inclusive of VAT	Zonke Spar	22 December 2009	<p>Having considered the report by the Chief Operating Officer to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Zonke Spar be retrospectively appointed to provide refreshments at the nine ward-based workshops held during March 2009 following the launch of the MCDF, in the amount of R63 000, inclusive of VAT.</p>



92	Contract enquiry 2156 : three-year contract : provision of Communication Reticulation : application for deviation : further extension.		Yonke Installations CC	22 December 2009	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Yonke Installations CC, which was awarded Contract 2156 : Provision of Communication Reticulation and which expired on 31 December 2009, be re-appointed on a month-to-month basis not exceeding 31 March 2010, on the same terms and conditions as the current contract, pending the award of a new tender.</p> <p>(Project ID 20070209 – Substation Fibre Optic Backbone – Amount available: R2 000 000,</p> <p>Vote 03663334 – Repairs and Maintenance Pilot Cables – Amount available: R1 970 518)</p>
93	Contract SCM 220/Ce 220 : Printing and mail processing of the Nelson Mandela Bay Municipality monthly statements.	<p>R394.00, inclusive of VAT per 1 000 accounts</p> <p>R171.35, inclusive of VAT, per 1 000 newsletters</p>	CAB Holdings (Pty) Limited	22 December 2009	<p>Having considered the report by the Chief Financial Officer to the Adjudication Committee meeting held on 7 December 2009 and the recommendation of that Committee, it was</p>

					<p><b>RESOLVED:</b></p> <p>(a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That an agreement be entered into with CAB Holdings (Pty) Limited for the printing and mail processing of the Nelson Mandela Bay Municipality's monthly statements in the amount of R394.00, inclusive of VAT per 1 000 accounts and R171.35, inclusive of VAT, per 1 000 newsletters, on a month-to-month basis for a period not exceeding 31 March 2010 pending the finalization of the tender process for the award of a new contract which is currently underway.</p> <p>(c) That the agreement with the service provider referred to in (b) above be based on the same terms and conditions as Contract C2164.</p>
94	Contract SCM 2655 : Volunteer Uniform (Adidas).	R979 000.00 inclusive of VAT	Adidas (SA) (Pty) Limited	22 December 2009	Having considered the report by the 2010 Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was

					<p><b>RESOLVED:</b></p> <p>(a) That, given that Adidas (SA) (Pty) Limited was the sole 2010 FIFA clothing supplier, the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(ii) thereof.</p> <p>(b) That premiums and corporate merchandise as reflected in the list attached to the Directorate's report to the Adjudication Committee be purchased from Adidas (SA) (Pty) Limited at a cost not exceeding R979 000.00 inclusive of VAT.</p>
95	Renewal of lease agreement – Kwantu Towers – Economic Development and Recreational Services Directorate.	R1 943 346.60, inclusive of VAT	Inkululeko Supplies (Pty) Limited	4 November 2009	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v).</p> <p>(b) That, given that the Economic Development and Recreational Services Directorate currently occupied office space in Kwantu Towers, a lease</p>

					<p>agreement be entered into with Inkululeko Supplies (Pty) Limited, for the leasing of property presently being occupied by the Economic Development and Recreational Services Directorate, in the amount of R1 943 346.60, inclusive of VAT, effective 1 July 2009 until 31 December 2010.</p>
96	Contract 2383 : Occupational Medical Screening and Surveillance.	R123 500.00 per month, inclusive of VAT	Dr Qabaka and Team	4 November 2009	<p>Having considered the report by the Public Health Directorate to the Adjudication Committee held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That the contract with Dr Qabaka and Team, under Contract Enquiry 2383: Occupational Medical Screening which expired on 30 September 2009, be extended for a period not exceeding 31 January 2010, at a rate not exceeding R123 500,00 per month, inclusive of VAT, whilst fresh tenders were being invited.</p>

97	Contract 202(b) : Deviation : leasing of additional office space in the Avenues Shopping Centre, Walmer.	2009/2010 R82 470.72	Rosemoore Investments (Pty) Ltd	4 November 2009	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That, given the need to increase the floor area because of the increased volume of business conducted at the centre, the offer of Rosemoore Investments (Pty) Ltd for the lease of additional office space in the Avenues Shopping Centre, Walmer, for a period of three years, with an annual rental cost escalation of 10% and operating cost, inclusive of VAT, as per the following proposal, be accepted:</p> <p style="text-align: right;">2009/2010 R82 470.72 2010/2011 R90 717.79 2011/2012 R99 789.57</p>
98	Contract enquiry CE119/C : rates-only tender for the construction of bituminous seals and slurries for three years.		Wynford Civils	4 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was</p>

					<p><b>RESOLVED:</b></p> <p>That it be recommended to the Acting Municipal Manager:</p> <p>(a) That the tender of Wynford Civils, under contract CE119/C: Rates – only tender for the Construction of Bituminous Seals and Slurries, for a period of three years, on an, as and when required basis, at the prices reflected in the tender documents, subject to escalation, be accepted and that Scribante /Wynford JV be appointed as the first back-up service provider and Amaboka Road Surfacing as the second back-up service provider.</p> <p>(b) That work on the abovementioned contract only be allocated to the back-up tenderer when the main contractor:</p> <p>(i) by their own admission confirms in writing that they are unable to take on further works;</p> <p>(ii) falls behind on the works programme;</p> <p>(iii) cannot consistently carry out the work to specification;</p> <p>(iv) exceeds its total assignment value per annum (i.e. exceeds the upper limit of its CIDB grading designation).</p>
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99	Contract CE207 : deviation : leasing of additional office space in Kwantu Towers for the 2010 Volunteer Centre.	R491 232.00, inclusive of VAT	Unique Mbane (SA) (Pty) Ltd	4 November 2009	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof</p> <p>(b) That, given the need to provide office accommodation for a 2010 Volunteer Centre, the offer of Unique Mbane (SA) (Pty) Ltd for the lease of additional office space and parking bays in the Kwantu Towers Building, Govan Mbeki Avenue, for a period of 12 (twelve) months, in the amount of R491 232.00, inclusive of VAT, be accepted.</p>
100	Contract CE209 : renewal of 174(a) Lower Market Street Building lease agreement.	2009/2010 R77 661.36	Marche Mulder Trust	4 November 2009	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the Lease Agreement for the property situated at 174 (A) Lower Market Street, Uitenhage, presently occupied by the Retail and Commercial sub-</p>

					<p>Directorate, be renewed with Marche Mulder Trust for a further 3 (three) years in terms of the original Lease Agreement proposal.</p> <p>Rental to increase by 8% from R11,06 per m<sup>2</sup> to R11,95 per m<sup>2</sup>.</p> <p>Annual rental cost with an 8% escalation and operating cost including vat as per proposal be accepted as follows:</p> <p>2009/2010 R77 661.36 2010/2011 R83 874.26 2011/2012 R90 584.21</p> <p>(b) That retrospective approval be granted for the outstanding rental payments for the 2008/09 financial year in the amount of R71 493.32 including VAT to be paid.</p>
101	Contract 2300 : Development, Supply And Implementation of a Payroll Human Resources Information System In The Nelson Mandela Bay Municipality.	R400 000, including VAT and excluding disbursements	SAP-Africa	4 November 2009	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p>



					(b) That, given that SAP-Africa was the only service provider which had the technical expertise of reviewing a project of this nature, that SAP-Africa be appointed to do a quality assurance/review on the modules implemented by Baraka Consulting Enterprise to an amount not exceeding R400 000, including VAT and excluding disbursements.
102	Extension of lease agreement for lapsed period – Kwantu Towers – Economic Development and Recreational Services Directorate.	R245 814.00	Inkululeko Supplies (Pty) Limited	4 November 2009	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That the following payments be authorised in respect of rental payments due for the leasing of Kwantu Towers for the period 1 April 2009 to 30 June 2009 whilst a new lease agreement was being negotiated with Inkululeko Supplies (Pty) Limited:</p> <p>April 2009 R 81 938.00  May 2009 R 81 938.00  June 2009 R 81 938.00</p>

103	Development of export strategy for NMBM.	R371 640.00, inclusive of VAT	Managing for Excellence	4 November 2009	<p>Having considered the report of Economic Development Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>That given that the services had been procured by means of a competitive bidding process in terms of Section 32 of the Municipal Supply Chain Management Policy : Procurement of goods and services under contracts secured by other organs of state, i.e. by the ECDC, the services of Managing for Excellence be procured for the development and compilation of an Export Strategy for the Nelson Mandela Bay Municipality, in the amount of R371 640.00, inclusive of VAT.</p>
104	Contract 2135 : Service Level Agreement E-Learning Framework System.	R1 097 962.50, inclusive of VAT	Nelson Mandela Metropolitan University (NMMU)	4 November 2009	<p>Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That, given that the Nelson Mandela Metropolitan University (NMMU) developed and customized</p>

					<p>the software for the e-Learning Framework System, a Service Level Agreement be entered into with the NMMU for the e-Learning Framework System in the amount of R1 097 962.50, inclusive of VAT, for the total contract period of three years ending 31 July 2012, the breakdown being as follows:</p> <p>Year 1 R352 003.50 Year 2 R367 080.00 Year 3 R378 879.00</p>
105	Payment of expenditure incurred during heritage month 2009 with an amount not to exceed R215 500,00.	R215 500.00, inclusive of VAT	Various Artists	4 November 2009	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 22 October 2009, the recommendation of that Committee and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart to the extent necessary from the provisions of paragraph 17(b) of the Supply Chain Management Policy in terms of paragraph 36(i)(a)(iii) and (v) thereof to procure the services of artists to perform in the Heritage programme.</p>

					(b) That the artists listed in the Directorate's report to the Adjudication Committee be retrospectively appointed for performances during Heritage Month (September) in the total amount of R215 500.00, inclusive of VAT.
106	Appointment of AOC Geomatics (PTY) Limited for a three-year period to provide the Nelson Mandela Bay Municipality with high resolution imagery and an updated pictometry image library.		AOC Geomatics (Pty) Limited	9 November 2009	<p>Having considered the report by the Chief Operating Officer (Corporate GIS) to the Adjudication Committee meeting held on 22 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 18 of the Municipal Supply Chain Management Policy in terms of Section 36(i)(a)(ii) thereof.</p> <p>(b) That AOC Geomatics (Pty) Limited, the sole service provider, be appointed for a three-year period to provide the following Products:</p> <ul style="list-style-type: none"> <li>- 3D Building model using existing Pictometry Images for a 12 km<sup>2</sup> area comprising of the Beachfront, Central, North End and the stadium precinct in the 2009/10 financial year at a cost of R383 040.00 including VAT.</li> </ul>

					<ul style="list-style-type: none"> <li>- A high resolution continuous orthophoto mosaic of the urban area generated from the existing Pictometry Images in the 2009/10 financial year at a cost of R453 720.00 including VAT.</li> <li>- A new acquisition of high resolution georeferenced colour aerial photograph in the 2010/11 financial year at a cost of R849 300.00 including VAT.</li> <li>- New Pictometry acquisition for the Nelson Mandela Bay Municipality including derived orthophoto's of the Nelson Mandela bay Municipality In the 2011/12 Financial year at a cost of R2 109 000.00 including VAT.</li> </ul> <p>(c) That should a requirement be identified for additional products or an enlarged area within the three-year period a separate quotation be requested from AOC Geomatics, and agreed to in conjunction with the Supply Chain Management Unit, subject to funding being available.</p>
107	Road To 2010 Programme in respect of Sony Fevapitch Tournament – 2 to 5 December 2009, Cape Town.	R41 000.00	Octagon	9 November 2009	Sony is an official partner of the 2010 FIFA World Cup South Africa™. In order to support football development and promote public interest in the World Cup at grassroots level, the company has developed a FIFA approved 5a-side

					<p>tournament for this purpose, called <i>Sony Fevapitch</i>. Sony has appointed a company, Octagon, to stage the tournament on its behalf. All 9 Host Cities are partners to the staging of the event with a view to promoting football within the host City by means of increasing community participation in the sport. Each Host City will present two teams at the tournament, to be hosted during the FIFA Final Draw in Cape Town between 2 and 5 December 2009. On Saturday, 3 October 2009, Sony and Octagon held its knock out competition in Nelson Mandela Bay and two teams emerged as finalists from 24 participants to represent the Host City in Cape Town.</p> <p>In order to promote the 2010 Directorate's road to 2010 and Legacy Programme at the <i>Sony Fevapitch</i> Tournament between 2 and 5 December 2009, the Directorate will pay travel and accommodation costs as its share of the total costs. As the event managers, Octagon, have been contracted by Sony for the staging of the tournament, the 2010 Directorate had to make use of their services and in order to do so, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy as this service is exclusively rendered by Octagon, who have been contracted by the FIFA partner, Sony.</p>
108	FIFA Final Draw Exhibition – 2 to 5 December 2009, Cape Town.	R320 000.00	2010 FIFA World Cup Organising Committee South Africa	9 November 2009	The 2010 FIFA World cup Organising Committee, South Africa will be hosting an Exhibition during FIFA's Final Draw for the 2010 FIFA World Cup in SA at the Cape Town

					<p>International Convention Centre between 2 and 5 December 2009. This will present all 9 Host Cities with a golden opportunity to showcase and promote their unique selling features and attractions, as the whole world, through the international media, will be focusing on the FIFA Final Draw in Cape Town. Each of the Host Cities is expected to share the cost of the exhibition which includes graphic panels, LCD screens, touch screens, a media cocktail, furniture rental and exhibition space at a cost not exceeding R320 000.00 per Host City. Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy to pay the 2010 FIFA World Cup Organising Committee for the services listed above as the sole supplier contracted by FIFA to render such service.</p>
109	Contract HL00033 : Construction Of Automotive Reception And Inspection Pit.	Contract amount of R 1 492 038.84, be increased by R415 659.93 to R1 907 698.77, inclusive of VAT	Akhiwa Construction	9 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(i) (a) (v) thereof.</p> <p>(b) That the contract sum under Contract Enquiry HL 00033 : Alterations to</p>

					the Inspection Pit and Reception Area awarded to Akhiwa Construction, in the amount of R 1 492 038,84, be increased by R415 659,93 to R1 907 698,77, inclusive of VAT, in order to allow for additional unforeseen work to be undertaken under the existing contract as detailed in the Directorate's report to the Adjudication Committee.
110	New billing solution (FUJITSU) – appointment of a computer business analyst.	R550,00 per hour, exclusive of VAT	Don Gray Careers: Eastern Cape cc (CK 90/06798/23)	Ms Monika Hacki as a Business Analyst	<p>Given the reasons advanced by the Chief Financial Officer in the memorandum dated 28 October 2009 and having concurred therewith, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Paragraph 36(i) (a) (v) thereof.</p> <p>(b) That Don Gray Careers: Eastern Cape cc (CK 90/06798/23) be appointed to supply Ms Monika Hacki as a Business Analyst at the rate of R550,00 per hour, exclusive of VAT, for the period 1 December 2009 to 31 October 2010.</p>
111	Amendment to Bid Adjudication Committee Resolution of 23 July 2009 : Extension of two Annual Tenders (Supplementary p. 229).		Various service providers	9 November 2009	<p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in</p>



