

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

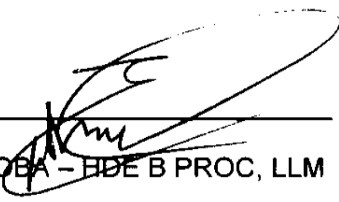
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended

30 June 2011

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 237, 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 NTOBEA - BDE B PROC, LLM
Acting Municipal Manager

30 September 2011

Date

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2011**

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NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2011

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Government
Mayoral Committee	
Executive Mayor	Cllr Zanoxolo Wayile
Councillors	Cllr N.N. Sihlwayi (Deputy Executive Mayor) Cllr M.E. Hermans (Speaker) Cllr F. T. Sibeko (Chief Whip) Cllr A.C.G. Mfunda (Infrastructure and Engineering and Electricity and Energy) Cllr N.S. Magopeni (Corporate Services) Cllr W. Jikeka (Safety and Security) Cllr T.B. Mafana (Constituency Services) Cllr T. H. Ngcolomba (Economic Development, Tourism and Agriculture) Cllr B. Lobishe (Sport, Recreation, Arts and Culture) Cllr P.M. Ndlovu (Public Health) Cllr F. Desi (Human Settlements) Cllr B. Naran (Budget and Treasury)
Accounting Officer (Acting Municipal Manager)	Elias Ntoba
Chief Financial Officer (CFO)	Kevin Jacoby
Chief Operating Officer (COO)	Dr Israel Tsatsire
Chief of Staff	Bheza Ntshona
Executive Directors	Rio Nolutshungu (Corporate Services) Zolile Siswana (Economic Development and Recreational services) Dr Elizabeth Chabula-Nxiweni (Public Health) Koslin Naicker (Acting Housing and Land) Mvuleni Bukula (Acting Electricity and Energy) Walter Shaidi (Acting Infrastructure and Engineering) Debbie Hendricks (Acting Strategic Programmes Unit) Shane Brown (Acting Safety and Security) Errol Heynes (2010 FIFA World Cup)
Registered Office	1 st Floor City Hall Govan Mbeki Avenue Port Elizabeth

	6001
Business Address	1 st Floor City Hall
	Govan Mbeki Avenue
	Port Elizabeth
	6001
Postal Address	P O Box 116
	Port Elizabeth
	6000
Bankers	Standard Bank of South Africa
Auditors	Auditor-General (SA)
Physical Address of Auditors	Walmer Park House
	16 th Avenue
	Walmer
	6070
Postal Address of Auditors	P O Box 210917
	The Fig Tree (Port Elizabeth)
	6033

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	ECONOMIC ENTITY		MUNICIPALITY	
		Actual	Restated	Actual	Restated
		2011	2010	2011	2010
		R	R	R	R
NET ASSETS AND LIABILITIES					
Net Assets		8 477 230 971	8 893 762 136	8 477 789 032	8 826 154 225
Housing Development Fund	1	109 548 848	109 363 610	109 548 848	109 363 610
Capital Replacement Reserve		43 265 219	221 153 074	43 265 219	221 153 074
Government Grant Reserve		3 334 830 572	3 551 977 740	3 334 830 572	3 551 977 740
Capitalisation Reserve		1 045 022 257	1 255 629 800	1 045 022 257	1 255 629 800
Donations and Public Contributions Reserves		284 675 541	340 865 271	284 675 541	340 865 271
Self-Insurance Reserve		31 262 728	103 748 367	31 262 728	103 748 367
COVID Reserve	2	11 772 619	11 786 995	11 772 619	11 786 995
Accumulated Surplus		3 616 853 187	3 299 237 279	3 617 411 248	3 231 629 368
Non-current liabilities		3 128 001 460	2 467 722 107	3 126 964 091	2 466 493 642
Long-term Liabilities	3	1 842 888 388	1 461 015 698	1 841 851 019	1 459 787 233
Employee Benefit Provisions	4	1 093 186 350	860 849 738	1 093 186 350	860 849 738
Non-current Provisions	4	191 926 722	145 856 671	191 926 722	145 856 671
Current Liabilities		1 828 344 964	2 048 187 457	1 813 513 189	2 072 781 954
Consumer deposits	7	81 016 141	79 849 533	81 016 141	79 849 533
Current Employee Benefit Provisions	5	48 731 876	43 421 707	48 442 298	43 074 998
Current Provisions	5	35 699 482	5 305 146	35 699 482	5 305 146
Creditors under exchange transactions	8	1 245 343 810	1 607 692 675	1 240 517 176	1 645 898 756
Unspent Conditional Grants and Receipts	9	310 366 773	219 094 092	301 712 064	206 195 988
VAT Suspense	18	14 071 355	0	14 071 355	0
Current Portion of Long-term Liabilities	3	93 115 527	92 824 304	92 054 673	92 457 533
Total Net Assets and Liabilities		13 433 577 395	13 409 671 700	13 418 266 312	13 365 429 821
ASSETS					
Non-current assets		11 701 474 016	11 385 477 605	11 701 241 828	11 384 686 434
Property, Plant and Equipment	10	11 139 543 550	10 822 513 796	11 138 821 718	10 821 865 603
Intangible Assets	11	430 201 463	411 602 371	430 133 046	411 508 614
Investment Property	12	70 813 221	70 763 269	70 813 221	70 763 269
Investments	13	0	0	0	0
Investment in Associate	13	(538 061)	69 221	20 000	20 000
Long-term Receivables - Exchange Transactions	14	43 397 619	40 028 568	43 397 619	40 028 568
Long-term Receivables - Non-exchange Transactions	14	18 056 224	40 500 380	18 056 224	40 500 380
Current Assets		1 732 103 379	2 024 194 095	1 717 024 484	1 980 743 387
Inventory	15	114 759 240	134 987 062	114 679 786	134 763 934
Consumer debtors - Exchange Transactions	16	684 326 861	509 581 901	684 326 861	509 581 901
Consumer debtors - Non-exchange Transactions	16	81 752 593	89 905 891	81 752 593	89 905 891
Other Debtors	17	342 389 155	517 916 541	388 099 582	517 834 945
VAT	18	21 703 075	58 282 358	19 367 529	57 178 765
VAT Suspense	18	0	40 739 451	0	40 739 451
Current portion of long-term receivables	14	12 984	33 590	12 984	33 590
Short-term investments	19	1 127 728	935 409	1 127 728	935 409
Short-term investment deposits	19	296 992 369	505 408 068	296 992 369	505 408 068
Bank balances and cash	20	189 039 374	166 403 824	130 665 052	124 361 433
Total Assets		13 433 577 395	13 409 671 700	13 418 266 312	13 365 429 821

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2011

		ECONOMIC ENTITY		MUNICIPALITY	
		Actual	Actual	Actual	Actual
		2011 R	Restated 2010 R	2011 R	Restated 2010 R
REVENUE					
Property rates	21	838 854 652	756 499 194	838 854 652	756 499 194
Service Charges	22	3 140 591 206	2 549 064 398	3 140 671 586	2 549 174 774
Interest earned - external investments		19 251 540	65 323 178	16 447 283	61 759 998
Interest earned - outstanding debtors		113 346 560	82 762 356	113 346 560	82 762 355
Fines		23 736 347	23 415 331	23 736 347	23 415 331
Licences and Permits		8 152 731	8 242 413	8 152 731	8 242 413
Government Grants and Subsidies	24	1 820 440 506	2 395 859 520	1 885 983 194	2 448 467 630
Rental of facilities and equipment		17 640 531	15 545 171	17 640 531	15 545 171
Income for agency services		1 611 022	1 219 757	1 611 022	1 219 757
Other Income	25	344 661 882	266 150 097	339 202 887	265 160 646
Gains on the disposal of property, plant and equipment	35	1 698 397	0	1 698 397	0
Total Revenue		6 329 985 374	6 164 081 415	6 387 345 190	6 212 247 269
EXPENDITURE					
Employee related costs	26	1 877 609 796	1 641 282 383	1 871 889 321	1 636 004 663
Remuneration of Councillors	27	45 053 304	44 885 796	45 053 304	44 885 796
Bad debts	28	263 130 785	419 469 579	263 121 103	419 466 568
Collection costs		2 952 196	2 757 759	2 952 196	2 757 759
Contracted services		144 271 438	147 764 911	144 271 438	147 764 911
Depreciation - Property, plant and equipment	48	1 088 979 968	520 702 828	1 088 838 887	520 558 558
Depreciation - Investment Property	50	3 056 232	7 832 946	3 056 232	7 832 946
Amortisation	49	86 302 126	8 836 587	86 271 032	8 817 455
Impairment	35	42 183 558	9 259 253	42 183 558	9 259 253
Repairs and Maintenance		415 691 740	408 118 482	415 637 700	408 103 781
Finance charges Paid	29	177 629 732	113 366 882	177 629 732	113 314 547
Bulk purchases	30	1 575 086 810	1 237 381 154	1 575 086 810	1 237 381 154
Grants and subsidies paid	31	295 916 633	283 058 979	307 556 123	364 570 786
General Expenses		722 249 541	815 635 473	706 367 551	805 381 339
Loss on Foreign Exchange Transaction	23	0	3 973 498	0	3 973 498
Loss on disposal of Property Plant and Equipment	35	5 795 397	2 932 733	5 795 397	2 932 733
Share of loss in Associate	36	607 283	725 524	0	0
Total Expenditure		6 746 516 539	5 667 984 767	6 735 710 384	5 733 005 747
(Deficit)/ Surplus for the year		(416 531 165)	496 096 647	(348 365 194)	479 241 522
Taxation		0	0	0	0
(Deficit)/ Surplus after taxation for the year		(416 531 165)	496 096 647	(348 365 194)	479 241 522