					<p>terms of Paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the following previously approved tri-annual contracts which expired on 30 June 2009 be retrospectively extended on a month to month basis not exceeding 31 December 2009, on the same terms and conditions and to the same contractors as per the previously expired contracts, pending the award of fresh tenders, the process of which is currently underway:</p> <p>Contract 2073 : Electrical Maintenance</p> <p>Contract 2156 : Provision of Communication Reticulation</p>
112	Develop and implement an integrated land information system.	R4 902 000.00 including VAT	City Services Management (Pty) Limited	9 November 2009	<p>Having considered the report by the Chief Operating Officer (Corporate GIS) to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the tender of City Services Management (Pty) Limited, under Contract 202: Development and Implementation of an Integrated Land Information System (ILIS), be accepted for a three-year period on the following basis.</p> <p>- Phase 1: The Systems Analysis phase in 2009/10</p>

					<p>in an amount not exceeding R4 902 000.00 including VAT.</p> <ul style="list-style-type: none"> <li>- Phase 2: Systems Design, Build, Test and Implementation phase subject to a negotiated price being agreed to, and subject to the outcomes of phase 1, failing which the contract be terminated on conclusion of phase 1.</li> <li>- The total price of the project for phases 1 and 2 not to exceed the approved budget allocation for the three-year period as specified.</li> </ul> <p>(b) That should any additional work be identified during the project, that has a critical impact on the success of the project, a separate quotation be obtained from City Services Management (Pty) Limited, and the work allocated in conjunction with the Supply Chain Management Unit, subject to funding being available, as specified in the tender document.</p>
113	Without prejudice negotiations with FUJITSU.	R30,9 million (i.e. R27,1 million plus VAT of R3,8 million)	Fujitsu Services (Proprietary) Limited	9 November 2009	Given the reasons advanced in the memorandum dated 29 October 2009, by the Chief Financial Officer and having concurred therewith, it was

					<p><b>RESOLVED:</b></p> <p>(a) That the negotiation points, as outlined in an annexure attached to the Chief Financial Officer's letter dated 16 October 2009, to Fujitsu be agreed to.</p> <p>(b) That the provision of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof in order to:</p> <ul style="list-style-type: none"> <li>• Approve and include in the addendum the Fujitsu's Nelson Mandela Bay Municipality's Rate card (subject to escalation)</li> <li>• Extend the existing Promis.net Main Agreement (dated February 2007) between the Nelson Mandela Bay Municipality and Fujitsu Services (Proprietary) Limited which had an initial value of R46,3 million (i.e. R40,6 million plus VAT of R5,7 million), via a contract addendum, by R30,9 million (i.e. R27,1 million plus VAT of R3,8 million) to a total of R77,2 million (i.e. R67,7 million plus VAT of R9,5 million).</li> </ul>
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					(c) That the project receives assistance from the Acting Municipal Manager to reduce any risks associated with the Nelson Mandela Bay Municipality human resource constraints to avoid punitive measures being incurred. This assistance includes the appointment of an expert Business Analyst (independent contractor) to avoid project timeline slippage.
114	Contract 5550 – 2010 Work Package BRT – Upgrading Of Govan Mbeki Avenue.	Contract amount increased by R48 103 419.48 from R46 560 383.70 to R94 663 803.18, inclusive of VAT and contingencies	Penny Farthing Engineering SA (Pty) Limited	17 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009, the recommendation of that Committee and given that no other tenderers were prejudiced with the increase in the contract amount, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provision of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That Penny Farthing be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items undertaken as detailed in the Executive Director's report.</p> <p>(c) That the contract price for Contract C5550 :</p>

					Upgrading of Govan Mbeki Avenue to a Bus Rapid Transport Route (BRT), awarded to Penny Farthing Engineering SA (Pty) Limited, be increased by R48 103 419.48 from R46 560 383.70 to R94 663 803.18, inclusive of VAT and contingencies and subject to escalation in terms of the contract.
115	Contract 5537 – 2010 Work Package – Roadworks – Extension of Newbolt Street (Henry Ford to Stanford Road).	Contract amount increased by R15 544 487.44 from R16 036 916.94 to R31 581 404.38 including VAT and contingencies	Omega Civils (Pty) Limited	17 November 2009	<p>Having considered the report by the Executive Director : Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That Omega Civils (Pty) Limited be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items undertaken as detailed in the Executive Director's report.</p> <p>(c) That the contract price for Contract C5537 : Roadworks : Extension of Newbolt Street (Henry ford to Standford Road), awarded to Omega Civils</p>

					(Pty) Limited, be increased by R15 544 487.44 from R16 036 916.94 to R31 581 404.38 including VAT and contingencies and subject further to escalation in terms of the contract.
116	Contract 2597 – construction of paving and landscaping on Prince Alfred Street and Milner Avenue.	R9 640 561.39, inclusive of VAT and contingencies	Mawethu Civils	17 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>That the tender of Mawethu Civils, under Contract Enquiry 2597: Construction of landscaping and paving of Prince Alfred Street and Milner Avenue, in the amount of R9 640 561.39, inclusive of VAT and contingencies, and subject to escalation, be accepted.</p>
117	Contract 5375 – 2010 work package – BRT – upgrading of Heugh Road, Walmer First to Third Avenues.	Contract amount increased by R7 695 000.00 from R31 663 305.42 to R39 358 305.42 including VAT and contingencies	Scribante Construction (Pty) Limited/Wynford Civils Joint Venture	17 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 October 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Scribante Construction (Pty)</p>

					<p>Limited/Wynford Civils Joint Venture be retrospectively appointed to do work outside the normal scope of work as detailed in the Executive Director's report.</p> <p>(c) That the contract price for Contract C5375 : Upgrading of Heugh Road, Walmer : First to Third Avenue awarded to Scribante Construction (Pty) Limited/Wynford Civils Joint Venture, be increased by R7 695 000.00 from R31 663 305.42 to R39 358 305.42 including VAT and contingencies, which is subject to escalation in terms of the contract.</p>
118	Contract 5552 – 2010 Work Package – BRT – Upgrading Of Kempston Road to a BRT route – N2 – HAUPT.	Contract amount increased by R2 220 802.00 from R35 879 071.80 to R38 099 874.80, inclusive of VAT and contingencies	Civils 2000 (Pty) Limited	18 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Civils 2000 (Pty) Limited be retrospectively appointed to do work outside the normal scope of work and be paid for this additional work as detailed</p>

					<p>in the Executive Director's report.</p> <p>(c) That the contract price for Contract C5552 : Upgrading of Kempston Road (N2 to Haupt Street) to a Bus Rapid transit Route, awarded to Civils 2000 (Pty) Limited be increased by R2 220 802.00 from R35 879 071.80 to R38 099 874.80, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.</p>
119	Contract 5530 – 2010 Work Package - Minor Works – Extension Of Neil Boss Street And Upgrading Of Milner Street Including Pedestrian Walkways.	Contract amount increased by R7 931 171.52 from R10 182 511.35 to R18 113 682.87, inclusive of VAT and contingencies	Koelro No. 79	18 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Koelro No. 79 be retrospectively appointed to do work outside the normal scope of work and be paid for this additional work as detailed in the Executive Director's report.</p> <p>(c) That the contract price for Contract C5530 : Extension of Neil Boss Street and</p>



					Upgrading of Milner Street including Pedestrian Walkways be increased by R7 931 171.52 from R10 182 511.35 to R18 113 682.87, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
120	Repairs to VW Golf GTI FBC107EC In Car Camera System Contract With African Renaissance.	R82 301.88, inclusive of VAT	Tavcor Embassy	3 December 2009	<p>Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of paragraph 19 of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That given the fact that the existing warranty would expire if anybody else effected repairs on the vehicle, that Tavcor Embassy was appointed to effect the necessary repairs to VW Golf GTI FBC107EC, in the amount of R82 301.88, inclusive of VAT.</p>
121	Servicing Of Inductively Coupled Plasma Optical Emission Spectrometer (ICP – OES).	R18 349.00, inclusive of VAT	Life and Analytical Sciences (Perkin Elmer)	3 December 2009	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was

					<p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(ii) and (v) thereof.</p> <p>(b) That Life and Analytical Sciences (Perkin Elmer) be retrospectively appointed for the servicing of the Inductively Coupled Plasma Optical Emission Spectrometer, in the amount of R18 349.00, inclusive of VAT.</p>
122	Venue Hire, Catering And Loud hailing : Ndzululwazi Hall, Coega Village : 29 November 2009 : Public Hearing On Labour Broking.	R51 966.33 - venue hire, catering, set up and equipment  Loud hailing :  R2 000 R2 000 R2 000 R2 000 R2 000 R2 000  R2 000 R2 000 R2 000	ESS Support services Worldwide CC  Chimusenga Trading First Gear Trading Ngquma Trading Nkuthalo Trading Tinara Trading Keith Botha (Ubuntu Ads and Dist) Flash Arch Mzimkulu and Kapayi Lovers Event Management	27 November 2009	The National Parliamentary Committee on Labour convened a public hearing on labour broking on Sunday, 29 November 2009. The Chairperson of the Portfolio Committee on Labour, Honourable L E Yengeni, will preside over the proceedings. The hearing was attended amongst others by Councillors of the Nelson Mandela Bay Municipality, labour brokers, members of labour unions as well as members of the community affected by labour broking. The Nelson Mandela Bay Municipality had been requested to assist with a suitable venue, catering, set up equipment (PA system, standing and roving mics, etc.) and to inform relevant stakeholders through the media, the sending out of invitations to Councillors and loud hailing, etc. Despite all efforts by the Speaker's Office, no suitably situated municipal or privately owned hall that can be used for public hearing was available except for the Ndzululwazi Hall at Coega Village.

123	Contract Enquiry 214 : Sponsorship And Events Management Services For The Bay Stars Gala Dinner.	R650 056,50 (inclusive of VAT)	Platinum Productions	27 November 2009	<p>At a meeting of the Executive Mayor held on 20 February 2008 the Bay Stars Awards Implementation Framework (NMBM's Employee Excellence Awards) was approved and in terms of this framework a gala dinner is to be held annually. During September 2009, a three-year tender was issued for the procurement of sponsorship and event management services. The tender was open for a period of one month and a report prepared for the Evaluation Committee. Unfortunately due to a lack of a quorum two meetings of the Evaluation Committee failed to take place. The next meeting of the Evaluation Committee was on 16 November 2009 and the Adjudication Committee where the tender would be considered met on 26 November 2009 only which would be too late to make arrangements for the gala dinner held on 11 December 2009, i.e. sponsorship mobilisation, design and sending out of invitations, design of gala dinner programme, audio-visual and multi-media equipment, securing of personalities to hand over awards, a programme director, artists, etc. Authority was therefore granted to deviate from the Municipal Supply Chain Management procedures to appoint Platinum Productions who at the time of the evaluation of the tender scored the highest number of points in terms of the preferential formula for the first year's gala event only whereafter consideration of the tender for the remaining years will follow formal supply chain management procedures.</p>
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124	Contract 5548 : 2010 Work Package : BRT : Upgrading Of Harrower Road And Stanford Road.	Contract amount increased by R8 550 000,00 from R53 996 858,78 to R62 546 858,78, inclusive of VAT and contingencies	Penny Farthing Engineering SA	18 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate, the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Penny Farthing Engineering SA be appointed to undertake measures to reduce the construction period of Contract 5548 as detailed in the Executive Director's report.</p> <p>(c) That the contract price for Contract C5548: Upgrading of Harrower Road and Stanford Road be increased by R8 550 000,00 from R53 996 858,78 to R62 546 858,78, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.</p>
125	Repairs/Rehabilitation Of Inductively Coupled Plasma Optical Emission Spectrometer (ICP – OES).	R101 859,00, inclusive of VAT.	Life and Analytical Sciences (Perkin Elmer)	3 December 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p>

					<p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(ii) and (v) thereof.</p> <p>(b) That Life and Analytical Sciences (Perkin Elmer) be retrospectively appointed to replace the RF Oscillator in the Inductively Coupled Plasma Optical Emission Spectrometer, in the amount of R101 859,00, inclusive of VAT.</p>
126	Contract 5262 : 2010 Work Package : Roadworks : Upgrading Of Third Avenue And Allister Miller Drive.	Contract amount increased by R9 975 000 from R28 932 237.84 to R38 907 237.84, inclusive of VAT and contingencies	Cypress Construction CC	17 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Cypress Construction CC be retrospectively appointed to do work outside the normal scope of work and measures to reduce the construction period and be paid for the additional works items as detailed in the Executive Director's report.</p>

					(c) That the contract price for Contract C5262 : Upgrading of Third Avenue and Allister Miller Drive, Walmer, be increased by R9 975 000 from R28 932 237.84 to R38 907 237.84, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
127	Contract 5555 : 2010 Work Package : BRT : Upgrading Fettes Road/Theale Street.	Contract amount increased by R5 219 184.48 from R47 039 473.67 to R52 258 658.15, inclusive of VAT and contingencies	Penny Farthing Engineering SA (Pty) Limited	18 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Penny Farthing be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items as detailed in the Executive Director's report.</p> <p>(c) That the contract price for Contract 5555: Upgrading of Fettes Road/Theale Street to a Bus Rapid Transport Route (BRT), awarded to Penny Farthing Engineering SA (Pty) Limited, be increased by R5 219 184.48 from</p>

					R47 039 473.67 to R52 258 658.15, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.
128	Contract 5553 : 2010 Work Package : BRT : Kempston Road Public Transport Lanes : Haupt To Diaz .	Contract amount increased by R16 963 397.22 from R55 400 000 to R72 363 397.22, inclusive of VAT and contingencies	Rumdel Construction (Pty) Limited	18 November 2009	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 12 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Rumdel Construction (Pty) Limited be retrospectively appointed to do work outside the normal scope of work and be paid for the additional works items and for measures taken to reduce the contract duration as detailed in the Executive Director's report.</p> <p>(c) That the contract price Contract C5553: Kempston Road Public Transport Lanes: Haupt to Diaz Street awarded to Rumdel Construction (Pty), be increased by R16 963 397.22 from R55 400 000 to R72 363 397.22, inclusive of VAT and contingencies and subject to escalation in terms of the contract</p>

129	Road to 2010 Programme In Respect Of Sony Fevapitch Tournament : 2 To 5 December 2009,Cape Town : Accommodation And Travel Costs Of NMB Finalists.	R81 000	Octagon	27 November 2009	<p>This resolution replaces the Municipal Manager's resolution 1471 dated 9 November 2009.</p> <p>Sony is an official partner of the 2010 FIFA World Cup South Africa™. In order to support football development and promote public interest in the World Cup at a grassroots level, the company has developed a FIFA approved 5-a-side tournament for this purposed called Sony Fevapitch. Sony has appointed a company, Octagon, to stage the tournament on its behalf. All 9 Host Cities are partners to the staging of the event with a view to promoting football within the Host City by means of increasing community participation in the sport. Each Host City will present two teams at the tournament, to be hosted during the FIFA Final draw in Cape Town between 2 and 5 December 2009. On Saturday, 3 October 2009, Sony and Octagon held its knock out competition in Nelson Mandela Bay and two teams emerged as finalists from 24 participants to represent the Host City in Cape Town, i.e. The A Team and Hotshots 5-a-side squads.</p> <p>In order to promote the 2010 Directorate's Road to 2010 and Legacy Programme at the Sony Fevapitch Tournament between 2 and 5 December 2009, the Directorate will pay travel and accommodation costs as its share of the total costs (see attached quotation). As the event managers, Octagon, have been contracted by Sony for the staging of the tournament, the 2010 Directorate will</p>
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					have to make use of their services and in order to do so, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy as this service is exclusively rendered by Octagon, who have been contracted by the FIFA partner, Sony.
130	Dinner And Lunch For Ningbo Education Delegation : 23 And 24 November 2009	R4 000.00	Lai Kung Chinese Restaurant at the Board Walk  Ginger Restaurant	17 November 2009	<p>A Ningbo Education delegation of six persons will be visiting Nelson Mandela Bay from 23 to 25 November 2009. This visit will take place in terms of the partnership agreement between NMBM and Ningbo Municipality. The focus of the visit is to discuss the possibility of having exchanges and cooperation with NMBM especially student exchanges between NMMU and Ningbo University and to obtain and exchange information on education systems, administration and policies between Ningbo and SA Department of Education.</p> <p>The Deputy Executive Mayor, who is responsible for Council's International Relations, will host a dinner for the delegation at a restaurant on Monday evening, 23 November 2009. The delegation will also be provided with lunch on Tuesday, 24 November 2009. The total estimated cost for the dinner and lunch will be approximately R4 000.00 and the number of attendees in both instances twelve persons.</p> <p>As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant the dietary requirements or preferences of the incoming</p>

					delegation needed to be taken into consideration, it was impractical to follow formal tender procedures
131	2010 FIFA World Cup : NMBM Stadium : Contract 5420 : Reduction Of Tender Period For Urgent Work To Be Completed Before Event.	R29 012 531.13	Zama Projects and Topturf Group	11 December 2009	<p>In terms of paragraph 22(2) of the Municipal Supply Chain Management Policy, the accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.</p> <p>In view thereof and having considered the reasons given in the attached letter, dated 3 December 2009, from BKS/BTKM-PMSA Joint Venture, it was</p> <p><b>RESOLVED:</b></p> <p>That the reduction of the tender period to a period not less than 7 days and no more than 14 days for urgent work to the value of R40 million to be completed before the 2010 World Cup event be approved in terms of paragraph 22(2) of the Municipal Supply Chain Management Policy as detailed in the letter from BKS/BTKM-PMSA Joint Venture (file copy only).</p>
132	Approval In Terms Of Paragraph 32 Of The Municipal Supply Chain Management Policy To Appoint a firm of consultants to render services related to the NMBM's proposed Uitenhage Nodal 400/132 Kv Substation.	R82 986.30 including VAT	Eskom with Sivest	22 January 2010	In terms of the Electricity and Energy Directorate's long-term High Voltage Masterplan, a second intake substation from Eskom, the Uitenhage Nodal 400/132 kV, was proposed and will be located in the Jagtvlakte area. In respect of

					<p>Eskom's proposed 400 kV power lines that will be supplied from the proposed Thyspunt Nuclear Power Station including the NMBM's proposed Uitenhage Nodal site, Eskom has appointed Sivest to conduct its EIA process. In order for the NMBM to give input to Eskom on the position of the substation, a fatal flaw analysis on the proposed Uitenhage Nodal Substation and 132 kV line servitudes must be undertaken and to meet Eskom's tight timeframes, it was proposed that in view of the provisions of paragraph 32(1) of the Municipal Supply Chain Management Policy which authorizes the accounting officer to procure goods and services under a contract secured by another organ of state, the existing contract between Eskom and Sivest be utilized by the Electricity and Energy Directorate for the fatal flaw analysis</p>
133	Purchase Of Work Of Art : Authorisation Of Expenditure : Jennifer ORD.	White bulls without wings R30 000.00	Jennifer Ord	18 January 2010	<p>With regard to the procedures set out in Municipal Manager's Resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted the attached report to the Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy</p>
134	Contract 45/5 : Protection/Access Control/Escort Services.		Nationwide Security and Umsimbithi Security Services	18 January 2010	<p>Although the Security Sub-Directorate completed its internal evaluation of the 13 tenders received in respect of the</p>

					<p>abovementioned contract by May 2009, there were queries by Budget and Treasury on the operational evaluation processes and allocation of preferential points which had to be addressed and resolved by Supply Chain. When submitted for approval to the Adjudication Committee meeting of 7 December 2009, subsequent further queries regarding the specifications were made by the Committee which resulted in the award of this tender being finally approved by the Adjudication Committee on 14 December 2009 only which did not allow the Safety and Security Directorate sufficient time to finalise the letter of appointment, the generation of an order and the compilation of a service level agreement for the appointment of the new service provider and the proper hand over of the system between the current service providers (Nationwide Security and Umsimbithi Security Services) and the new service provider by 31 January 2010.</p> <p>In view of the above it was approved that the services of the current service providers be extended on a month-to-month basis to allow sufficient time for the completion of the abovementioned administrative processes.</p>
135	Appointment Of Price Waterhouse Coopers For A Further Forensic Investigation In the Budget And Treasury Directorate.	<p>R130 000 - additional work undertaken during the cyber fraud investigation</p> <p>R210 000 - forensic investigation</p>	PriceWaterhouseCoopers (PWC)	19 January 2010	PriceWaterhouseCoopers was previously appointed to conduct an investigation on behalf of the NMBM in the Budget and Treasury Directorate, i.e. cyber fraud, in the amount of R850 000 (Municipal Manager's Resolution 1420 dated 8

					<p>September 2009). During the course of that investigation, further apparently related irregularities were detected that could not be ignored and the Chief Financial Officer gave the go ahead to proceed with the investigation of the additional work provided it related to the mandated investigation. This additional work amounted to R130 000.</p> <p>However, when the findings were released to the Director: Internal Audit and Risk Assurance, it was realised that this work, while it emanated from the initial assignment, would require a separate mandate. The Acting Municipal Manager authorized Internal Audit on 27 October 2009 to dispense with the full Municipal Supply Chain Management process to engage in a process to appoint an external forensic service provider in a competitive but closed tender process to investigate the alleged irregularities due to the urgency, sensitivity and uncertainty surrounding the extent thereof and the persons who may be involved. PriceWaterhouseCoopers tendered the lowest amount, namely R210 000 and was appointed.</p>
136	Appointment of KPMG to conduct a Forensic Investigation.	R205 663, including VAT and excluding disbursements	KPMG	11 December 2009	<p>Allegations of fraud, theft, misconduct and mismanagement in the Constituency Sub-Directorate were reported to the Internal Audit Division.</p> <p><b>RESOLVED:</b></p> <p>That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms</p>

					of paragraph 36(1)(a)(v) thereof in order to appoint KPMG to conduct a forensic investigation at a cost of R205 663, including VAT and excluding disbursements.
137	Extension Of Contracts – Nationwide Security And Umsimbithi Security Services	Approximately R2.5 m per month	Nationwide Security and Umsimbithi Security Services	29 December 2009	A departure in terms of paragraph 36(1)(a)(iii)(v) of the Municipal Supply Chain Management Policy was authorised in order to extend the current contracts of Nationwide Security and Umsimbithi Security Services for a further one (1) month until 31 January 2010, as per the current terms and conditions of the contract, in order for the relevant administrative processes to be completed.
138	Animal Welfare Society.	R85 752.28	Animal Welfare Society	31 December 2009	The NMBM on 1 December 1997 entered into a memorandum of agreement with the Uitenhage Society for the Prevention of Cruelty to Animals (SPCA) for an indefinite period. However, the closure of the Port Elizabeth branch of the aforementioned organisation resulted in the NMBM having to source alternative specialised accommodation for stray animals. The Animal Welfare Society in Port Elizabeth was found to be the sole service provider capable of handling the special needs of these stray animals. It has the infrastructure to provide veterinary care as well as incinerator services specifically for the disposal of dead animals, which is an important requirement to prevent the spreading of contagious diseases.
139	Berco Indoor Gardens – Rental And Maintenance Of Pots And Plants For Legal	monthly rental of R4 204.59, inclusive of	Berco Indoor Gardens	11 January 2010	Having considered the report by Legal Services to the Adjudication

	Services, Noninzi Luzipho Building.	VAT			<p>Committee meeting held on 26 November 2009 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Berco Indoor Gardens be retrospectively appointed with effect from 1 July 2009 for the supply of stoneware pots as well as plants, and the maintenance thereof, for the Legal Services Sub-Directorate on a month-to-month basis, not exceeding 31 January 2010, at a monthly rental of R4 204,59, inclusive of VAT, whilst fresh tenders are being invited.</p>
140	Advanced Certificate On Executive Leadership And Management Programme For Councillors By The Nelson Mandela Metropolitan University (NMMU).	R27 000 per person	Nelson Mandela Bay Metropolitan University	25 February 2010	<p>The Office of the Speaker is endeavouring to capacitate Councillors and the Nelson Mandela Metropolitan Municipality (NMMU) has facilitated the process of RPL assessment of Councillors to support them to obtain competency certificates for short courses done and relevant qualifications obtained. Based on the above, four Councillors, i.e. Councillors L N Makwetu, X Mgudlandu, C Makoni and A Mali were successfully assessed and ready to be enrolled for the Advanced Certificate on Executive Leadership Development</p>

					<p>Programme. Due to the unavailability of other learning institutions in Nelson Mandela Bay where this programme is offered and due to the fact that the NMMU facilitated the process of RPL assessment of the Councillors, the Office of the Speaker has no other option but to use the services of the NMMU to facilitate the said training programme of the four Councillors and it was therefore impractical to follow formal tender procedures. In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) and (v) thereof to enrol Councillors L N Makwetu, X Mgudlandlu, C Makoni and A Mali at the Nelson Mandela Bay Metropolitan University, for the Advanced Certificate on Executive Leadership Development Programme, as it is the only available learning institution within the Nelson Mandela Bay area where this qualification can be obtained.</p>
141	Contract 2490 : New Brickmaker's Kloof Bridge In Baakens Valley : Acceleration Increase In Tender Amount.	Contract amount increased by R13 119 806.07 from R30 815 021.04 to R43 934 827.11 inclusive	Basil Read (Pty) Limited/Newport Construction (Pty) Limited Joint Venture	24 February 2010	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 22 February 2010 and the



		of VAT and contingencies			<p>recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Basil Read (Pty) Limited/Newport Construction (Pty) Limited Joint Venture be instructed to accelerate the programme on Contract Enquiry 2490: New Brickmaker's Kloof Bridge in Baakens Valley in order to make the bridge trafficable by 10 June 2010.</p> <p>(c) That the contract amount for Contract Enquiry 2490: New Brickmaker's Kloof Bridge in Baakens Valley, be increased by R13 119 806.07 from R30 815 021.04 to R43 934 827.11 inclusive of VAT and contingencies, with only the original tender items subject to escalation in terms of the contract in order to accommodate the accelerated programme.</p>
142	Payment Of Truvelo Manufacturers For Maintenance And Calibration Of Speeding Equipment.	R29 415.00, inclusive of VAT	Truvelo Manufacturers	8 February 2010	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 14 December 2009 and the recommendation of that Committee, it was

					<p><b>RESOLVED:</b></p> <p>(a) That, given that Truvelo Manufacturers were the sole providers of Truvelo speeding equipment currently used by Council, that authority be granted to depart from the provisions of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(ii) and (v) thereof.</p> <p>(b) That payment be made to Truvelo Manufacturers in the outstanding amount of R29 415.00, inclusive of VAT for the maintenance and calibration of Truvelo Speeding Equipment.</p> <p>(c) That Truvelo Manufacturers be appointed on a month-to-month basis not exceeding 31 March 2010, on the same terms and conditions, whilst fresh tenders were being invited for the maintenance and calibration of Truvelo Speeding Equipment.</p>
143	Procurement Of Professional Consultancy Services From Urban Econ Development Economists To Be Rendered For The NMBM's Economic Summit.	R149 853.00 (VAT inclusive)	Urban Econ Development Economists	2 March 2010	The EDRS was planning to host an Economic Summit at the end of April 2010 to review the NMBM's Growth Development Strategy (NMB GDS) as part of the NMBM Executive Mayor's 100 days in office celebratory programme. In its preparation for the Summit the Directorate held discussions with the Executive Mayor and the Economic Development and Recreational Services Standing Committee