NELSON MANDELA BAY MUNICIPALITY
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

<u>ECONOMIC ENTITY</u>	<u>Housing</u>	<u>Capital</u>	<u>Capitilisation</u>	<u>Government</u>	<u>Donations and</u>	<u>Self-Insurance</u>	<u>COID Reserve</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Development</u>	<u>Replacement</u>	<u>Reserve</u>	<u>Grant Reserve</u>	<u>Public</u>	<u>Reserve</u>		<u>Surplus/</u>	
	<u>Fund</u>	<u>Reserve</u>	<u>Reserve</u>		<u>Contributions</u>	<u>Reserve</u>		<u>(Deficit)</u>	
	R	R	R	R	R	R	R	R	R
Balance at 01 July 2009	108 491 927	287 654 634	1 426 584 295	2 824 788 038	206 087 934	90 492 535	10 561 305	3 443 004 821	8 397 665 489
Surplus/(deficit) for the year								496 096 647	496 096 647
Transfer to CRR		346 323 860						(346 323 860)	0
Interest Received	688 038	63 826 240						(64 514 278)	0
Property, plant and equipment purchased		(476 651 660)						476 651 660	0
Contribution to fund								0	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)	7 824 798	0
Transfer from 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	0
Asset Disposals			(716 208)	(87 150)	(616)			803 974	0
Balance at 30 June 2010	109 363 610	221 153 074	1 255 629 800	3 551 977 740	340 865 271	103 748 367	11 786 995	3 299 237 279	8 893 762 136
Opening Balance - 01 July 2010	109 363 610	221 153 074	1 255 629 800	3 551 977 740	340 865 271	103 748 367	11 786 995	3 299 237 279	8 893 762 136
Surplus/(deficit) for the year								(416 531 165)	(416 531 165)
Transfer to CRR		341 779 004						(341 779 004)	0
Interest Received								0	0
Property, plant and equipment purchased		(519 666 859)		505 485 899	17 011 591			(2 830 631)	0
Contribution to Reserve						(83 135 913)		83 135 913	0
Capital Grants used to purchase PPE								0	0
Donated/contributed PPE								0	0
Contribution to Insurance Reserve						21 810 605	3 228 179	(25 038 784)	0
Insurance claims processed						(11 160 331)	(3 242 555)	14 402 886	0
Transfer to Housing Development Fund	185 238							(185 238)	0
Offsetting of depreciation			(209 549 984)	(721 321 570)	(72 444 439)			1 003 315 993	0
Additional Depreciation Reversal								0	0
Asset Disposals			(1 057 559)	(1 311 497)	(756 882)			3 125 938	0
Balance at 30 June 2011	109 548 848	43 265 219	1 045 022 257	3 334 830 572	284 675 541	31 262 728	11 772 619	3 616 853 187	8 477 230 971

NELSON MANDELA BAY MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	<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>COVID Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
Balance at 01 July 2009	108 491 927	287 654 634	1 426 584 295	2 824 788 038	206 087 934	90 492 535	10 561 305	3 392 252 035	8 346 912 703
Surplus/(deficit) for the year								479 241 522	479 241 522
Transfer to CRR		346 323 860						(346 323 860)	0
Interest Received	688 038	63 826 240						(64 514 278)	0
Property, plant and equipment purchased		(476 651 660)						476 651 660	0
Contribution to Reserve								0	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)	7 824 798	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	0
Asset Disposals			(716 208)	(87 150)	(616)			803 974	0
Balance at 30 June 2010	109 363 610	221 153 074	1 255 629 800	3 551 977 740	340 865 271	103 748 367	11 786 995	3 231 629 368	8 826 154 225
Opening Balance - 01 July 2010	109 363 610	221 153 074	1 255 629 800	3 551 977 740	340 865 271	103 748 367	11 786 995	3 231 629 368	8 826 154 225
Surplus/(deficit) for the year								(348 365 194)	(348 365 194)
Transfer to CRR		341 779 004						(341 779 004)	0
Interest Received								0	0
Property, plant and equipment purchased		(519 666 859)		505 485 899	17 011 591			(2 830 631)	0
Contribution to Reserve						(83 135 913)		83 135 913	0
Capital Grants used to purchase PPE								0	0
Donated/contributed PPE								0	0
Contribution to Insurance Reserve						21 810 605	3 228 179	(25 038 784)	0
Insurance claims processed						(11 160 331)	(3 242 555)	14 402 886	0
Transfer to Housing Development Fund	185 238							(185 238)	0
Offsetting of depreciation			(209 549 984)	(721 321 570)	(72 444 439)			1 003 315 993	0
Additional Depreciation Reversal								0	0
Asset Disposals			(1 057 559)	(1 311 497)	(756 882)			3 125 938	0
Balance at 30 June 2011	109 548 848	43 265 219	1 045 022 257	3 334 830 572	284 675 541	31 262 728	11 772 619	3 617 411 248	8 477 789 032

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	ECONOMIC ENTITY		MUNICIPALITY	
		Actual 2011 R	Restated 2010 R	Actual 2011 R	Restated 2010 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		6 583 413 302	5 167 623 731	6 606 431 168	5 205 276 532
Cash paid to suppliers and employees		(5 557 089 341)	(4 115 753 368)	(5 593 699 077)	(4 146 085 286)
Cash generated from operations	32	1 026 323 961	1 051 870 363	1 012 732 091	1 059 191 246
Interest received		132 598 100	148 085 534	129 793 843	144 522 353
Interest paid	29	(177 629 732)	(113 366 882)	(177 629 732)	(113 314 547)
NET CASH INFLOW FROM OPERATING ACTIVITIES		981 292 329	1 086 589 015	964 896 202	1 090 399 052
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, plant and equipment		(1 413 277 192)	(2 294 680 780)	(1 413 062 473)	(2 294 539 085)
Disposal of Property, plant and equipment		3 170 470	0	3 170 470	0
Purchase of Intangible assets		(104 901 219)	(95 457 209)	(104 895 465)	(95 352 498)
Purchase of Investment Property		(3 106 185)	(3 677 604)	(3 106 185)	(3 677 604)
Decrease in Non-current receivables		19 095 711	14 056 916	19 095 711	14 056 917
Decrease in Non-current investments		0	707 079	0	707 079
(Increase) in short term investments		(192 319)	(935 409)	(192 319)	(935 409)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1 499 210 734)	(2 379 987 007)	(1 498 990 261)	(2 379 740 600)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/(Decrease) in Long term loans (External)	34	469 808 905	1 164 615 773	470 000 000	1 165 000 000
(Decrease) in Non-current provisions		(48 811 911)	(73 878 868)	(49 159 285)	(74 320 731)
Repayment of Long term loans	34	(88 858 738)	(51 828 172)	(88 858 738)	(51 828 172)
NET CASH INFLOW FROM FINANCING ACTIVITIES		332 138 256	1 038 908 733	331 981 977	1 038 851 097
NET DECREASE IN CASH AND CASH EQUIVALENTS		(185 780 149)	(254 489 259)	(202 112 080)	(250 490 451)
Cash and cash equivalents at the beginning of the year		671 811 892	926 301 151	629 769 501	880 259 952
Cash and cash equivalents at the end of the year	33	486 031 743	671 811 892	427 657 421	629 769 501

1. BASIS OF PRESENTATION

The Consolidated Financial Statements are prepared on the accrual basis of accounting and the transactions, assets and liabilities included in the financial statements are measured at cost unless otherwise stated.

These Consolidated Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These Consolidated Financial Statements have been prepared in accordance with the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

The principal accounting policies adopted in the preparation of these Consolidated Financial Statements are set out below.