					Chairpersons and it was decided that the Summit should encompass a broader consultative process as detailed in the report by the Executive Director to the Acting Municipal Manager. This broader consultative process was intended to provide solutions for the extensive and cumbersome economic challenges faced by the NMB region's economy in the global recession. Due to limitations placed on the Directorate as a result of the additional mandate and the limited timeframe, it was necessary to contract the services of a professional service provider with the necessary consultancy skills to assist the Directorate with the consultative process outlined in the Executive Director's report as soon as possible. The Directorate has limited time to brief the service provider on the assignments and requirements to compile the necessary data and to engage with stakeholders and it is therefore not possible to follow the procurement processes outlined in the NMBM's Supply Chain Management Policy to engage the services of a consultant. EDRS was of the opinion that Urban Econ Development Economists are best placed to be engaged on the assignment as they were responsible for the compilation of the NMBM GDS in 2007 and of the three service providers approached; they also provided the most competitive pricing and delivery model for the 2010 assignment.
144	Legacy Programme For Hosting Soccer Level One Course For Coaches : 18 To 28 March 2010.	R160 000 R30 000.	Coega Development Corporation Messrs Urban de Kok and	2 March 2010	In order to promote the 2010 Directorate's Legacy Programme, the Directorate has undertaken to cover the cost of a SAFA accredited

			Desmond Lewis	<p>Soccer Level One coaching course for 30 local coaches. The Directorate was required to make provision for a venue that could provide the following:</p> <ul style="list-style-type: none"> <li>• Accommodation at the venue for the attendees</li> <li>• Catering, including three meals a day and refreshments in between</li> <li>• Sports fields available for practical sessions</li> <li>• Lecture rooms with all modern facilities (projectors, screen, etc.)</li> </ul> <p>SAFA, which is a football governing body, is the only one accredited to conduct such a course by providing trainers and to make a decision on the choice of the suitability of a venue. Confirmation in this regard was received on 18 February 2010 only, which makes it impossible for the 2010 FIFA World Cup South Africa Directorate to follow the Supply Chain Management Policy processes. In order to pay the Coega Development Corporation (CDC) for the provision of the Training Centre the preferred venue for the Soccer Level One course, authority was requested to deviate from the provisions of the Municipal Supply Chain Management Policy.</p> <p>During the abovementioned training course, the services of two SAFA trainers, Messrs Urban de Kok and Desmond Lewis were required. They are contracted by SAFA to render training services at a cost not exceeding R30 000 in respect of which authority was also requested</p>
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					<p>to deviate from the provisions of the Municipality Supply Chain Management Policy</p> <p><b>RESOLVED:</b></p> <p>(a) In order to promote the 2010 Directorate's Legacy Programme, in respect of the Soccer Level One Coaching Course, hosted between 19 and 28 March 2010, authority was granted to the 2010 FIFA World Cup Directorate to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v), thereof, to pay Coega Development Corporation an amount not exceeding R160 000 for the provision of the training venue.</p> <p>(b) In order to obtain the services of Messrs Urban de Kok and Desmond Lewis as conductors of the course, authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v) thereof, to pay for their services in an amount not exceeding R30 000.</p>
145	Review The Current And Develop A Proposed Organogram Together With Implementation Plan For The NMBM.	R200 000.00	Mbumba Project Managers	8 February 2010	As per the recommendations of the recent Mayoral Retreat held in Port Alfred during January 2010 as set out in the report by the IDP and Strategic Planning Sub-Directorate, it was

					<p><b>RESOLVED:</b></p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to appoint Mbumba Project Managers to review the current institutional organogram and to develop a proposed organogram with an implementation plan for the NMBM in the amount of R200 000.00.</p>
146	100 Days To 2010 FIFA World Cup Kick Off And The Official Opening Of The Nelson Mandela Bay Stadium.	R3,5 million	Various service providers	18 February 2010	<p>In order for the NMBM to officially open the NMBM Stadium on Sunday, 28 February 2010, which will also mark the 100 days celebration to the 2010 FIFA World Cup Kick Off on 11 June 2010, the 2010 FIFA World Cup Directorate arranged a Confederation of African Football Inter Club Champions League, Second Leg Match between Orlando Pirates (South Africa) and Gaborone United (Botswana) for which permission had been granted by Confederation of African Football (CAF) (see attached CAF letter). The programme would include a FIFA Media Roadshow, headed by the Chief Executive Officer of the FIFA Organising Committee, Dr Danny Jordaan, as this is a FIFA accredited event.</p> <p>In order for the 2010 World Cup Directorate to carry out the hosting of the event, the Directorate would have to bear the cost of hosting the celebrations on Sunday, 28 February 2010, which amongst others will be clubs' appearance fees, air fares and accommodation for the two participating teams, stadium-related costs, entertainment</p>

					programme, sound and lighting, local travel arrangements and VIP suites, hospitality, advertising and publicity, match commissioner and officials' fees, travel and accommodation and the CSI Programme. The 2010 FIFA World Cup Directorate has made provision in the 2009/10 budget for the hosting of the event at a cost not exceeding R3,5 million in respect of which authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy.
147	Contract Enquiry 208 : Lease Of The Provincial Government Garage On Erf 1925, Mount Road, To The Nelson Mandela Bay Municipality For Use As Parking For The 2010 FIFA World Cup.	R1 192 440.00, inclusive of VAT	Province of the Eastern Cape Department of Roads and Transport	16 February 2010	<p>Having considered the report by the 2010 FIFA World Cup Directorate to the Adjudication Committee meeting held on 4 February 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That the parking garage, located on Erf 1925, Mount Road, which is being offered free of charge (under certain conditions), be retrospectively leased for the period from 1 June 2009 to 31 July 2010, from the Province of the Eastern Cape Department of Roads and Transport for use as VIP parking for the 2010 FIFA World Cup.</p>

					(c) That it be noted that the operational and maintenance charges, payable by the Nelson Mandela Bay Municipality, would amount to approximately R1 192 440,00 inclusive of VAT, as reflected in the report.
148	Moral Regeneration Movement Responsible Citizenry Programme: 8 To 12 February 2010.	R113 040.91 - for audio equipment, transport for learners, framed photographs of Dr Mandela, t-shirts and other marketing material  R10 000 - role-play drama with emphasis on the Rivonia Trial of 1963	Various Service Providers  Kula Productions	5 February 2010	The Office of the Speaker through the Moral Regeneration Movement is rolling out Responsible Citizenry Programmes for Grades 11 and 12 at several high schools within the Metro. The programme commenced on 8 February 2010 until 12 February 2010. The total amount of the programme was R123 040.91 which included a role-play artist, audio equipment, transport for learners, framed photographs of Dr Nelson Mandela, t-shirts and other marketing equipment.  Part of the programme entailed a role-play drama performance with emphasis on the Rivonia Trial of 1963. Kula Productions is the only production company in South Africa that performs this drama and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes a deviation was also approved in terms of paragraph 36(i)(a)(iii) of the Supply Chain Management Policy.
149	Safety And Security 2101 Strategic Workshop.	R87 000	Mpekweni Beach Resort	5 February 2010	That authority was granted to deviate from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v)



					thereof to utilize Mpekweni Beach Resort as venue for the Safety and Security 2010 Strategic Workshop to be held from 21 to 23 February 2010 at a cost of approximately R87 000.
150	Purchasing Of Premiums And Corporate Merchandise.	R1 000 000,00	Picto Bushby (Pty) Limited	4 February 2010	<p>In order to promote the 2010 FIFA World Cup in Nelson Mandela Bay, the Directorate wishes to purchase premiums and corporate merchandise bearing the composite logo as give-aways. As the service providers for the provisions of these services had been contracted by FIFA, the NMBM was obligated to make use of their services in terms of the Host City Agreement. Authority was therefore requested to deviate from the provisions of the Municipal Supply Chain Management Policy to purchase premiums</p> <p><b>RESOLVED:</b></p> <p>That in order to promote the 2010 FIFA World Cup in Nelson Mandela Bay, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof, to purchase premiums and corporate merchandise from Picto Bushby (Pty) Limited (registration number 1HAMNZ8TRW on the NMBM Supplier Database) at a cost not exceeding R1 000 000.00.</p>
151	Extension Of Validity Period Of Contracts : Waste Management Cooperatives : Contract Enquiry Nos. 177-7, 177-8 And 177-9 : Tri-Annual Tender For The Collection, Transport And Disposal Of Waste.		Ntinga Ntaka Ndini Cooperatives (Motherwell), Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand), Masiphuhle Cleansing	26 February 2010	That the decision of the Adjudication Committee dated 26 November 2009 to appoint contractors for CE 177-7, CE 177-8 and CE 177-9 be put on hold for a further period pending the finalization of the investigation into objections received

			Cooperatives (Kuyga)		<p>by the Acting Municipal Manager, but not later than 31 May 2010.</p> <p>(b) That the Supply Chain Management Policy be departed from accordingly in terms of paragraph 36(1)(a)(v) thereof to avoid the need for tenders.</p> <p>(c) That the re-appointment of Ntinga Ntaka Ndini Cooperatives (Motherwell), Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Cooperatives (Kuyga) be extended from 1 March 2010 on the same terms and conditions as per their previous contracts for the provision of these services but not later than 30 April 2010 pending the finalization of the investigation into objections received by the Acting Municipal Manager with regard to the tender process.</p>
152	Retention Of Services Of Service Provider Contracted In Respect Of Home-Stay Accommodation For The 2010 World Cup.	R150 000.00 (VAT inclusive)	STTI Services	4 March 2010	Formal accommodation for the influx of visitors who will attend the 2010 FIFA World Cup matches to be played in Nelson Mandela Bay Municipality between 11 June and 11 July 2010 is being supplemented with home-stay accommodation where home-owners in Nelson Mandela Bay and surrounding areas are offered an opportunity to rent out rooms in their homes for visitors to stay and to consider other facilities

					such as school hostels, churches, sports field and camping grounds. A service provider was appointed on an informal tender to co-ordinate this service and its terms of reference and further extension thereof set out in the report by the Executive Director : 2010 FIFA World Cup. As the Tourism Department is satisfied with the services being rendered by the current service provider, STTI Services, authority was requested for a deviation from the Supply Chain Management processes to retain its services as it is already familiar with the process. Should a new service provider be appointed it will take a while to settle which will seriously hamper the processes already in place. Accommodation requests are now being received on a daily basis since ticket bookings opened and as beachfront hotels and Bed and Breakfasts are already extensively booked home-stay accommodation requests will increasingly be received. It has also become necessary to post the availability of home-stay accommodation on the municipal and 2010 websites and the use of the current service provider to provide this information to load on the websites will ensure that visitors can timeously make use of this service.
153	Legacy programme for provision of lap desks to needy schools.	R1,5 million (excluding VAT)	Lapdesk Company	16 March 2010	In order to promote the 2010 Directorate's Legacy Programme, the Executive Mayor, Councillor Zanoxolo Wayile in conjunction with the 2010 WC Directorate, has undertaken to cover the costs of production and distribution of lap desk to needy schools in the Nelson

					<p>Mandela Bay Metro. The lap desks will be branded with the Nelson Mandela Bay 2010 logos and have educational information displayed on its surface. It is envisaged that the Executive Mayor and relevant councillors will hand these lap desks over to needy schools at an occasion that will promote the 2010 FIFA World Cup in the Nelson Mandela Metro.</p> <p>These lap desks will be purchased from the Lapdesk Company, which has the patent and intellectual property rights. This makes it impossible for the Directorate to follow the supply Chain Management Policy. Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy.</p>
154	Mini Retreat.	R 97 884.00 – Venue R 17 599.00 - Facilitator	Mpekweni Beach Resort Advocate Iuvuyo Bono	16 March 2010	<p>The Director : IDP was instructed to co-ordinate a mini-retreat with the objective of review of the integrated development plan, plan for the implementation of the IDP, ensuring mechanisms/systems for accountability, monitoring and evaluation and teambuilding for all Executive Directors and Directors.</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of paragraphs 17 and 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint the service providers detailed hereunder for the provision of a venue and facilitator, Advocate Luvuyo Bono, for the retreat</p>

155	Berco Indoor Gardens : Rental And Maintenance Of Pots And Plants For Legal Services, Noninzi Luzipho.	monthly rental of R4 204.59, inclusive of VAT	Berco Indoor Gardens	24 March 2010	<p>Having considered the report by the Chief Operating Officer (Legal Services) to the Adjudication Committee meeting held on 4 March 2010, given the delay in obtaining the Acting Municipal Manager's resolution making it impractical to give proper notice to Berco with regard to the cancellation of the agreement and notwithstanding the Acting Municipal Manager's resolution No. 1529 dated 11 January 2010, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of Section 18 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Berco Indoor Gardens be retrospectively appointed with effect from 1 February 2010 for the supply of stoneware pots as well as plants and the maintenance thereof for the Legal Services Sub-Directorate – on a month-to-month basis, for a period not exceeding 30 April 2010 at a monthly rental of R4 204.59, inclusive of VAT, in order to comply with the provisions of the agreement as envisaged in Clause 2 thereof.</p>
156	Contract 5468 : Tarring Of Gravel Roads : Booyesen Park.	Contract amount increased by R756 002.46 from R9 523 089.18 to	Techni Civils	17 March 2010	Having considered the report by the Executive Director : Infrastructure and Engineering to the Adjudication

		R10 279 091.64, inclusive of VAT and contingencies			<p>Committee held on 22 February 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(i)(a)(v) thereof.</p> <p>(b) That approval for the additional works items as detailed in the Executive Director's report be granted and that Techni Civils be paid for their additional costs.</p> <p>(c) That the contract price of Contract 5468 for the Tarring of Gravel Roads in Booyesen Park awarded to Techni Civils be increased by R756 002.46 from R9 523 089.18 to R10 279 091.64, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.</p>
157	Shark Research.	R800 000.00	Bayworld Centre for Research and Education	1 April 2010	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That due to the specialisation of the study</p>