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

The accounting policies applied are consistent with those used to present the previous year's Consolidated Financial Statements, unless explicitly stated. The significant change in accounting policy relates to the treatment of financial instruments. The Economic Entity has used GRAP 104 to formulate an accounting policy to account for financial instruments. Due to the relatively simple types of financial instruments held by the Economic Entity, the impact of the change is not significant. The effect on the comparative year is disclosed in Note 40.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's financial statements incorporate the financial statements of the parent entity, Nelson Mandela Bay Municipality and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

The controlled entities have the same reporting date and reporting period as the controlling entity.

All inter-entity transactions and balances, unrealised gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate, the accounting policies of controlled entities conform to the policies adopted by the Economic Entity.

3. MUNICIPAL ENTITIES

Municipal entities are all controlled entities over which the Economic Entity has ownership control or effective control to govern the financial and operating policies of such controlled entities to benefit from its activities.

4. PRESENTATION CURRENCY

These Consolidated Financial Statements are presented in South African Rand.

5. GOING CONCERN ASSUMPTION

These Consolidated Financial Statements have been prepared on a going concern basis.

6. COMPARATIVE INFORMATION

6.1 Current year comparatives (Budget):

Budgeted amounts have been included in the Consolidated Financial Statements for the current and previous financial years. Refer to Note 52 of the Notes to the Consolidated Financial Statements.

6.2 Prior year comparatives:

When the presentation or classification of items in the Consolidated Financial Statements are amended, prior period comparative amounts are reclassified and restated. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The nature and reasons for the reclassifications and restatements are disclosed in Note 40 to the Consolidated Financial Statements.

7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following approved Standards of GRAP have been approved and issued by the Accounting Standards Board, but only become effective in the future or have not been given an effective date by the Minister of Finance. The Economic Entity has not early-adopted any new Standards but has in some cases referred to them for guidance in developing appropriate accounting policies in accordance with the requirements of Directive 5: Determining the GRAP Reporting Framework.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	Segment Reporting	No effective date
GRAP 20	Related party disclosures	No effective date
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	1 April 2012
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2012
GRAP 25	Employee Benefits	No effective date
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 103	Heritage Assets	1 April 2012
GRAP 104	Financial Instruments	No effective date
GRAP 105	Transfer of Functions Between Entities Under Common Control	No effective date
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	No effective date
GRAP 107	Mergers	No effective date

GRAP 18 - Segment Reporting

Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the Economic Entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

GRAP 21 – Impairment of Non-Cash Generating Assets

This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on that date. It determines the requirements and provides additional guidance on how to impair non-cash generating assets, being assets that are not held to generate any sort of commercial benefit. In particular, it provides guidance on how to determine an asset's recoverable service amount in the absence of any future cash flows.

The Economic Entity has considered the principles set by this standard in developing its general asset impairment policy and therefore does not expect any significant changes in how assets will be accounted for or disclosed when the standard becomes effective.

GRAP 23 – Revenue from Non-Exchange Transactions

This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on that date. It determines the requirements and provides additional guidance on how to account for revenue from non-exchange transactions. In particular, it requires the entity to recognise revenue from grants received, to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay. Most of the grants received by the Economic Entity are conditional grants and revenue is currently only recognised when the conditions associated with the respective grants are met and therefore it is not expected to have a significant impact on the financial statements when it becomes effective.

GRAP 24 – Presentation of Budget Information in the Consolidated Financial Statements

This standard becomes effective for years beginning on or after 1 April 2012. It determines the specific requirements and provides additional guidance on how to present a comparison between budgeted and actual amounts in the financial statements, as required by GRAP 1. This is expected to add significantly to the level of disclosures currently being provided in terms of the interim guidance on minimum budget information from the Accountant General's Office.

GRAP 25 – Employee Benefits

This standard prescribes similar requirements to those in terms of IAS 19: Employee Benefits. Since IAS 19 has been applied in developing the current accounting policy, no significant impact on the financial statements of the Economic Entity is expected. This standard does not yet have an effective date.

GRAP 26 – Impairment of cash-generating assets

This standard becomes effective for years beginning on or after 1 April 2012 and will not be early adopted. It determines the requirements and provides additional guidance on how to impair cash generating assets, being assets that are expected to generate a commercial benefit. The standard requires a similar treatment to that currently required by IAS 36, the principles of which have already been incorporated into the accounting policies of the Economic Entity in the prior year. As a result, the impact of this standard becoming effective is expected to be limited.

GRAP 103 – Heritage Assets

This standard becomes effective for periods beginning on or after 1 April 2012 and has not been early adopted. It determines requirements for accounting for heritage assets. Heritage assets are defined as assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. The Economic Entity currently recognises all its heritage assets at cost and includes heritage assets with property, plant and equipment. The key impact of GRAP 103 will therefore only be changes in disclosures.

GRAP 104 – Financial Instruments

This standard will introduce some relatively significant changes when compared to IAS 39, especially in the way financial assets are classified and treated. The key principles established by this standard have already been utilised to develop appropriate accounting policies for accounting for financial instruments and therefore it is not expected to have a significant impact on the financial statements when it becomes effective (refer accounting policy Note 14). This standard does not yet have an effective date.

GRAP 105 – Transfer of Function Between Entities Under common Control

This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the Economic Entity's financial statements is not expected to be significant due to the fact that the Economic Entity rarely enters into such transactions. The standard is only expected to have an impact on the Economic Entity in respect of any future transfers of functions. This standard does not yet have an effective date.

GRAP 106 – Transfer of Function Between Entities Not Under common Control

This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the Economic Entity will enter into any such transactions in the near future. This standard does not yet have an effective date.

GRAP 107 – Mergers

This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the Economic Entity in the foreseeable future. This standard does not yet have an effective date.

The following interpretations have also been issued and are expected to have an insignificant impact on the financial statements, since they generally reflect the interpretation and principles already established under IFRS apart from the interpretations relating to leases, it is unlikely that the Economic Entity will encounter any of these issues in the normal course of its business.

Standard number	Standard name	Effective date (if applicable)
IGRAP2	Changes in Existing Decommissioning Restoration and Similar Liabilities	1 April 2011
IGRAP3	Determining Whether an Arrangement Contains a Lease	1 April 2011
IGRAP4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 April 2011
IGRAP5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	1 April 2011
IGRAP6	Loyalty programmes	1 April 2011
IGRAP7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	No effective date
IGRAP8	Agreements for the Construction of Assets from Exchange Transactions	1 April 2011
IGRAP9	Distributions of Non-cash Assets to Owners	1 April 2011
IGRAP10	Assets Received from Customers.	1 April 2011
IGRAP11	Consolidation - Special Purpose Entities	1 April 2011
IGRAP12	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1 April 2011
IGRAP13	Operating Leases – Incentives	1 April 2011
IGRAP14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 April 2011

IGRAP15	Revenue - Barter Transactions Involving Advertising Services	1 April 2011
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8. SIGNIFICANT JUDGEMENTS

In the process of electing the Economic Entity's accounting policies management has made the follow significant judgements:

Policies not covered by Directive 5

In respect of accounting standards for material transactions, events or conditions not covered by Directive 5: Determining the GRAP Reporting Framework, the Economic Entity has developed accounting policies in accordance with paragraphs 8, 10 and 11 of GRAP 3.

Financial Instruments

The Economic Entity has elected to formulate an accounting policy based on GRAP 104, which has been approved but does not have an effective date. The reason for this is that GRAP 104 was written with a public sector focus and therefore more relevant to the operations of the Economic Entity.

Employee Benefits

For consistency and comparability, the Economic Entity has elected to construct a policy note based on IAS 19 Employee Benefits because in prior years the policy was based on IAS 19 Employee Benefits.

Impairment of Assets

The Economic Entity has elected to continue applying IAS 36 Impairment of Assets with respect to impairment of cash generating assets.

The Economic Entity has elected to continue applying IPSAS 21 Impairment of Non-Cash Generating Assets with respect to impairment of non-cash generating assets.

Non-exchange revenue

The Economic Entity has used the key principles established by GAMAP 9 and GRAP 9 to develop an appropriate accounting policy for accounting for non-exchange revenue.

Other key judgements

Provisions and contingent liabilities

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

For the Municipal Entity, performance bonus provisions are based on employment contract stipulations and previous performance bonus payment trends. Refer to Note 13 of the accounting policy notes to the Consolidated Financial Statements.

Operating lease commitments – the Economic Entity as lessor

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

GRAP 5 Borrowing Costs

The Economic Entity has determined that it is inappropriate to capitalise borrowing costs, as it is unable to establish a clear link between borrowing costs and numerous individual assets falling within the broader range of specific capital projects. The Economic Entity is able to link borrowings to the specific capital projects. Refer to Note 22 of the accounting policy notes to the Consolidated Financial Statements.

Management's Going Concern Assessment

Management considered the following matters relating to the Going Concern:

On 28 June 2011, the Council adopted the 2011/12 to 2013/14 Budget. The three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash backed for the three-year period.