					<p>required on sharks in Algoa Bay, authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Bayworld Centre for Research and Education be appointed to conduct a shark research and submit reports over a period of 3 years at an estimated total cost of R800 000.00</p>
158	Moral Regeneration Movement Responsible Citizenry Programme : 17 to 19 March 2010.	R8 000	Kula Productions	24 March 2010	<p>The Office of the Speaker through the Moral Regeneration Movement is extended the roll-out of the Responsible Citizenry Programme to include eight high schools in KwaNobuhle township in Uitenhage and two high schools in the Despatch area, targeting Grades 11 and 12.</p> <p>Part of the programme entailed a role play drama performance with emphasis on the Rivonia Trial of 1963. Kula Productions is the only production company in South Africa that performs this drama and given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, a deviation was approved in terms of paragraph 36(i)(a)(iii) of the Supply Chain Management Policy.</p>
159	Development Of A Monitoring Tool To Track Progress Regarding Implementation Of Council Resolutions.	R179 760 (excluding VAT)	Macrovest 102 (Pty) Limited	17 March 2010	A need for a monitoring tool to track progress relating to the implementation of Council

					<p>Resolution emanated from a concern raised by the Acting Municipal Manager that there was a lack of an effective and efficient IT based monitoring system for same within the organisation. Subsequent to that, the Monitoring and Evaluation Sub-Directorate developed a monitoring framework for the implementation of Council Resolution from which a computerized version will be developed.</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) to appoint Macrovest 102 (Pty) Limited to develop a monitoring tool for tracking progress regarding the implementation of Council Resolutions in the amount of R179 760 (excluding VAT).</p> <p>(b) That due to the urgency of this project, the service provider who is on site and has been contracted since 29 November 2007 (Tender 2265) to develop, support and maintain the NMBM's "Financial Management Tool" Macrovest be commissioned to develop the software</p>
160	Contract B1203a&B : Authorisation To Depart From The Normal Supply Chain Management Procedures In Order For The Implementation	R1 300 000, inclusive of VAT	Makhetha Development Consultants and Ndongana Engineers	1 April 2010	Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication



	Of The Elimination Of Digester Tanks : Colchester.				<p>Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That the labour for the Implementation of the elimination of Digester Tanks at Colchester, be sourced by Makhetha Development Consultants and Ndongana Engineers who have already been appointed on this project, at an estimated cost of R1 300 000, inclusive of VAT, with a completion period of seven months.</p>
161	Contract 175920001109 : Extension on Month-To-Month Basis : Contract For Speed And Robot Offences By LABAT Traffic Solutions (Pty) Limited now known as Total Client Services.	R1 396 969.50, inclusive of VAT	Total Client Services (PTY) LTD	30 March 2010	<p>Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 4 March 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of Paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1) (a) (v) thereof.</p>

					<p>(b) That Labat Traffic Solutions (PTY Ltd) (now known as Total Client Services) be retrospectively appointed with effect from 5 April 2007 until 31 January 2010 and that payments in the total amount of R6 706 879,00 including VAT already made to the company for services rendered during the period 5 April 2007 to 31 August 2009 be ratified.</p> <p>(c) That an amount of R1 396 969,50, inclusive of VAT, be paid to Total Client Services in respect of services rendered for the period 1 September 2009 until 31 January 2010.</p> <p>(d) That Total Client Services be appointed to provide equipment and services for speed and robot offences w.e.f.1 February 2010 on a month to month basis but not exceeding six months at the fixed fee approved by Council pending a decision on the way forward i.e. regarding the viability of purchasing the equipment or acquisition of a service provider for speed cameras, submitted by the Metro Task Team to the Executive Director: Safety and Security.</p> <p>(e) That Total Client Services be paid all outstanding cases generated during the</p>
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					period of the contract until all cases reflected on the prosecution system has been finalized in accordance with the fixed fee approved by Council.
162	Appointment Of Service Providers For Human Rights Day Commemoration : 21 March 2010.	R15 000 R12 000 R12 000 R12 000 R12 000 R12 000 R12 000	FNQ Bus Service CC Flash Arch Investments First Gear Trading Ubuntu Ads and Distribution Chimurenga Masai Trading Vuyisani Meva Vuyani Hani and Inga Trading	29 March 2010	<p>The NMBM in conjunction with EXCO, Office of the Premier and Department of Sport, Recreation, Arts and Culture were involved in the organisation of the Human Rights Day Commemorations held at the Jabuvu Stadium in Uitenhage on 21 March 2010.</p> <p>The NMBM was responsible for arranging bus transport and loud hailing.</p> <p>As Constituency Services have been involved in the arrangements of the Mayoral Outreach which commenced in February and concluded on 14 March 2010 and due to the lack of clear instruction in respect of the NMBM's responsibilities for the Human Rights Day Commemoration, preparations could not be finalized timeously and it was therefore not possible to follow tender procedures to appoint service providers for the provision of transport and loud hailing.</p> <p>In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>That due to limited time to finalise arrangements for the Human Rights Day Commemoration held on 21 March 2010, authority was granted to deviate from the provisions of the Municipal Supply Chain</p>

					Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of FNQ Bus Service CC in the amount of R15 000 and Flash Arch Investments, First Gear Trading, Ubuntu Ads and Distribution, Chimurenga Masai Trading, Vuyisani Meva, Vuyani Hani and Inga Trading for loud hailing at a cost of R12 000 per service provider.
163	Drivers' Licence Training At East Cape Training Centre (ETC).	R7 864.00, inclusive of VAT	East Cape Training Centre (ETC)	1 April 2010	<p>Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 16 March 2010 and given that the service was satisfactorily rendered despite the fact that proper tendering procedures were not followed, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 16 of the Supply Chain Management Policy in terms of Section 36(1)(a)(v).</p> <p>(b) That East Cape Training Centre (ETC) be retrospectively appointed to provide drivers license training to two officials in the amount of R7 864.00, inclusive of VAT.</p>
164	Golf Academy.	R50 000.00, inclusive of VAT	Digital Golf	1 April 2010	Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 16 March 2010 and given that the services were satisfactorily rendered despite the fact that proper

					<p>tendering procedures were not followed, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Digital Golf be retrospectively appointed to provide developmental golf coaching services to 10 children in the Directorate's Golf Academy, in the amount of R50 000.00, inclusive of VAT.</p>
165	Maintenance And Repair Of Passenger Lift : Disaster Management Centre, South End Fire Station.	R1 365.72, per month, inclusive of VAT	KONE Elevators South Africa (Pty) Ltd	1 April 2010	<p>That given that the twelve month maintenance free period had terminated on 4 December 2009 and that a new contract needs to be put in place, and further given that it was a legal requirement to service the lift monthly, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That KONE Elevators South Africa (Pty) Ltd be retrospectively appointed with effect from 5 December 2009 until 30 June 2010 to undertake the</p>

					servicing of the passenger lift (South End Fire Station) at a cost of R1 365.72, per month, inclusive of VAT, whilst fresh tenders are being invited with a view to entering into a 3 year Service Level Agreement.
166	Progress Maintenance And Support.	R138 624.00, inclusive of VAT	Sys-Net (Cape)	1 April 2010	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(ii) thereof.</p> <p>(b) That Sys-Net (Cape), who is the sole supplier of the Progress Software Licences, be appointed to provide the initial support as reflected in the Executive Director's Report at a cost of R138 624.00, inclusive of VAT, plus any further support required at a cost of R6 270,00, inclusive of VAT, per day, plus airfare, transport and accommodation, during the remainder of the current Progress Software Maintenance contract with the supplier.</p>

167	Tourist Guides At Langa Memorial.	R36 000.00, inclusive of VAT		7 April 2010	<p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting held on 16 March 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a) (v) thereof.</p> <p>(b) That subject to a project plan being drawn up by the Executive Director, family members of the victims of the 21 March 1985 massacre be appointed to tell the story of the incident to tourists/visitors at Langa Memorial in Uitenhage, on the basis of 2 family members per fortnight at a once-off stipend of R1 500 each which equates to 4 people per month and 24 family members over a period of six months from 1 April to 30 September at a total cost not exceeding R36 000.00, inclusive of VAT.</p>
168	Appointment of Service Providers for the Mayoral Outreach scheduled from 23 February to 14 March 2010.	<p>R80 330,00 and R114 800 respectively</p> <p>R79 000 (excluding VAT)</p> <p>R31 500</p>	<p>Algoa Bus Company and FNQ Bus Services</p> <p>Makusetyenzwe Trading CC</p> <p>Mzimkhulu C Kapayi</p>	24 March 2010	The Mayoral Outreach Programme in the form of Cluster Rallies has been scheduled during the period 23 February to 14 March 2010. The theme of the rallies is per the memorandum by the Director : Constituency Services. Ten Cluster

		R31 500 R13 500 R4 000 R45 000	Chimurenga Trading Flash Arch Trading Tinarha Trading Liyema Advertising		Rallies will be held within Nelson Mandela Bay. Municipal Services on Wheels by various Directorates will be in attendance at the rallies.  Twenty-two meetings were initially planned, but the Executive Mayor and political leadership have opted for ten cluster rallies instead and this has placed time limitations on the Constituency Services Directorate to follow formal tender processes for the appointment of service providers in respect of bus transport, PA systems and loud hailing
169	Road To 2010 And Legacy Programme At Easter Weekend Football Tournament : 2 to 5 April 2010.	R150 000 (including VAT)	SAFA	30 March 2010	In order to promote the 2010 Directorate's Road to 2010 and Legacy Programme at the SAFA's Local Football Association's Easter Weekend Football Tournaments to be held in Uitenhage, Motherwell, New Brighton and Northern Areas, between 2 and 5 April 2010, the Directorate will pay SAFA's suppliers for 2010 branded referee kits, football strips and basic training equipment. The cost will include referees fees that will be paid to SAFA. Referees services are contracted by the soccer governing body, SAFA, the NMBM will therefore have to make use of their services, and in order to do so, authority was hereby granted to deviate from the provisions of the Municipal Supply Chain Management Policy
170	Purchase Of Work Of Art : Authorisation Of Expenditure : J J (Georgia) Papageorge.	R35 000.00	J J (Georgia) Papageorge	24 March 2010	With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted the report to the Acting Municipal Manager for approval of



					<p>payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy, it was accordingly</p> <p><b>RESOLVED:</b></p> <p>That having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorized, for the purchase of the following artwork from J J (Georgia) Papageorge.</p>
171	Contract 335w : Loerie Water Treatment Works : Design, Supply, Installation, Commissioning And Maintenance Of Chemical Dosing Equipment : Inclusive Of Civil, Mechanical, Electrical And Building Works.	Contract amount increased by R9 188 400.00 from R45 037 221.03 to R54 225 621.03 inclusive of 20% contingencies and VAT	PCI Africa	24 March 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 22 February 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v)</p>

					<p>thereof.</p> <p>(b) That the approved contract sum for Contract 335W: Loerie Water Treatment Works : Design, Supply, Installation, Commissioning and Maintenance of Chemical Dosing Equipment : Inclusive of Civil, Mechanical, Electrical and Building Works, which was awarded to PCI Africa, be increased by R9 188 400.00 as detailed in the Executive Director's report to the Committee from R45 037 221.03 to R54 225 621.03 inclusive of 20% contingencies and VAT.</p>
172	Extension Of Services Of Nationwide Security And Umsimbithi Security Services.		Nationwide Security and Umsimbithi Security Services	1 April 2010	<p>Municipal Manager's resolution 1351 dated 18 January 2010 approved a deviation from the provisions of the Municipal Supply Chain Management Policy to extend the contract for contracted security services (Contract Enquiry 45/5) with the current service providers, Nationwide Security and Umsimbithi Security Services until 31 March 2010 until all administrative issues hampering the commencement of the contract were complete. Furthermore, a complaint lodged about the contract process is currently under investigation by Internal Audit. This report has not been completed within the timeframe provided and a further extension of the contract with the current service providers until 30 April 2010 is therefore required.</p>

173	Purchase Of Works Of Art : Authorisation Of Expenditure By George Coutouvidis From Jeanne Wright.	R6 000.00	Jeanne Wright	1 April 2010	<p>With regard to the procedures set out in Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Nelson Mandela Bay Art Museum Management submitted report to the Acting Municipal Manager for approval of payment of a work of art to be purchased and due to the fact that artistic pieces are unique and have individual merit it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy</p>
174	Cleaning Of North End Lake Using Micro Organism.	R1 001 824.14, inclusive of VAT	EMgro Natrology (Pty) Limited	29 March 2010	<p>The water quality of North End Lake is poor mainly due to high levels of faecal contamination which, when tested, indicates levels far exceeding safe standards for recreation. The pollution is entering the lake through several storm water outfalls as a result of illegal sewer connections in the storm water system and Wastewater Conveyance Division is addressing this at present. The water has been positively tested to be both Eutrophic and Anthropogenic and poses a great threat to human health and life. High levels of e-coli are also present. Apart from the human safety threat, the stench omitted from the lake when the wind blows from the direction of the lake is intolerable for players and spectators at the NMB stadium.</p> <p>In order to restore the natural balance of the lake it was recommended that it be treated with EMgro SAEM Microbial Technology which are "good" microbes which will effectively out-compete problem</p>

					<p>bacteria, speed up the improvement of the water quality in the lake and to ensure long term health, a sub-surface aeration system should be installed. As EMgro Natrology (Pty) Limited is the sole supplier and manufacturer of this technology a deviation from the Municipal Supply Chain Management Policy was approved to appoint the service provider.</p> <p>The cleaning of the North End Lake was urgent so that the water quality could be in a reasonable state at the time of the World Cup.</p>
175	Provision Of Transport For Bay United Supporters On 23 January 2010.	R24 300	FNQ Bus Services	22 January 2010	<p>Having considered the reasons set out in the report by the Economic Development and Recreational Services Directorate in respect of the above, it was</p> <p><b>RESOLVED:</b></p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of FNQ Bus Services, the only service provider available at the time, to provide transport for Bay United supporters to a soccer match at NMMU Stadium on 23 January 2010 at a cost of R24 300.</p>
176	Algoa Bus Company For Transportation Of Workers To And From Municipal Depots.	R5 179 893.44	Algoa Bus Company	7 January 2010	<p>Given the reasons advanced by the Executive Director : Infrastructure and Engineering in his report and particularly the need to rectify the irregular expenditure on bus transport since 2001 and to procure the most cost effective solution in the interim, it was</p>

					<p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of Section 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That approval be granted to pay the irregular expenditure in the amount of R5 179 893.44 set out in Annexure "A" of the Directorate's report since the expiration of the contract with Algoa Bus Company on 31 December 2001.</p> <p>(c) That the services of the Algoa Bus Company be procured on a month-to-month basis, on the same terms and conditions as the previous contract, pending the finalization of the procurement of a new service provider.</p>
177	Expenditure In Respect Of Prayer Service For Rain : 18 March 2010 : Nangoza Jebe Hall.	R36 210.00	Algoa Bus Company	24 March 2010	The Office of the Speaker through the Religious Unit is hosting a Prayer Service for Rain on Thursday, 18 March 2010 at the Nangoza Jebe Hall and approximately three thousand men and women of faith are expected to attend. The prayer service for rain is as a result of the severe drought currently facing the Nelson Mandela Bay region.