The Economic Entity's Budget is subjected to a very rigorous independent assessment process to assess its cash backing status before it is ultimately approved by Council. Furthermore, strict daily cash management processes are embedded in the Economic Entity's Operations' to manage and monitor all actual cash inflows and cash outflows in terms of the cash flow forecast supporting the Budget. The cash management processes are complemented by weekly and monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

The Economic Entity developed a Financial Recovery Plan to address the cash flow challenges experienced at the beginning of the 2010/11 financial year. This plan has resulted in the Economic Entity improving its cash and cash equivalents position from a projected R 59,9 million upon approval of the 2010/11 Adjustments Budget to R 428 million as at the end of June 2011. The Economic Entity has also secured a bank overdraft in the amount of R 450 million to cover short term cash shortfalls as and when the need arises. To date, this facility has not been used.

As the Economic Entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned, into account Management has prepared the Consolidated Financial Statements on the Going Concern basis.

9. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In the process of preparing the Economic Entity's Consolidated Financial Statements, management has made the following key estimates and assumptions:

Provision for Rehabilitation of Refuse Landfill Sites

The Economic Entity 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 5.00% (2010: 5.50%) and discounted to the present value:

- a) For landfill sites with a remaining operating life of less than 5 years, at the average short term borrowing cost of 11.14% (2010: 11.35%).
- b) For landfill sites with a remaining operating life of greater than 5 years, at the average long-term treasury bond rate 4.09% (2010: 11.35%).

Provision for Rehabilitation of Swartkops River

The provision is in relation to the Economic Entity's obligation to address the environmental pollution of the Swartkops River. The provision is based on the estimated costs to carry out the rehabilitation work of a wetland beside the Swartkops River.

Pension and other post-employment benefits

The cost of defined benefit pension plans, other post employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. For key assumptions, refer Note 47 of the Consolidated Financial Statements.

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.

Inventory

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. Refer to Note 19 of the accounting policy notes to the Consolidated Financial Statements.

Heritage Assets

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.

10. 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 Economic Entity 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.

11. RESERVES

The Economic Entity maintains various internal reserves in terms of specific requirements.

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 amount transferred to the CRR is based on the Economic Entity'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 Economic Entity.
- The CRR may only be utilised to finance purchasing items of property, plant and equipment, investment property and intangible assets and may not be used for the maintenance of these items.
- Whenever the CRR is utilised, the CRR is reduced by an amount equal to the cost price of the asset 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, if it is cash backed.

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 CR instead of the accumulated surplus/(deficit) in terms of a directive (Circular no. 18) 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).

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 of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

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 of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

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 R 10 million in respect of fire insurance, R 5 million in respect of public liability insurance and R 3 million 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 R 10 million and in respect of fidelity guarantee insurance amounts to R 17 million. 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.

Compensation for Occupational Injuries and Diseases (COID) Reserve

The Economic Entity 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 Economic Entity deposit cash and/or securities relating to COID with the Commissioner. The market values of which in aggregate, shall not be less than the capitalised value of the continuing liability of the Economic Entity as at 31 December of each year.

The continuing liability is that of pensions, with the capitalised value being determined based on 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 Economic Entity 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.

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 (Circular no. 18) 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).

12. EMPLOYEE BENEFITS

Remuneration to employees is recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs.

The costs of all short-term employee benefits, such as leave pay, are recognised in the period the employee renders the related service.

Leave pay accrual

The liability is based on the total amount of leave days due to the employees at reporting date and on the total remuneration package of the employees.

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. The gratuity is payable by Council to wage earners who joined the Economic Entity before 1988. The Council decided to make gratuity payments to these employees upon retirement. The amount payable is based on the individual employee wage rate and the number of years in service until the employee joined a pension fund and this amount is adjusted annually, based on the average interest earned on investments, by the Economic Entity.

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. Where performance appraisals have not yet been performed at year-end, a performance bonus provision is raised based on the employment contract stipulations and previous performance bonus payment trends.

Long service awards

Employees, who have completed 25 years unbroken service, are entitled to receive a once-off cash award not exceeding R2,500. The cash award is included in the employee's salary in the month of the service anniversary.

Retirement benefits

The Economic Entity provides retirement benefits for its employees and councillors.

Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive 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 benefit plans other than defined contribution plans. The Economic Entity operates three defined benefit pension plans, all of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the projected unit credit method. Actuarial valuations are conducted on a Annual basis by independent actuaries for each plan.

The actuarial gains or losses are recognised in the Statement of Financial Performance in the year incurred.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested,

immediately following the introduction of or changes to a pension plan, past service costs are recognised immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (further detail is available in Note 47), less past service costs not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the Economic Entity nor can they be paid directly to the Economic Entity.

Fair value is based on market price information and in the case of quoted securities; it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. It should be noted that there are currently no plan assets.

Medical Aid: Continued Members

The Economic Entity 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 Economic Entity 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 Economic Entity for the remaining portion.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

The actuarial gains or losses are recognised in the Statement of Financial Performance in the year incurred. Actuarial valuations are conducted on an Annual basis by independent actuaries for each plan.

13. PROVISIONS

Provisions are recognised when the Economic Entity 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.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date (for example in the case of obligations for the rehabilitation of land). The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where applicable, the risk of the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that there will be an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision will be reversed.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- a) The Economic Entity has a detailed formal plan for the restructuring identifying at least:
 - The business or part of a business concerned; the principal locations affected.
 - The location, function, and approximate number of employees who will be compensated for terminating their services.
 - The expenditures that will be undertaken.
 - When the plan will be implemented.
- b) The Economic Entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

14. FINANCIAL INSTRUMENTS

Initial Recognition

The Economic Entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the Economic Entity becomes a party to the contractual provisions of the instrument.

A financial instrument or its component parts is classified on initial recognition as a financial liability, a financial asset or residual interest in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and a residual interest.

The Economic Entity will evaluate the terms of the financial instrument to determine whether it contains both a liability and residual interest component. Such components are classified separately as financial liabilities, financial assets or residual interests.

Initial Measurement

When a financial asset or financial liability is recognised initially, the Economic Entity shall measure it at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example where interest free credit is granted or where credit is granted at a below market rate of interest.

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

- a) Financial instruments at fair value.
 - Derivatives.

- Combined instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
 - Instruments held for trading.
 - Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
 - An investment in a residual interest for which fair value can be measured reliably.
 - Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.
- b) Financial instruments at amortised cost.
Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the Economic Entity designates at fair value at initial recognition or are held for trading.
- c) Financial instruments at cost.
Investments in residual interests that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

The Economic Entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Concessionary loans

An entity first assesses whether the substance of a concessionary loan meets the definition of a financial instrument. On initial recognition, an entity analyses a concessionary loan into its component parts and accounts for each component separately. An entity accounts for that part of a concessionary loan that is:

- a) A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- b) Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

After initial recognition an entity measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments.

Derecognition

A financial asset or the specifically identified cash flows of an asset is derecognised, when:

- a) The cash flows from the asset expire, are settled or waived;
- b) Significant risks and rewards are transferred to another party; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value shall be recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Offsetting

The Economic Entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost are subject to an impairment review. The Economic Entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses shall not be reversed.

Policies relating to specific financial instruments

Investments at amortised cost

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as financial instruments at amortised cost and are subsequently measured at amortised 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 below the carrying amounts of such assets.

Investments at fair value

Investments, which represent listed investments in equity for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment.

For amounts due from trade receivables carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. If in a subsequent year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered the recovery is recognised in the income statement.

Other debtors are also assessed on Annual basis for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Economic Entity 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.

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.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

15. PROPERTY, PLANT AND EQUIPMENT

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one year.

Items of property, plant and equipment are recognised when it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a similar asset, the acquired asset is initially measured at the carry value of the asset given up.

Where an item of property, plant and equipment is acquired in exchange for a dissimilar asset, the acquired is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The Economic Entity 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 asset's residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively if appropriate.

The Annual depreciation rates are based on the following average asset useful lives:

Land & Buildings	Useful Life Range in Years
Buildings	15 - 50
Land	Indefinite Life
Infrastructure Assets	Useful Life Range in Years
Roads, Sidewalks & Stormwater Networks	5 – 100
Beach Developments	30 – 50
Electricity Reticulation & Supply	10 – 80
Sewerage Mains & Purification Works	15 – 80
Waste Disposal Facilities	20 -100
Water Supply & Reticulation	10 – 50
Dams & Treatment Works	25 – 100
Other Assets	Useful Life Range in Years
Bins & Containers	10
Emergency & Medical Equipment	15
Vehicles & Plant	4 - 30
Office Furniture & Fittings	3 - 10
Landfill Sites	50
Security Systems	5 - 15
Tip Sites	30
Computer Hardware	3 - 8
Community Assets	Useful Life Range in Years
Libraries	15 - 50
Fire Stations	15 - 50
Cemeteries	15 - 50
Clinics	15 - 50
Community Centres	15 - 50
Public Conveniences	15 - 50
Swimming Pools	15 - 50

Recreational Facilities	15 - 50
Selling & Letting Schemes	15 - 50

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.

Impairments

The Economic Entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. 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.

Heritage Assets

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, as reflected in the table below:

Heritage Sites	Useful Life Range in Years
Memorials & Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life

16. INTANGIBLE ASSETS

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- a) The Economic Entity intends to complete the intangible asset for use or sale.
- b) It is technically feasible to complete the intangible asset.

- c) The Economic Entity has the resources to complete the project.
- d) It is probable that the Economic Entity will receive future economic benefits or service potential.
- e) The ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a similar asset, the acquired asset is initially measured at the carry value of the asset given up.

Where an intangible is acquired in exchange for a dissimilar asset, the acquired is initially measured at the fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset given up.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The Annual amortisation rates are based on the following estimated average asset lives:

Intangible	Useful Life Range in Years
Computer Software	2 – 5
Website Development	3 – 5

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Impairments

The Economic Entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

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

17. INVESTMENT PROPERTY

Initial recognition and measurement

Investment property includes property (land or a building or part of a building or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations.

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

At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property.

Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day-to-day serving of property, plant and equipment are recognised in the Statement of Financial Performance as incurred.

Subsequent measurement

Investment property is measured using the cost model. Subsequent to initial recognition, investment properties 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.

Depreciation

Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have

different useful lives are depreciated separately. The Annual depreciation rates are based on the following estimated average asset lives:

Investment Property	Useful Life Range in Years
Investment Property <ul style="list-style-type: none"> ○ Land ○ Other 	Indefinite Life 15 - 50

The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year-end.

Fair Value

The assumptions for determining the fair value of the Investment property is set out in Note 12 of the Consolidated Financial Statements.

Impairments

The Economic Entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

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.

Derecognition

An Investment Property is derecognised when there is a disposal or no future economic benefits are to be derived and all gains or losses are recognised in the Statement of Financial Performance.

18. 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 is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

19. INVENTORIES

Initial recognition and measurement

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of craft inventories, project spares, consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the first-in, first-out (FIFO) method.

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

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.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The cost of water purchased and not yet sold as reflected in the statement of financial position comprises the purchase price and other costs attributable to the acquisition. 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.

20. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Economic Entity estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity makes an estimate of the assets or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

21. REVENUE

Revenue is only recognised once all of the following criteria have been satisfied:

- a) The Economic Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Economic Entity has an obligation in terms of legislation to collect all revenue and as such, the Economic Entity does not consider the collectability of the revenue on initial recognition. The Economic Entity will assess collectability subsequent to initial measurement and should the receivable be impaired, the impairment loss will be recognised as an expense.

Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Service charges relating to electricity, water and sewerage are based on consumption. 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.

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.

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

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

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

Service charges relating to refuse removal are recognised on a monthly by applying the approved tariff. Tariffs are determined per category of property usage and are levied monthly based on the costs of providing the refuse removal service.

Interest is recognised on a time proportion basis, which takes into account the effective yield on the investment.

Rental income arising on investment properties, facilities and equipment is accounted for on a straight-line basis over the lease terms on ongoing leases.

Interest earned on the following investments is not recognised 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 Economic Entity's right to receive payment is established.

Revenue arising out of situations where the Economic Entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Economic Entity as compensation for executing the agreed services.

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

Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions.

Revenue from non-exchange transaction arise when the Economic Entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. 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.

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

Fines are recognised when it is probable that future economic benefits will flow to the Economic Entity, the costs can be reliably measured and all restrictions have been complied with. 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.

Revenue from public contributions and donations 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 qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received but the Economic Entity has not met the related conditions, a creditor (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity.

Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until it is utilised.

The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue when the asset is recognised.

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.

22. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Economic Entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

23. LEASES

The Economic Entity 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 Economic Entity. Assets subject to leases are recognised at the lower of the fair value of the assets and the present value of the minimum lease payments. 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.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005, in accordance with the transitional requirements of IFRIC 4.

The Economic Entity as Lessor

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

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

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

24. FOREIGN CURRENCY TRANSACTION

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.

Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

25. VALUE ADDED TAX (VAT)

The Economic Entity accounts for Value Added Tax on the payments basis. Revenue, expenses and assets are recognised net of the amount of VAT. The net amount of VAT recoverable from or payable to, the taxation authority is disclosed on the face of the statement of financial position.

26. 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, Economic Entity 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.

27. 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 Economic Entity'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.

28. 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.

29. RECOVERY OF UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE

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. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income in the Statement of Financial Performance.

30. EVENTS AFTER THE REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the Consolidated 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 is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Economic Entity will adjust the amounts recognised in the Consolidated Financial Statements to reflect adjusting events after the reporting date once the event occurred.

The Economic Entity will disclose the nature of the event and an estimate of 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 Consolidated Financial Statements.

31. CONSTRUCTION CONTRACT RETENTION CREDITORS

The Municipal Entity received grant funding from its Parent Municipality to undertake certain infrastructure development projects. It accounts for costs incurred on construction of these infrastructure development projects using the percentage of completion method, which is certified by the consulting engineer. Retentions payable within 12 months after the financial year-end are treated as current and any retentions payable more than 12 months after the financial year-end are treated as long term.

32. TAXATION

Both the Parent and the Municipal Entity has received tax exemption certificates from the South African Revenue Services.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
1. Housing Development Fund				
Housing Revolving Fund	108 605 509	108 605 509	108 605 509	108 605 509
Housing Reserves	943 339	758 101	943 339	758 101
Total Housing Development Fund	109 548 848	109 363 610	109 548 848	109 363 610

Housing Revolving Fund

Balance at the beginning of the year	108 605 509	107 917 471	108 605 509	107 917 471
Contributions received	0	0	0	0
Interest received	0	688 038	0	688 038
Balance at the end of the year	108 605 509	108 605 509	108 605 509	108 605 509

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	127 445	93 917	127 445	93 917
Replacement and Renewals	815 894	664 184	815 894	664 184
Balance at the end of the year	943 339	758 101	943 339	758 101

Community Facilities

Balance at the beginning of the year	93 917	64 342	93 917	64 342
Contribution for the year	33 528	29 575	33 528	29 575
Balance at the end of the year	127 445	93 917	127 445	93 917

Replacement and Renewals

Balance at the beginning of the year	664 184	510 114	664 184	510 114
Contribution for the year	151 710	154 070	151 710	154 070
Restated Balance at beginning of year	815 894	664 184	815 894	664 184

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 ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
2. COID Reserve				
Balance at the beginning of the year	11 786 995	10 561 305	11 786 995	10 561 305
Premiums received	3 228 179	3 851 044	3 228 179	3 851 044
Expenditure funded during the year	-3 242 555	-2 625 354	-3 242 555	-2 625 354
Balance at the end of the year	11 772 619	11 786 995	11 772 619	11 786 995

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:

Local Registered Stock Loans	0	1 184 917	0	1 184 917
Development Bank of Southern Africa	545 721 883	571 186 637	545 721 883	571 186 637
Amalgamated Banks of South Africa	195 000 000	225 000 000	195 000 000	225 000 000
Rand Merchant Bank	470 000 000	0	470 000 000	0
Nedbank	712 790 933	745 000 000	712 790 933	745 000 000
External Loans	1 923 512 816	1 542 371 554	1 923 512 816	1 542 371 554
Construction Contract Retention	2 098 223	1 595 236	0	0
Brookes Bequest	10 392 876	9 873 212	10 392 876	9 873 212
Total Long-term Liabilities	1 936 003 915	1 553 840 002	1 933 905 692	1 552 244 766
Less : Current portion transferred to current liabilities	93 115 527	92 824 304	92 054 673	92 457 533
Local Registered Stock Loans	0	1 184 917	0	1 184 917
Development Bank of Southern Africa (DBSA)	31 192 754	29 063 549	31 192 754	29 063 549
Amalgamated Banks of South Africa (ABSA)	30 000 000	30 000 000	30 000 000	30 000 000
Rand Merchant Bank	8 879 867	0	8 879 867	0
Nedbank	21 982 052	32 209 067	21 982 052	32 209 067
Construction Contract Retention	1 060 854	366 771		
	1 842 888 388	1 461 015 698	1 841 851 019	1 459 787 233

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.

No loans are secured.

LOCAL REGISTERED STOCK

Bear interest at a rate of 16.90% (2010: 16.9%) per annum and was settled in the current 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 38 half yearly instalments of R27 651 367 at a fixed interest rate of 11.62% per annum with a final payment of R27 651 367. 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.