					Given the difficulty in the finalization of a suitable date for this occasion which has resulted in time constraints that has made it impossible to follow formal tender procedures, a deviation from the provisions of the Municipal Supply Chain Management Policy was approved by the Office of the Speaker to arrange bus transport.
178	Purchase Of Artworks.	R308 833.98	Steven Cohen	23 April 2010	With regards to the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Art Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Municipal Manager for approval of payment of works of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy
179	Purchase Of Artworks.	R680.00	Y Long	23 April 2010	With regards to the procedures set out in the Municipal Manager's resolution 1239 dated 30 October 2008 in respect of the acquisition of works of art, the Art Museum management under the Economic Development and Recreational Services Directorate submitted a report to the Municipal Manager for approval of payment of works of art to be purchased and due to the fact that artistic pieces are unique and have individual merit, it was not possible to acquire same by a competitive process as prescribed by the Municipal Supply Chain Management Policy. Accordingly, it

					<p>was</p> <p><b>RESOLVED:</b></p> <p>That, having regard to the Municipal Manager's resolution of 31 October 2008, a departure in terms of paragraph 36(1)(a)(iii) be hereby authorised for the purchase of artworks with details of the artist description and cost , as follows: 1 * Dance Skirt Injinjela to the total amount of R680.00.</p>
180	Mayoral Cup Challenge.	R1 400 000.00		12 April 2010	<p>In celebrating the 100 days of the Executive Mayor, the Economic Development and Recreational Services Directorate together with the Office of the Executive Mayor resolved to engage three sporting codes to compete for the Mayoral Cup challenge which consists of rugby, netball and soccer. The launch took place on 20 March 2010 at Adcock Stadium.</p> <p><b>RESOLVED:</b></p> <p>That the Executive Director : Economic Development and Recreational Services be authorized to deviate from normal tendering processes for the acquisition of goods and services for the Mayoral Cup challenge in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and to appoint service providers which are not catered for under annual contracts in the total amount of R1 400 000.00.</p>
181	Executive Directors And Directors : Payment Of Mpekweni : 18 to 19 March 2010.	R122 352.00	Mpekweni Beach Resort	4 May 2010	<p>A Mini Retreat for Executive Directors and Directors was arranged for 18 and 19 March 2010 at the Mpekweni Resort. The</p>

				<p>objectives of the retreat are detailed in the report of the Director IDP.</p> <p>Due to short notice it was not possible to follow formal tender procedures and quotations from suitable venues were obtained. Mpekweni Resort was subsequently selected as the most advantageous venue.</p> <p>In order to pay for the venue hire, a deviation from the provisions of the Municipal Supply Chain Management Policy was accordingly approved.</p>
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182	Utilisation Of Service Providers To Collect, Transport And Dispose Of Waste And Related Waste Management Services During The Recent Strike Action.		Various service providers	30 April 2010	<p>The ability of the Waste Management Sub-Directorate of the Public Health Directorate to perform waste management functions was eliminated during the recent strike and in order to render critical waste management functions in the areas that were most affected by the strike action, i.e. the beachfront, central business district and the route set out for the Ironman event, service providers had to be procured as a matter of urgency to perform the various essential waste management services. The aforementioned areas were not only an eyesore but if they were not cleaned could have become a health hazard and the participants of the Ironman event were at risk. In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>That due to the urgent need to perform essential waste management services in the areas most affected by the recent strike action, authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof to procure service providers to perform the waste management functions.</p>
183	Emergency Call-Out to Alliance Plumbers to attend to water flooding offices: Disaster Management Centre, South End Fire Station.	R10 931.19 (VAT inclusive)	Alliance Plumbers	5 May 2010	<p>Having considered the report by the Disaster Management Sub-Directorate to the Adjudication Committee meeting held on 22 February 2010, the recommendation by the Committee and having received confirmation that a legitimate quorum was present when this item was evaluated, it was</p>

					<p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(i) thereof.</p> <p>(b) That payment be made to Alliance Plumbers for the cost of the emergency work carried out on the broken stopcock in the One x Two Thousand litre water tank and the relaying of the water supply pipe to the pressure geyser in the ceiling above the Disaster Management offices located at the South End Fire Station, to the amount of R10 913.19 (VAT included).</p>
184	Procurement and erection of the 2010 FIFA World Cup Legacy Icon at the intersection of Marine Drive and Walmer Boulevard.	R2 000 000.00	Omega Civils	28 April 2010	<p>One of the 2010 FIFA World Cup legacy icons was to be erected at the corner of Walmer Boulevard and Marine Drive. The site is leased to the South End Museum and currently being developed by the museum at its own cost. It was agreed to incorporate the icon (1 800 mm diameter, solid granite soccer ball) to improve visual impact thereof. The time for delivery was between 4 to 6 weeks.</p> <p>Following the normal Municipal Procurement Process would delay the establishment of this legacy icon as the item will have to be advertised for a specific period and go through the evaluation and adjudication processes. In order to bypass the tender process, authority was requested to deviate from the provisions of the Municipal Supply Chain Management Policy.</p>

					<p><b>RESOLVED:</b></p> <p>That in order to ensure that the legacy icon, as proposed at the Mayoral meeting of 3 March 2010, was established before the 2010 FIFA World Cup and to promote the Municipality's awareness campaign, authority was granted to the 2010 Directorate to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy, to procure the granite legacy icon ball through Omega Civils, the current contractor on site at the location of Walmer Boulevard and Marine Drive to the value of R2 million.</p>
185	Further Extension of validity period of contracts: Waste Management co-operatives: Contract enquiry Nos. 177-7, 177-8 and 177-9: Tri-Annual tender for the Collection, Transport and Disposal of waste.		<ul style="list-style-type: none"> <li>• Ntinga Ntaka Ndini Co-operatives</li> <li>• Missionvale and Kleinskool Cleansing Co-operatives</li> <li>• Masiphuhle Cleansing Co-operatives.</li> </ul>	30 April 2010	<p>As per Municipal Manager's Resolution No. 1520 dated 29 December 2009, the decision of the Adjudication Committee dated 26 November 2009 to appoint contractors for the award of CE 177-7, CE 177-8 and CE 177-9 was put on hold pending finalisation of the investigation into objections received by the Acting Municipal Manager, on the tender process. As a result thereof, the provisions of the Municipal Supply Chain Management Policy were departed from, in terms of paragraph 36(1)(a)(v) thereof, to avoid the need for tenders in order to re-appoint Ntinga Ntaka Ndini Co-operatives (Motherwell); Missionvale and Kleinskool Cleansing Co-operatives (Missionvale, Kleinskool, and Kliprand) and Masiphuhle Cleansing Co-operatives (Kuyga),</p>

					<p>on the same terms and conditions as per their previous contracts for the provision of these services, until 28 February 2010.</p> <p>As the investigation was not finalised at that date, the above-mentioned co-operatives were re-appointed until 30 April 2010 (as per Municipal Manager's Resolution 1548 dated 26 February 2010).</p> <p>The investigation on the objections received was conducted by the Internal Audit and Risk Management Sub-Directorate and the outcome thereof has subsequently been conveyed to the Acting Municipal Manager. In order to allow the Acting Municipal Manager time to consider the report and to advise the Executive Director: Public Health of his findings and decision, it was</p> <p><b>RESOLVED:</b></p> <p>That the Supply Chain Management Policy be departed from, in terms of paragraph 36(1)(a)(v) thereof, to avoid the need for tenders in order to re-appoint Ntinga Ntaka Ndini Co-operatives, Missionvale and Kleinskool Cleansing Co-operatives and Masiphuhle Cleansing Co-operatives, on the same terms and conditions as per their previous contracts for the provision of these services, until no later than 30 June 2010.</p>
186	Performance by Local and National Artists at Provincial Gala Dinner for the raising of funds for Haiti on 26 April 2010, as part of Freedom Day Celebration build up programme.	Approximately R90 800	Various service providers	30 April 2010.	In collaboration with the Department of Sport, Recreation and Culture, the NMBM hosted the Provincial Freedom Day Celebrations. As a build up towards the Freedom Day Celebrations on 27 April 2010, a Provincial Gala Dinner was held at the Nangoza Jebe Hall and the

				<p>funds raised are in aid of the Haiti Disaster.</p> <p>The Department of Sport, Recreation and Culture approached the Recreation and Culture Sub-Directorate at very short notice to provide entertainment at the Gala Dinner. The services of two national artists, Phinda Mtya and Feya Faku were procured and they were also responsible for the mentoring of the local artists, an All Star Big Band, who were appointed by the NMBM to perform at the event.</p> <p>The NMBM was responsible for the payment of the artists' fees (international and local), the costs of the rehearsal venue, equipment, transport, the fee of the music collaborator and rehearsal costs.</p> <p>Given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, a deviation from the provisions of the Municipal Supply Chain Management Policy was hereby authorised and it was,</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted In terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy, to pay the costs of the two international and local artists who performed at the Provincial Gala Dinner on 26 April 2010.</p> <p>(b) That, due to the short notice given by the Department of Sport, Recreation and Culture to the Recreation and Culture Sub-</p>
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					<p>Directorate to provide the entertainment at the Gala Dinner, authority was granted in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy, to pay for the rehearsal venue, equipment, transport, the fee of the music collaborator and rehearsals utilised by the international and local artists for their performance.</p>
187	<p>Imaging and Analysing of Computer Equipment of a suspended employee in the Supply Chain Management Sub-Directorate.</p>	R15 048.00	Price Waterhouse Coopers	16 April 2010	<p>On 28 February 2010 the Acting Municipal Manager authorised the suspension of an employee in the Supply Chain Management Sub-Directorate due to alleged illegal activities. As it was suspected she may have created and stored information of such activities on the hard drives of the computer equipment used by her, it was important to image and analyse the equipment immediately.</p> <p>As Price Waterhouse Coopers (PWC) was the only local company able to image the equipment immediately, a deviation from the Supply Chain Management processes was requested to appoint the company.</p> <p><b>RESOLVED:</b></p> <p>That the Director: Internal Audit and Risk Assurance be authorised to appoint a service provider to image and analyse the computer equipment of the suspended employee in the Supply Chain Management Sub-Directorate and that the provisions of the Municipal Supply Chain Management Policy be departed from, in terms of</p>

					paragraph 36(1)(a)(v) thereof, to appoint Price Waterhouse Coopers, at a cost of R15 048.00.
188	Mayoral Cup challenge Final.	R1 235 880.00. R100 000.00	Various service providers SAFA Nelson Mandela Bay.	3 May 2010	<p>The official launch of the Nelson Mandela Bay Mayoral Cup Challenge (NMBMCC) was held on Saturday, 20 March 2010 with three sporting codes, namely, Soccer, Netball and Rugby, playing inter-club matches to take home the title "Nelson Mandela Bay Mayoral Cup Champions". The final games will be played on Saturday, 8 May 2010 at the Adcock Stadium. The Economic Development and Recreational Services Directorate's planned procurement processes, for the procurement of goods and services for the Mayoral Cup Challenge finals were thwarted due to the recent industrial strike action and the Directorate has no other option, but to apply for deviation from the Municipal Supply Chain management Policy to obtain such goods and services to the amount of R1 235 880.00.</p> <p>The soccer equipment is, however, not included, as SAFA Nelson Mandela Bay has purchased the soccer gear in the amount of R100 000.00.</p> <p>In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof, for the acquisition of goods and services for the finals of the Mayoral Cup Challenge, to be</p>

					<p>held on 8 May 2010, in the amount of R1 235 880.00, as detailed in the report by the Economic development And Recreational Services.</p> <p>(b) That the Economic Development and Recreational Services Directorate be authorised to utilise preferred quotes received to pay for goods and services received and/or tendered that are catered for under annual contracts.</p> <p>(c) That the Economic Development and Recreational Services Directorate be authorised to reimburse the SAFA Nelson Mandela Bay the Amount of R100 000.00 for the expenditure incurred on the Mayoral Cup Project as detailed in the Economic Development and Recreational Services report.</p>
189	Establishment and Operation of Fan Mile for 2010 FIFA World Cup.	R12 500 000.00 R300 000.00	Various service providers Nelson Mandela Bay Tourism	23 April 2010	<p>In terms of the Host Cities Agreement, all FIFA World Cup host cities are required to establish FIFA Fan Fests for football fans not attending stadium world cup games. Nelson Mandela Bay has chosen St Georges Sahara Oval Cricket Stadium as a venue to base its official Fan Fest between 11 June and 11 July 2010.</p> <p>Host Cities are also expected to showcase themselves by exposing their Arts and Culture Heritage to the global community through television coverage.</p> <p>The World Cup 2010 Directorate will pay for the hiring of venues, stage, event management fees, waste management, security, electricity, stalls, artists, branding, advertising,</p>