RAND MERCHANT BANK

The loan of R470 000 000 was taken up during the 2010/11 financial year and is repayable over 20 years in 40 half yearly instalments of R27 779 027 at a fixed interest rate of 10.24% 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. The fund bears interest at an average of 5.26% per annum.

CONSTRUCTION CONTRACT RETENTION

Construction contract retention creditors relate to retentions held in projects in line with accepted construction accounting principles. Such retentions are payable 12 months after official sign off of the project, and are non-interest bearing

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
4. EMPLOYEE BENEFITS PROVISION				
Gratuity Provision	16 443 361	17 102 091	16 443 361	17 102 091
Post Retirement Benefits	1 076 742 989	843 747 647	1 076 742 989	843 747 647
Total Non-Current Provisions	1 093 186 350	860 849 738	1 093 186 350	860 849 738

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.

Balance at beginning of year	17 102 091	16 956 048	17 102 091	16 956 048
Contributions to provision	-658 730	146 043	-658 730	146 043
Transfer of current portion current (to) / from current liabilities	0	0	0	0
Balance at end of year	16 443 361	17 102 091	16 443 361	17 102 091

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 R1 097 722 000 and R18 176 726 respectively. The current portions in the aforementioned amounts are R36 972 000 and R2 183 737 respectively.

Refer to Note 47 for full reconciliation

Balance at beginning of year	843 747 647	722 136 169	843 747 647	722 136 169
Contributions to provision	232 995 342	121 611 478	232 995 342	121 611 478
Transfer of current portion to current liabilities	0	0	0	0
Balance at end of year	1 076 742 989	843 747 647	1 076 742 989	843 747 647

4 NON-CURRENT PROVISIONS

Rehabilitation of Landfill sites	176 258 146	130 977 042	176 258 146	130 977 042
REhabilitation of Swartkops River	15 668 576	14 879 629	15 668 576	14 879 629
Total Non-Current Provisions	191 926 722	145 856 671	191 926 722	145 856 671

Rehabilitation of landfill sites

In terms of the licensing conditions of the landfill refuse sites, Council will incur rehabilitation costs of R74 180 414 for the Arlington Tip site, R27 849 450 for the Koedoeskloof Tip site and R65 450 952 for the Ibhayi Tip site determined at net present value to restore the sites at the end of their useful lives estimated to be in 2033 (Arlington) and 2016 (Koedoeskloof). Squatters are currently occupying the Ibhayi Landfill site that is already closed as a tip site. Provision has been made for the rehabilitation of the landfill sites based on the net present value of cost. For Arlington and Koedoeskloof landfill sites, the cost factors as determined have been applied and projected at an inflation rate of 5%. The projected amounts are discounted to the present value at the long term Treasury Bond rate of 4.09%, for Arlington and at an average borrowing cost of 11.14% for Koedoeskloof. The determined cost to rehabilitate Ibhayi landfill site represents the present value, which was determined using the prior year valuation, adjusted for inflation.

Balance at beginning of year	130 977 042	97 702 755	130 977 042	97 702 755
Contributions to provision	45 281 104	33 274 287	45 281 104	33 274 287
Expenditure incurred	0	0	0	0
Balance at end of year	176 258 146	130 977 042	176 258 146	130 977 042

Rehabilitation of Swartkops River

Balance at beginning of year	14 879 629	0	14 879 629	0
Contributions to provision	788 947	14 879 629	788 947	14 879 629
Expenditure incurred	0	0	0	0
Transfer of current portion to current liabilities	0	0	0	0
Balance at end of year	15 668 576	14 879 629	15 668 576	14 879 629

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 ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
5 EMPLOYEE BENEFITS AND PROVISIONS				
5.1 CURRENT EMPLOYEE BENEFIT PROVISIONS				
Gratuity Provision	3 210 427	1 726 022	3 210 427	1 726 022
Post Retirement Benefits	39 155 737	36 886 421	39 155 737	36 886 421
Performance bonus provision	6 341 861	4 769 102	6 076 134	4 462 555
Provision for Workmen's Compensation	23 851	40 162	0	0
Total Current Provisions	48 731 876	43 421 707	48 442 298	43 074 998
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.				
Balance at beginning of year	1 726 022	2 120 179	1 726 022	2 120 179
Contributions to provision	4 511 390	2 610 684	4 511 390	2 610 684
Expenditure incurred	-3 026 985	-3 004 841	-3 026 985	-3 004 841
Balance at end of year	3 210 427	1 726 022	3 210 427	1 726 022
Post Retirement Benefits				
Refer to Note 47 for full reconciliation				
The provision is in respect of the short-term liabilities attributable to ill-health retirements and medical aid contributions and ex-gratia pensions.				
Balance at beginning of year	36 886 421	33 083 110	36 886 421	33 083 110
Contributions to provision	44 016 444	0	44 016 444	0
Expenditure incurred	-41 747 128	-33 083 110	-41 747 128	-33 083 110
Transferred from Non-current provision	0	36 886 421	0	36 886 421
Balance at end of year	39 155 737	36 886 421	39 155 737	36 886 421
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.				
For Mandela Bay Development Agency, performance bonuses are paid in July of each year to senior management in line with the Agency's Executive Performance Management policy				
Balance at beginning of year	4 769 102	3 073 056	4 462 555	2 863 559
Contributions to provision	1 879 306	1 905 543	1 613 579	1 598 996
Expenditure incurred	-306 547	-209 497	0	0
Balance at end of year	6 341 861	4 769 102	6 076 134	4 462 555
Provision for Workmens Compensation				
Balance at beginning of year	40 162	0	0	0
Contributions to provision	23 851	40 162	0	0
Adjustment for underprovision	-11 931	0	0	0
Expenditure incurred	-28 231	0	0	0
Balance at end of year	23 851	40 162	0	0
5.2 CURRENT PROVISIONS				
Provision for litigation and claims	35 699 482	5 305 146	35 699 482	5 305 146
Total Current Provisions	35 699 482	5 305 146	35 699 482	5 305 146
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.				
Balance at the beginning of the year	5 305 146	5 330 940	5 305 146	5 330 940
Provision utilised	-4 385 171	-694 999	-4 385 171	-694 999
Contributions to provision	34 779 507	669 205	34 779 507	669 205
Balance at end of year	35 699 482	5 305 146	35 699 482	5 305 146
6 DERIVATIVE FINANCIAL INSTRUMENTS				
NMBM has not entered into any derivative financial instruments contracts.				
7 CONSUMER DEPOSITS				
Electricity and Water	80 410 367	79 282 136	80 410 367	79 282 136
Interest Paid	605 774	567 397	605 774	567 397
	81 016 141	79 849 533	81 016 141	79 849 533
Guarantees held in lieu of Electricity and Water Deposits	4 223 208	4 166 208	4 223 208	4 166 208
Consumer deposits bear interest linked to prime and is only refunded once the consumer's account is closed.				
8 CREDITORS				
Trade creditors	903 244 343	1 247 024 329	897 079 524	1 285 920 147
Payments Received in Advance	60 459 848	56 563 908	60 459 848	56 563 908
Staff leave	157 584 430	144 322 904	157 382 673	144 160 625
Other creditors	42 401 148	57 922 358	43 941 090	57 394 900
Retentions	80 647 762	100 747 361	80 647 762	100 747 361
Operating leases	1 006 279	1 111 815	1 006 279	1 111 815
Total Creditors	1 245 343 810	1 607 692 675	1 240 517 176	1 645 898 756
Refer to Restatement Note 40.9				
Financial liabilities:				
Trade creditors are non-interest bearing and are normally settled on 30-day terms, except for retention amounts of R80 647 762, which could be settled within the next 12 months.				
No creditors are secured				