				<p>transportation, training and development programmes and legacy programmes.</p> <p>In order to do so, authority was requested to deviate from the provisions of the Municipal Supply Chain Management Policy.</p> <p>During the above-mentioned programme, the services of Nelson Mandela Bay Tourism were required to render promotional and tourism services at a cost not exceeding R300 000.00, in respect of which authority was requested to deviate from the provisions of the Municipal Supply Chain Management Policy.</p> <p><b>RESOLVED:</b></p> <p>(a) In order for the 2010 World Cup Directorate to implement the establishment of the Fan Mile for the duration of the World Cup, authority hereby granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy paragraph 36(1)(a)(v) , to pay for the establishment of the Fan Mile at a cost not exceeding R12 500 000.00.</p> <p>(b) In order to obtain services of Nelson Mandela Bay Tourism to render promotional and tourism services, authority be hereby granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy, paragraph 36(1)(a)(v) to pay for their services in an amount not exceeding R300 000.00.</p>
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190	Office Accommodation for Strategic Adviser, Office of the Executive Mayor.	2010-2011 : R10260.00 2011-2012 : R11 286.00 2012-2013 : R12 414.60.	Africorp International Properties.	7 April 2010	<p>As there is no suitable office accommodation in Municipal buildings in close proximity of the City Hall for the Executive Mayor's newly appointed strategic adviser, the landlord of Kwantu Towers (Africorp International Properties) was approached and he has offered to renovate space on the Ground Floor that will be suitable for utilisation as office accommodation. As there are already other Municipal Directorates situated in Kwantu Towers and accommodation of the strategic adviser in that building is the only viable solution due to its close proximity to the City Hall, it would be impractical to follow Supply Chain Management procedures and it was , therefore,</p> <p><b>RESOLVED:</b></p> <p>(a) That, as there is no office accommodation in Municipal buildings in close proximity of the City Hall available for the Executive Mayor's strategic adviser, authority be granted to deviate from the provisions of the Municipal Supply chain Management Policy, in terms of paragraph 3691)(a)(v) thereof, to rent office space for him at Kwantu Towers.</p> <p>(b) That a three year lease agreement be entered into between Africorp International Properties at a cost of R90 per square metre as detailed in the draft agreement in respect of office accommodation at Kwantu Towers. Cost (excluding VAT) per month: 2010-2011 : R10260.00</p>
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					2011-2012 : R11 286.00 2012-2013 : R12 414.60.
191	Increase In Contract Value: Contract 2300: Contract amount of Implementation Of Human Resources Information System.	R16 000 000 be increased by a further amount of R6 000 000 (excluding VAT)	Baraka IT Solutions t/a Baraka Enterprise Consulting	4 May 2010	For the successful completion of Contract 2300 – Implementation of the Human Resources Information System – awarded to Baraka IT Solutions t/a Baraka Enterprise Consulting, the initial approved contract amount of R16 000 000 needs to be increased by R6 000 000 (excluding VAT) to cover the SAP quality review, the training for super-users and to support the system upon Going-Live. This amount further includes the retrospective payments of the implementing partner for services rendered as a result of work done due to the crash caused by a power outage and the finalization of further technical requirements.
192	Provision Of Mobile Voice And Data Services	a month-to-month basis	Vodacom Service Provider and MTN Service Provider	13 April 2010	Having considered the report by the Directorate : Corporate Services to the Adjudication Committee meeting held on 7 April 2010 and the recommendation of that Committee, it was  <b>RESOLVED:</b>  (a) That authority be granted to depart from the provisions of the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.  (b) That the existing contracts of Vodacom Service Provider and MTN Service Provider, under Contract Enquiry 2137 : Provision of mobile voice and data

					services, be retrospectively extended on the same terms and conditions, on a month-to-month basis with effect from 1 February 2010 and not exceeding 30 June 2010.
193	NMBM 2010 Festival At Dan Qeqe Stadium, Zwide : 30 May 2010.	R2 500 000.00	Go Big Events and various service providers	27 May 2010	In order to promote the 2010 Tournament in respect of PR and visibility programmes in the Metro's clusters and wards, an NMBM 2010 Festival was arranged at Dan Qeqe Stadium, Zwide on 30 May 2010. The 2010 FIFA World Cup Directorate was granted has applied for a deviation from the provisions of the Municipal Supply Chain Management Policy in order to appoint Go Big Events as organisers of the event, the contracted organisers of the NMBM's Summer Season programme, who has the necessary expertise to organize an event of such magnitude at short notice, and various other service providers for side events, as detailed in the report by the Directorate.
194	Approval Of The Appointment Of Service Providers For Cluster Workshops.	R209 780.00	Various service providers	18 May 2010	A decision to hold Cluster Workshops emanated from the ward priorities raised during the recent IDP and Budget Public Hearings held in different wards in the Metro during the period 6 April to 12 May 2010.  The workshops for Govan Mbeki and Champion Galela Clusters were held during the period 14 and 15 May 2010. The remainder of the cluster workshops will continue at the end of June 2010, dates to be confirmed.

					<p>Due to time constraints, a deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied to authorise payment of the service providers for the two cluster workshops already held. (Constituency Services became aware of the workshops on 12 May 2010).</p> <p>In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to authorise payment of the service providers utilised during the two cluster workshops held on 14 and 15 May 2010 in the total amount of R209 780.00.</p> <p>(b) That the Director : Constituency Services be authorised to utilise the preferred quotes received to pay for goods and services received and/or rendered by service providers for bus transport and loud-hailing that are not catered for under annual contracts, details of which are set out in the report by the Director : Constituency Services.</p>
195	Contract CE2534 : Extension Of Scope Of Work And Increase Of Contract Value Of Zosa Street Housing Project, Korsten.	Contracted amount increased by R1 701 222.20 from R3 580 968.00 to	SJW Civils CC	12 May 2010	The recommendations of the Adjudication Committee of 23 July 2009 in respect of the Zosa Street Housing Project was

		R4 994 169.00 all inclusive of VAT.			<p>approved by the Acting Municipal Manager on 4 September 2009 (Municipal Manager's Resolution 1410). However, in order to increase the approved contract value to allow for contract escalation and the demolition and clearing of existing structures to be undertaken under the existing contract with SJW Civils CC for the construction of subsidy housing in Zosa Street, a deviation from the Municipal Supply Chain Management Policy was applied for.</p> <p>Having considered the reasons therefore as set out in the report by the Executive Director : Human Settlements, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the invitation of tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy.</p> <p>(b) That the scope of Contract CE2534: Zosa Street Housing Project, Korsten, awarded to SJW Civils CC be extended to allow for contract escalation, purchase of additional converted containers for temporary accommodation and additional work to be undertaken under the existing contract comprising demolition, site clearance and installation of water and sewer services, as detailed in the Directorate's report at a cost of</p>
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					<p>R1 701 222.00, inclusive of VAT.</p> <p>(c) That the overall value of Contract CE2534 Zosa Street Housing Project be increased by R1 701 222.20 from R3 580 968.00 to R4 994 169.00 all inclusive of VAT.</p>
196	Lease Of Greenwood Primary School to NMBM As A Temporary Safety And Security Command Centre For Use During The 2010 FIFA World Cup SA.	R110 000.00 VAT included	Greenwood Primary School	12 May 2010	<p>Adequate facilities to accommodate the Host City Safety and Security representatives, Law Enforcement Officers and other emergency services in one area within the immediate surrounds of the Fan Park are restricted due to a lack of available space. The only available area that can be converted without major structural changes to serve as a temporary Venue Operations Centre (VOC) was Greenwood Primary School and a deviation of the Municipal Supply Chain Management Policy was therefore applied for to lease portions of the school during the 2010 FIFA World Cup SA.</p> <p>Having considered the reasons therefore, as set out in the report by the Acting Executive Director : Safety and Security, it was</p> <p><b>RESOLVED:</b></p> <p>That due to lack of available space to accommodate the Host City Safety and Security representatives, Law Enforcement Officers and other emergency services in the immediate surrounds of the Fan Park and as Greenwood Primary</p>

					School is ideally situated to serve as a temporary Venue Operations Centre (VOC), authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to enter into a lease agreement with Greenwood Primary School for the provision of facilities to accommodate a temporary Command Centre for NMBM from 24 May to 16 July 2010 for use during the 2010 FIFA World Cup SA, at a once-off cost of R110 000.00 VAT included.
197	Procurement Of Multi-Purpose Safety And Security Reflective Jackets For Use During The 2010 FIFA World Cup SA.	R624 000.00 VAT included.	African Renaissance	12 May 2010	In terms of the Security Plan for the 2010 FIFA World Cup SA, the Safety and Security Directorate is a major role player in all events, specifically in NMBM, as a Host City. Clear identification and high visibility of the different role players during day and night time operations is essential. The purchase of standardized reflective jackets was therefore essential to clearly identify the Safety and Security officials. After comprehensive market research by the Safety and Security Directorate, a suitable multi-purpose jacket for use during cold winter evenings and mornings and in warm weather, by detaching the inner of the jacket in the latter instance, has been identified. African Renaissance is the only service provider that offers a sample type reflective all weather jacket as envisaged by Safety and Security. Other service providers approached can only offer a bib type light weight breathable material jacket that does not include provision for cold weather



					<p>conditions. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied for to purchase the reflective jackets from the only service provider who comply with the specifications of the Safety and Security Directorate, i.e. African Renaissance.</p> <p>For the reasons set out above as more fully detailed in the report by the Safety and Security Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>That as African Renaissance was the only service provider that complied with the specifications of the Safety and Security Directorate for multi-purpose all weather reflective jackets for use during the 2010 FIFA World Cup SA, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to purchase 1 200 jackets from the service provider at a once-off cost of not more than R624 000.00 VAT included.</p>
198	2010 FIFA World Cup Host City Display Area During World Cup Period : 11 June To 12 July 2010.	R2 500 000.00	Inkanyezi Events and other service providers	27 May 2010	As part of the NMBM's obligation as a Host City, the 2010 FIFA World Cup Directorate had a Host City Commercial Display at the Nelson Mandela Bay Stadium for the eight match days to provide an interactive and engaging display of products, brands or services to make the entire area attractive for ticket holders. Host cities are responsible for the creation, production, installation, management and

				<p>removal of the Commercial Display Area. The areas will be open to ticket holders on all match days. Various items, as detailed in the report by the Directorate, have to be provided by Host Cities. Regarding the requirements and specifications of a display stand, the services of an external provider was required as the Directorate does not have sufficient internal resources to perform the task. As Inkanyezi Events has an existing contract with Economic Development and Recreational Services for their Trade and Investment Exhibition and has designed a stand/structure that can be modified to meet the requirements of the Host City Commercial Display as specified, a deviation from the provisions of the Municipal Supply Chain Management Policy was applied for to engage the services of this service provider and various other service providers for the provision of other goods and services.</p> <p>In view of the above, as more fully detailed in the report by the 2010 FIFA World Cup Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>That in order to promote the 2010 Tournament in respect of the Host City Commercial Display Area at the NMBM Stadium for the period 11 June to 12 July 2010, authority be granted to deviate from paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of Inkanyezi Events and other service providers</p>
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					for the Host City Commercial Display at the Nelson Mandela Bay Stadium for the duration of the period in an amount not exceeding R2 500 000.00.
199	Contract CE2749 : Daily Hire And Operation Of Mini Buses On Dedicated Routes For The Duration Of The 2010 FIFA World Cup.	Contract estimated at R19 638 659 including 14% VAT and 20% contingencies	Laph'umilanga Transport Services Secondary Cooperative Limited	27 May 2010	<p>The provision of additional public transport for the 2010 FIFA World Cup is a requirement of the Host City Agreement. In terms of the Transport Operation Plan, approximately 168 minibuses are required to meet the demand on the intended routes. Authority was therefore requested by the Infrastructure and Engineering Directorate to deviate from the provisions of the Municipal Supply Chain Management Policy to contract Laph'umilanga Transport Services Secondary Cooperative Limited to operate approximately 165 minibuses for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup.</p> <p>Having considered the above as more fully detailed in the report by the Infrastructure and Engineering Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Laph'umilanga Transport Services Secondary Cooperative Limited be contracted to</p>

					<p>provide the required services for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA world Cup.</p> <p>(c) That the Executive Director : Infrastructure and Engineering be authorized to finalise negotiations with the Laph'umilanga Transport Services Secondary Cooperative Limited in order to finalise the financial compensation for the provision of the public transport services (currently estimated at R19 638 659 including 14% VAT and 20% contingencies).</p>
200	Procurement Of Furniture : Water Services Operations Centre : Infrastructure And Engineering Directorate.	R108 441.35 including VAT	Work Station Office Furniture	25 May 2010	<p>Due to the current drought situation a 24 hour, seven day a week, Operations Centre will be established at the Infrastructure and Engineering Directorate with effect from 1 June 2010 to receive complaints on water and sanitation related matters. The Operations Centre will also assist the NMBM to render an increased level of service during the World Cup and beyond. The process of procuring furniture for the Centre was delayed during the municipal strike. As there was no access to Purchasing and Supplies during a two-week period, procurement procedures could not be followed. In terms of paragraph 12(1)(c) of the Municipal Supply Chain Management Policy, quotations were called for an the quotation from Work Station Office Furniture in the amount of R108 441.35 including VAT complies with procurement procedures and was acceptable to</p>

					<p>the Directorate.</p> <p>Having considered the above as more fully detailed in the report by the Infrastructure and Engineering Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the quotation of Work Station Office Furniture (Ref. Qu35049) in the amount of R108 441.35, including VAT, for the supply and delivery of office furniture for the Water Services Operations Centre, be accepted.</p>
201	Transport Assistance to Polokwane : City Lads Football Club.	R54 000	M N Qwabe Transport	25 May 2010	<p>The City Lads Football Club applied to the Nelson Mandela Bay Municipality for transport assistance to enable the team to participate in the National Championships held from 17 to 23 May 2010 in Limpopo. Through the annual contract of Corporate Services with Connex Travel, quotations were obtained from bus transport companies. Of the four companies approached only one company was able to assist at a rental cost of R180 00. This quotation was, however, rejected as it was too expensive. M N Qwabe Transport was subsequently approached by the Economic Development and Recreational Services' Directorate and this</p>

					<p>company was able to assist at a cost of R54 000. Its quote was accepted as it was considerably lower than the other transport company approached for a quotation by Connex Travel.</p> <p>In view of the above, it was</p> <p><b>RESOLVED:</b></p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to engage the services of M N Qwabe Transport at a cost of R54 000 to provide transport to the City Lads Football Club to Limpopo to participate in the National Championships from 17 to 23 May 2010.</p>
202	Contract CE2750 : Management And Operation Of 25 New Buses On Dedicated Routes For The Duration Of The 2010 FIFA World Cup.	Contract currently at R5 780 210.14, excluding 14% VAT and including 20% contingencies	Laph'umilanga Transport Services Secondary Cooperative Limited	27 May 2010	<p>The provision of additional public transport services is a requirement of the Host City Agreement. In terms of the Transport Operation Plan, 24 articulated buses and 1 solo bus were required to meet the demand of the intended routes. Authority was therefore requested by the Infrastructure and Engineering Directorate to deviate from the provisions of the Municipal Supply Chain Management Policy to contract Laph'umilanga transport Services Secondary Cooperative (Pty) Limited to manage and operate 25 new municipality owned buses for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup.</p> <p>Having considered the above as more fully detailed in the report by the Infrastructure and Engineering</p>

					<p>Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to deviate from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Laph'umilanga Transport Services Secondary Cooperative Limited be contracted to operate the 25 new buses on dedicated routes for the period 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup.</p> <p>(c) That the Executive Director : Infrastructure and Engineering be authorised to finalise negotiations with the Laph'umilanga Transport Services Secondary Cooperative Limited in order to finalise the financial compensation for the provision of the public transport services (currently at R5 780 210.14, excluding 14% VAT and including 20% contingencies).</p> <p>(d) That the required supporting documentation be provided before conclusion of the agreement.</p>
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203	Provision of Transport Services For Mobility Impaired Spectators For The Duration Of The 2010 FIFA World Cup.	R2 118 348.00 including 14% VAT and 20% contingencies.	Association for the Physically Disabled	13 May 2010	<p>The provision of ten specially adapted vehicles and a number of caregivers to provide transport services for mobility impaired persons during the 2010 FIFA World Cup from 7 June 2010 to 16 July 2010 is a requirement of FIFA. There was no other practical solution other than to make use of the services of the Association for the Physically Disabled (APD) as the provision of such service is highly specialized. An agreement between the NMBM and the APD has been prepared and is being finalized.</p> <p>In view of the aforementioned, as more fully detailed in the report by the Executive Director : Infrastructure and Engineering, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the Association for the Physically Disabled be contracted to provide and operate ten specially adapted vehicles to provide transport services for mobility impaired persons for the period from 7 June 2010 to 16 July 2010 for the 2010 FIFA World Cup to the estimated value of R2 118 348.00 including 14% VAT and 20%</p>
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					contingencies.
204	Daily Hire And Operation Of Buses On Dedicated Routes For The Duration Of The 2010 FIFA World.	R11 273 102.00 including 0% VAT and 20% contingencies.	Algoa Bus Company (Pty) Limited	13 May 2010	<p>The provision of additional public transport services is a requirement of the Host City Agreement and in terms of the Transport Operational Plan, approximately 49 buses were required to provide transport services for spectators and visitors during the World Cup. Special circumstances exist in which it would be impractical to follow normal procurement procedures and a deviation from the Municipal Supply Chain Management Policy was fully motivated in the report by the Executive Director : Infrastructure and Engineering in order to contract Algoa Bus Company to provide the buses for the duration of the 2010 FIFA World Cup from 11 June 2010 to 11 July 2010.</p> <p>Having considered the above, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That Algoa Bus Company (Pty) Limited be contracted to provide transport services for spectators and visitors from 11 June 2010 to 11 July 2010 for the 2010 FIFA World Cup.</p> <p>(c) That the Executive Director : Infrastructure and</p>

					Engineering be authorized to finalise negotiations with the Algoa Bus Company in order to finalise the financial compensation for the provision of the public transport services (currently to the estimated value of R11 273 102.00 including 0% VAT and 20% contingencies.
205	2010 Call Centre : GijimaAST.	R300 000 (VAT inclusive)	GijimaAst	14 May 2010	<p>GijimaAst is the current service provider of the telephone system used by Disaster Management. They also provide the Call Centre System currently used by the Fire Service Call Centre. Due to time constraints in setting up the new 2010 Call Centre, it was necessary to leverage on existing relationships with service providers that already provided the technology and systems required to get the system up and running in the shortest possible time. The required work will be an extension of the service GijimaAst currently provide and as the Call Centre was temporarily required, the best procurement option was the rental of the system for a period of three months at a cost of R11 000 per month per agent and the total number of agents should not be more than eleven including the supervisors.</p> <p>Having considered the above request as more fully detailed in the report by the Executive Director : 2010 FIFA World Cup South Africa, it was</p>

					<p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provision of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the current services of GijimaAst in the Safety and Security Directorate be extended to provide and set up a new 2010 Call Centre for a period of three months at a rental of R11 000 per month per agent (a total number of eleven agents will be utilised) at a cost of R300 000 (VAT inclusive)</p>
206	Workers Day Celebrations : 1 May 2010 And Memorial Lecture : 30 April 2010 At Feather Market Centre.	R785 000	Various service providers	14 May 2010	NMBM held a Workers' Day Rally on 1 May 2010 at Dan Qeqe Stadium and a Memorial Lecture at the Feather Market Centre on 30 April 2010 as part of the build-up event as set out in the report by the Director : Constituency Services. Due to time constraints to finalise the arrangements for the events, a deviation from the provisions of the Supply Chain Management Policy was applied for in order to engage service providers in respect of venue hire (R9 500), transport ((R179 000), loud-hailing (R70 000), sound and stage (R188 000), performance by ten local artists (R80 000), food packs and drinks (R18 000), tent hire (R65 000), audio visual and lighting (memorial lecture) (R55 000), three performance groups (memorial lecture) (R27 000) and décor (memorial lecture)

					<p>(R53 000). (The provision for catering for R140 00 does not form part of this deviation request as there is an annual tender for this type of service.)</p> <p><b>RESOLVED:</b></p> <p>(a) That due to time constraints to finalise the arrangements for the Workers' Day Rally held at the Dan Qeque Stadium on 1 May 2010 and a memorial lecture on 30 April 2010 at the Feather Market Centre, authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage service providers for these events, as detailed in the report by the Director : Constituency Services, in the approximate amount of R785 000.</p> <p>(b) That Constituency Services be authorized to utilise the preferred quotes received to pay for goods and services received and/or rendered that are not catered for under annual contracts.</p>
207	Contract Enquiry 146 : Operation of the Arlington Waste Disposal Site.	month-to-month basis	GV Transport's (trading as Shweme Civils)	19 May 2010	Having considered the report by the Public Health Directorate to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was

					<p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Section 36(i)(a)(v) thereof.</p> <p>(b) That GV Transport's (trading as Shweme Civils) contract be extended on a month-to-month basis from 1 May 2010 on the same terms and conditions as their previous appointment pending the finalisation of the tender process for the provision of these services but not later than 30 June 2010.</p>
208	Approval Of Contract Agreement For The Community Radio Stations.	R45 000 per month, inclusive of VAT.	KQ FM, Bay FM and Kingfisher FM	19 May 2010	<p>Having considered the report by the Director : Communications to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That a contract agreement be entered into with KQ FM, Bay FM and Kingfisher FM for weekly radio slots for a period of 3 years, in the amount of R45 000 per month, inclusive of VAT.</p>

					(c) That the contract agreement includes the placement of ad hoc advertisements on specific events that fall outside the weekly radio slots.
209	Appointment Of Vula Energy (Pty) Limited On Part-Time Basis.	R252 806.40, inclusive of VAT.	Vula Energy (Pty)	25 May 2010	<p>Having considered the report by the Chief Financial Officer to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Section 36(a)(a)(v) thereof.</p> <p>(b) That the Vula Energy (Pty) Limited be reappointed with effect from 1 May 2010 to assist with the daily running of the current billing system and data migration to the new Promis.net billing system on a part time basis for a maximum of 4 hours per day at a cost of R501.60 per hour, inclusive of VAT, on a month to month basis not exceeding 6 months, at a total cost of approximately R252 806.40, inclusive of VAT.</p>

210	Contract CE2772 : Collection, Transport, Disposal Of Waste And Related Waste Management Functions At The 2010 Stadium	R32 490.00 inclusive of VAT	Yanda Cleaning and Construction	22 May 2010	<p>A deviation from the provisions of the Municipal Supply Chain Management was applied for in order to appoint contractors for the collection, transport and disposal of waste and related waste management functions at the Nelson Mandela Bay Stadium during the 2010 FIFA World Cup Soccer tournament.</p> <p>The tenders received have gone through the Bid Evaluation Committee and the Committee is in favour of the recommendations contained in this item.</p> <p><b>RESOLVED:</b></p> <p>(a) That CE2772: Collection, Transport, Disposal of Waste and Related Waste Management Functions at the Nelson Mandela Bay Stadium be awarded to Yanda Cleaning and Construction in the amount of R32 490.00 inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months thereafter.</p> <p>(b) That in conjunction with Supply Chain Management approval, the responsive tenderer with the second highest number of procurement points, A S Pedro CC, be secured as the first back up in the amount of R31 743.30 inclusive of VAT for a period commencing</p>
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					12 June 2010 and not exceeding a duration of two months thereafter.
211	Contract Fms03/2006 : Fleet Management Monitoring Units For FIFA World Cup Public Transport Services.	R1 998 893.10, inclusive of VAT	Control Instruments (Eastern Cape) CC	27 May 2010	<p>A contract secured by Infrastructure and Engineering (Fleet Management Services) by means of a competitive bidding process was awarded to Control Instruments (Eastern Cape) CC in July 2007 for the supply and installation of 1 500 units, monitoring of software and training and also for the licensing of the units for three years. A total of 253 vehicles have been contracted by the NMBM for the World Cup and in line with the existing contract Control Instruments (Eastern Cape) CC is able to supply trackers during this period which will be removed after the World Cup and handed over to Fleet Management to use at its discretion for the monitoring of new and existing NMBM vehicles.</p> <p>Having considered this request, as more fully detailed in the report by Infrastructure and Engineering, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That the invitation of tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy.</p> <p>(b) That as Control Instruments (Eastern Cape) CC is the current supplier of the monitoring units, an additional 253 units</p>



					including installation and licence costs, in the amount of R1 998 893.10, inclusive of VAT, be purchased from Control Instruments (Eastern Cape) CC.
212	Approval Of Payment Of Service Providers For Loud-Hailing For The Freedom Day Celebrations : 27 April 2010.	R10 000 per service provider	Nine service providers	19 May 2010	<p>In collaboration with the Provincial Department of Sport, Recreation, Arts and Culture, the NMBM hosted the Freedom Day Celebrations on 27 April 2010. The Constituency Service Directorate was responsible for the mobilization of some of the services to ensure the effectiveness of the programme. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore requested to approve payment of service providers engaged by Constituency Services for loud-hailing and the distribution of flyers to top up on the loud-hailing services organized by the Provincial Government in order to ensure a successful programme through the spreading of the word to all metro citizens. Nine service providers were engaged at a cost of R10 000 each as detailed in the report by the Director: Constituency Services.</p> <p><b>RESOLVED:</b></p> <p>(a) That the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to approve the payment of nine service providers engaged by Constituency services for loud-hailing and the distribution of flyers for the Freedom Celebrations on</p>

					<p>27 April 2010 at a cost of R10 000 per service provider.</p> <p>(b) That the Director : Constituency Services be authorized to utilize the preferred quotes received to pay for goods and services received and/or rendered by the service providers</p>
213	Extension Of Contract 45/5 : Protection/Access Control/Escort Services.		Nationwide Security and Umsimbithi Security Services	30 April 2010	That authority be granted in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to authorise the current service providers, Nationwide Security and Umsimbithi Security Services, to continue with the provision of security services to NMBM from 1 May 2010 to 31 August 2010, as per the current terms and conditions of the contract, in order to allow time for administrative issues regarding the appointment of the new service providers to be finalised.
214	Purchasing Of Plants For 2010 Beautification	R765 894.41	Elands Wholesale Nursery	26 May 2010	In order to beautify Nelson Mandela Bay for the 2010 FIFA World Cup, the Public Health Directorate wishes to purchase plants to replace the large number of plants that are dying as a result of the drought. Plans are in place to implement a planting programme to cover all the areas that have been identified before the commencement of the World Cup. As Elands Wholesale Nursery is the only plant wholesaler in the region and can supply the required volume of plants at the lowest prices, a deviation from the provisions of the Municipal Supply Chain

					<p>Management Policy was applied for in order to obtain the plants from the supplier at a cost of R765 894.41.</p> <p>Having considered the above request, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That authority be granted to purchase plants at a cost of R765 894.41 from Elands Wholesale Nursery for the beautification of the Nelson Mandela Bay for the 2010 FIFA World Cup</p>
215	Contract Pee3327 : Contract For The Management, Operation And Maintenance For Kwanobuhle Electricity Services.	R1 600 000.00, inclusive of VAT.	Intambanani (Pty) Limited	19 May 2010	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 29 April 2010 and the recommendation of that Committee, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>(b) That Intambanani (Pty) Limited, whose Contract PEE3327: Management, Operating and Maintenance for Kwanobuhle, expired on 31 March 2010, be re-appointed on a month-to-</p>

					month basis with effect from 1 May 2010 to 31 October 2010 in the total estimated amount of R1 600 000.00, inclusive of VAT
216	Contract Enquiry 2773 : Collection, Transport, Disposal Of Waste And Related Waste Management Functions At The Beachfront Area.	R16 957.50 per week inclusive of VAT	Nontutuzelo J Services	27 May 2010	<p>A deviation from the provisions of the Municipal Supply Chain Management is applied for in order to appoint contractors for the collection, transport and disposal of waste and related waste management functions at the beachfront area during the 2010 FIFA World Cup Soccer Tournament.</p> <p>Having considered the above as detailed in the attached report by the Public Health Directorate, it was</p> <p><b>RESOLVED:</b></p> <p>(a) That CE2773: Collection, Transport, Disposal of Waste and Related Waste Management Functions at the beachfront area be awarded to Nontutuzelo J Services in the amount of R16 957.50 per week inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months thereafter.</p> <p>(b) That in conjunction with Supply Chain Management approval, the responsive tenderer with the second highest number of procurement points, Clifton Noah Trading CC, be secured as the first back up in the amount of</p>

					<p>R18 240.00 per week inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months thereafter.</p> <p>(c) That in conjunction with Supply Chain Management approval, the respective tenderer with the third highest number of procurement points, Lighton Enterprises be secured as the second back up in the amount of R22 104.60 per week inclusive of VAT for a period commencing 12 June 2010 and not exceeding a duration of two months.</p>
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