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R

8. CREDITORS (Continued)

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 Government

PHB Subsidies (See Note 24.1)	10 443 896	46 948 386	10 443 896	46 948 386
Health Subsidies (See Note 24.2)	1 240 134	422 560	1 240 134	422 560
Equitable Share (See Note 24.3)	0	0	0	0
Financial Management Grant (See Note 24.4)	0	0	0	0
Library - Carnegie Corporation Grant (See Note 24.5)	0	841 621	0	841 621
SMME - Development (See note 24.6)	192 500	192 500	192 500	192 500
Project Consolidate (See Note 24.7)	0	84 492	0	84 492
Disaster Management Grant (See Note 24.8)	0	0	0	0
Municipal Infrastructure Grant (See Note 24.9)	1 494 413	496 772	1 494 413	496 772
Ploughing Fields (See Note 24.10)	0	26 545	0	26 545
Project Generation (DEAET) (See Note 24.11)	0	7 016 230	0	7 016 230
Amphitheatre (UDDI) (See Note 24.12)	3 773 525	3 815 178	3 773 525	3 815 178
NT- Accreditation of Municipalities (See Note 24.13)	5 465 028	3 716 665	5 465 028	3 716 665
2010 Soccer World Cup Stadium (See Note 24.15)	0	33 988 641	0	33 988 641
Walmer Youth Development Project (See Note 24.16)	53 623	53 623	53 623	53 623
Youth Advisory Centre (See Note 24.17)	0	0	0	0
Public Transport Infrastructure Grant (See Note 24.20)	184 202 970	0	184 202 970	0
DME Subsidy on Connection (See Note 24.21)	0	0	0	0
Energy - Special Projects (See Note 24.23)	38 288 171	21 283 720	38 288 171	21 283 720
EU Sector Policy Support Policy (See Note 24.22)	2 763 364	24 292 923	2 763 365	24 292 923
Other Grants (See Note 24.24)	36 480 251	75 914 236	29 825 542	63 016 132
National Lotteries Grant (See Note 24.26)	5 605 040	0	5 605 040	0
Water Demand Management Grant (See Note 24.27)	0	0	0	0
Neighbourhood Partnership Development Grant (See Note 24.28)	18 363 858	0	18 363 857	0
Total Unspent Conditional Grants and Receipts	310 366 773	219 094 092	301 712 064	206 195 980

Refer Restatement Note no. 40.10

10. PROPERTY, PLANT AND EQUIPMENT (PPE)

As at 30 June 2011

	R	R	R
Economic Entity	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	2 301 951 607	119 447 222	2 182 504 385
Infrastructure Assets	8 707 636 375	3 238 457 138	5 469 179 237
Community Assets	3 043 049 254	260 379 205	2 782 670 049
Heritage Assets	126 638 698	0	126 638 698
Other Assets	939 854 772	361 303 591	578 551 181
	15 119 130 706	3 979 587 156	11 139 543 550

No assets were pledged as security

Refer Note 48 for reconciliation

As at 30 June 2010

	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	2 233 353 951	88 527 849	2 144 826 102
Infrastructure Assets	7 695 793 045	2 420 119 884	5 275 673 161
Community Assets	2 862 946 209	136 688 661	2 726 257 548
Heritage Assets	111 082 716	0	111 082 716
Other Assets	818 141 624	253 467 355	564 674 269
	13 721 317 545	2 898 803 749	10 822 513 796

As at 30 June 2011

	R	R	R
Municipality	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	2 301 951 607	119 447 222	2 182 504 385
Infrastructure Assets	8 707 636 375	3 238 457 138	5 469 179 237
Community Assets	3 043 049 254	260 379 205	2 782 670 049
Heritage Assets	126 473 698	0	126 473 698
Other Assets	938 584 276	360 589 927	577 994 349
	15 117 695 210	3 978 873 492	11 138 821 718

No assets were pledged as security

Refer Note 48 for reconciliation

As at 30 June 2010

	Cost	Accumulated Depreciation	Carrying Value
Land & Buildings	2 233 353 951	88 527 849	2 144 826 102
Infrastructure Assets	7 695 793 045	2 420 119 884	5 275 673 161
Community Assets	2 862 946 209	136 688 661	2 726 257 548
Heritage Assets	111 082 716	0	111 082 716
Other Assets	816 920 848	252 894 772	564 026 076
	13 720 096 769	2 898 231 166	10 821 865 603

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11 INTANGIBLE ASSETS

As at 30 June 2011

	R	R	R
		Accumulated	
Economic Entity	Cost	Amortisation	Carrying Value
Computer Software	530 765 924	100 578 461	430 187 463
Website Development	70 000	56 000	14 000
	<u>530 835 924</u>	<u>100 634 461</u>	<u>430 201 463</u>

No assets were pledged as security

Refer Note 49 for reconciliation

As at 30 June 2010

	R	R	R
		Accumulated	
Economic Entity	Cost	Amortisation	Carrying Value
Computer Software	425 864 705	14 290 334	411 574 371
Website Development	70 000	42 000	28 000
	<u>425 934 705</u>	<u>14 332 334</u>	<u>411 602 371</u>

As at 30 June 2011

	R	R	R
		Accumulated	
Municipality	Cost	Amortisation	Carrying Value
Computer Software	530 616 955	100 497 909	430 119 046
Website Development	70 000	56 000	14 000
	<u>530 686 955</u>	<u>100 553 909</u>	<u>430 133 046</u>

No assets were pledged as security

Refer Note 49 for reconciliation

As at 30 June 2010

	R	R	R
		Accumulated	
Economic Entity	Cost	Amortisation	Carrying Value
Computer Software	425 721 490	14 240 876	411 480 614
Website Development	70 000	42 000	28 000
	<u>425 791 490</u>	<u>14 282 876</u>	<u>411 508 614</u>

12 INVESTMENT PROPERTY

As at 30 June 2011

	R	R	R
		Accumulated	
Economic Entity	Cost	Depreciation	Carrying Value
Land & Buildings	81 702 400	10 889 179	70 813 221
	<u>81 702 400</u>	<u>10 889 179</u>	<u>70 813 221</u>

No assets were pledged as security

Refer Note 50 for reconciliation

As at 30 June 2010

	R	R	R
		Accumulated	
Economic Entity	Cost	Depreciation	Carrying Value
Land & Buildings	78 596 215	7 832 946	70 763 269
	<u>78 596 215</u>	<u>7 832 946</u>	<u>70 763 269</u>

As at 30 June 2011

	R	R	R
		Accumulated	
Municipality	Cost	Depreciation	Carrying Value
Land & Buildings	81 702 400	10 889 179	70 813 221
	<u>81 702 400</u>	<u>10 889 179</u>	<u>70 813 221</u>

No assets were pledged as security

Refer Note 50 for reconciliation

As at 30 June 2010

	R	R	R
		Accumulated	
Economic Entity	Cost	Depreciation	Carrying Value
Land & Buildings	78 596 215	7 832 946	70 763 269
	<u>78 596 215</u>	<u>7 832 946</u>	<u>70 763 269</u>

Description of Investment Property:

	2011	2010
	R	R
Nelson Mandela Bay Logistics Park	38 000 000	38 000 000
Kings Beach	35 855 000	35 855 000
Springs Resort	6 190 000	6 190 000
Telkom Park	24 130 000	24 130 000
Mc Arthur Bath	29 145 250	29 145 250
Willows Resort	246 430 000	246 430 000
Beachview Resort	12 300 000	12 300 000
Van Stadens Resort	22 740 000	22 740 000
St Georges Park Resort	37 184 750	37 184 750
Market Value of Investment Property	<u>451 975 000</u>	<u>451 975 000</u>

Additional Disclosure:

The Municipality applies the Cost Model

The Market Value was determined by professional valuers of the Municipality who is an expert in this field as at 30 June 2011:

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.

	Economic Entity		Municipality	
	2011	Restated 2010	2011	Restated 2010
	R	R	R	R
Rental revenue included in surplus for following Investment Property:				
Beachview resort	240 000	240 000	240 000	240 000
Van Stadens Resort	240 000	240 000	240 000	240 000
Direct Operating expenses that generated rental revenue			0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
13. INVESTMENTS				
Investment in Associate				
Investment in Uitenhage (UITESCO)	<u>-538 061</u>	<u>69 221</u>	<u>20 000</u>	<u>20 000</u>

The Municipality holds a 33% share in UITESCO. The UITESCO shares are measured at fair value. Fair value is determined based on the net asset value of UITESCO.

14 LONG-TERM RECEIVABLES

Loan - UITESCO	17 905 515	17 905 515	17 905 515	17 905 515
Sporting and Other Bodies	18 499	39 457	18 499	39 457
Car Loans	0	14 024	0	14 024
Other Debtors	50 315	50 315	50 315	50 315
Consumer Debtors	43 492 498	62 553 227	43 492 498	62 553 227
Rate and General	18 056 224	40 500 380	18 056 224	40 500 380
Electricity	6 450 759	3 645 218	6 450 759	3 645 218
Water	10 251 422	10 021 910	10 251 422	10 021 910
Refuse	3 203 374	2 783 110	3 203 374	2 783 110
Sewerage	5 500 221	5 602 609	5 500 221	5 602 609
Insurance	30 498	0	30 498	0
Long-term receivables	61 466 827	80 562 538	61 466 827	80 562 538
CURRENT RECEIVABLES				
Sporting and Other Bodies	12 984	19 566	12 984	19 566
Car Loans	0	14 024	0	14 024
Current Portion of Long-term receivables	12 984	33 590	12 984	33 590
Non-current Receivables	61 453 843	80 528 948	61 453 843	80 528 948
Long-term Receivables - Exchange Transactions	43 397 619	40 028 568	43 397 619	40 028 568
Long-term Receivables - Non-exchange Transactions	18 056 224	40 500 380	18 056 224	40 500 380
	<u>61 453 843</u>	<u>80 528 948</u>	<u>61 453 843</u>	<u>80 528 948</u>

No collateral is held for receivables

In the event of defaults on arrangements, the consumers may enter into a fresh arrangement upon making certain down payments.

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 15.5% 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. The loan is measured at cost as the Municipality has determined that it is impracticable to calculate the fair value of this loan as there is no fixed terms of repayment.

CONSUMER DEBTORS

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

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
15 INVENTORY	118 412 768	138 660 910	118 333 314	138 437 782
Raw Materials	102 328	139 817	102 328	139 817
Finished Goods	93 380 480	118 588 114	93 380 480	118 588 114
Water Finished Goods - at cost (refer to note 30 for cost of inventory sold)	6 689 064	6 126 701	6 689 064	6 126 701
Consumable Goods	18 240 896	13 806 278	18 161 442	13 583 150
Less: Provision for Obsolete Inventory	-3 653 528	-3 673 848	-3 653 528	-3 673 848
	114 759 240	134 987 062	114 679 786	134 763 934

No inventory was pledged as security

16 CONSUMER DEBTORS

	R	R	R
	Gross Balances	Provision for Doubtful Debts	Net Balance
As at 30 June 2011			
Economic Entity and Municipality			
Service Debtors	1 703 946 596	-940 866 218	763 080 378
Rates and General	447 373 510	-365 620 917	81 752 593
Electricity	510 201 716	-130 212 158	379 989 558
Water	488 186 421	-270 082 305	218 104 116
Refuse	101 406 761	-76 212 723	25 194 038
Sanitation	156 778 188	-98 738 115	58 040 073
House Rentals	16 031 564	-13 032 488	2 999 076
Total	1 719 978 160	-953 898 706	766 079 454

Consumer debtors are made up as follows:

Consumer debtors - Non-exchange Transactions	81 752 593
Consumer debtors - Exchange Transactions	684 326 861
	766 079 454

Doubtful Debts Provision

Refer to Accounting Policy Note 12.

No consumer debtors were held as collateral.

In the event of defaults services are disconnected until such time that the outstanding debt has been paid or an arrangement entered into.

As at 30 June 2010

	Gross Balances	Provision for Doubtful Debts	Net Balance
Economic Entity and Municipality			
Service Debtors	1 346 281 646.00	-748 685 655	597 595 991
Rates and General	445 228 054	-355 322 163	89 905 891
Electricity	376 120 413	-107 036 555	269 083 858
Water	312 342 800	-145 113 813	167 228 987
Refuse	83 969 425	-58 487 221	25 482 204
Sanitation	128 621 154	-82 725 903	45 895 251
House Rentals	13 185 724	-11 293 923	1 891 801
Total	1 359 467 370	-759 979 578	599 487 792

Refer Restatement note no. 40.11

Consumer debtors are made up as follows:

Consumer debtors - Non-exchange Transactions	89 905 891
Consumer debtors - Exchange Transactions	509 581 901
	599 487 792

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16. CONSUMER DEBTORS (Continued)	Municipality	
	2011 R	Restated 2010 R
Economic Entity and Municipality		
<u>Rates and General: Ageing</u>		
Current (0-30 days)	33 477 926	71 876 929
31 - 60 Days	21 074 990	18 321 973
61 - 90 Days	16 136 687	15 400 704
Over 90 Days	376 683 907	339 628 448
Total	447 373 510	445 228 054
<u>Electricity: Ageing</u>		
Current (0-30 days)	347 074 887	232 717 857
31 - 60 Days	28 506 239	24 809 053
61 - 90 Days	3 129 372	7 405 779
Over 90 Days	131 491 218	111 187 724
Total	510 201 716	376 120 413
<u>Water: Ageing</u>		
Current (0-30 days)	154 085 687	112 733 674
31 - 60 Days	39 034 695	29 082 609
61 - 90 Days	20 673 548	19 784 596
Over 90 Days	274 392 491	150 741 721
Total	488 186 421	312 342 600
<u>Refuse: Ageing</u>		
Current (0-30 days)	17 429 531	16 900 185
31 - 60 Days	4 386 828	3 490 530
61 - 90 Days	2 616 843	2 823 196
Over 90 Days	76 973 559	60 755 514
Total	101 406 761	83 969 425
<u>Sanitation: Ageing</u>		
Current (0-30 days)	43 276 153	27 946 883
31 - 60 Days	8 471 349	9 269 988
61 - 90 Days	3 954 031	5 470 044
Over 90 Days	101 076 655	85 934 239
Total	156 778 188	128 621 154
<u>Housing Rentals: Ageing</u>		
Current (0-30 days)	2 129 385	700 454
31 - 60 Days	482 191	395 946
61 - 90 Days	387 500	357 392
Over 90 Days	13 032 488	11 731 932
Total	16 031 564	13 185 724

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16. CONSUMER DEBTORS (Continued)

Summary of Debtors by Customer Classification

Economic Entity and Municipality

	R	R	R
	<u>Residential Consumers</u>	<u>Industrial / Commercial</u>	<u>National and Provincial Government</u>
30 June 2011			
Current (0-30 days)	359 136 340	233 257 911	5 079 318
31 - 60 Days	62 848 919	36 099 247	3 008 127
61 - 90 Days	19 552 083	26 165 212	1 180 685
Over 90 Days	750 816 599	203 082 107	19 751 612
Gross Consumer Debtors by Customer classification	1 192 353 941	498 604 477	29 019 742
Gross Consumer Debtors			1 719 978 160
Less: Provision for Doubtful Debts			-953 898 706
Net Consumer Debtors for the year ended 30 June 2011			766 079 454

Summary of Debtors by Customer Classification

Economic Entity and Municipality

	R	R	R
	<u>Residential Consumers</u>	<u>Industrial / Commercial</u>	<u>National and Provincial Government</u>
30 June 2010			
Current (0-30 days)	384 715 883	74 857 799	5 013 902
31 - 60 Days	55 887 520	7 343 608	28 619 272
61 - 90 Days	6 300 105	32 604 945	4 144 758
Over 90 Days	608 246 170	114 533 791	37 199 617
Gross Consumer Debtors by Customer classification	1 055 149 678	229 340 143	74 977 549
Gross Consumer Debtors			1 359 467 370
Less: Provision for Doubtful Debts			-759 979 578
Net Consumer Debtors for the year ended 30 June 2010			599 487 792

	Municipality	
	2011 R	Restated 2010 R
Reconciliation of the doubtful debts provision		
Balance at beginning of year	759 979 578	500 470 062
Contributions to provision	307 977 015	449 741 301
	1 067 956 593	950 211 363
Bad debts written off against provision	-114 057 887	-190 231 785
Balance at end of year	953 898 706	759 979 578

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 2011 R168 605 885 (2010: R134 900 208) were past due but not provided for.

	Economic Entity and Municipality	
	2011 R	Restated 2010 R
Neither past due nor impaired		
Current (0-30 days)	597 473 569	464 587 584
The ageing of amounts past due but not provided for is as follows:		
1 month past due	101 956 293	91 850 400
2 months past due	46 897 980	43 049 808
3 months past due	19 751 612	0
	766 079 454	599 487 792
Trade and other receivables provided for as doubtful debts		
As of 30 June 2011, trade and other receivables of R996 082 264, (2010: R786 666 237) were impaired and provided for.		
The ageing of these receivables is as follows:		
Provision (> 90 days)	953 898 706	759 979 578
Impairment (> 5 years)	42 183 558	9 259 253

17 OTHER DEBTORS

Government Grants and Subsidies	252 909 525	429 993 622	252 909 525	429 993 622
Interest on External Investments	2 553 836	7 993 828	2 383 777	7 917 941
Operating lease accruals	194 282	240 327	194 282	240 327
External Debtors	90 283 007	83 739 714	90 246 390	83 733 264
Entities	0	0	45 907 413	0
	345 940 650	521 967 491	391 641 387	521 885 154
Less: Provision for doubtful debts	-3 551 495	-4 050 950	-3 541 805	-4 050 209
Balance at end of year	342 389 155	517 916 541	388 099 582	517 834 945

Amounts due from Government and external debtors are normally settled within 30 days and bears no interest

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18. VAT	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
VAT refund	21 703 075	58 282 358	19 367 529	57 178 765
VAT Suspense	-14 071 355	40 739 451	-14 071 355	40 739 451

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

Refer to Restatement Note 40.8

19 SHORT-TERM INVESTMENTS & INVESTMENT DESPOSITS

	Economic Entity and Municipality	
DEPOSITS		
ABSA Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2011: 0% (2010: 6.6%) during the current audit period.	0	75 000 000
FNB Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2011: 0% (2010: 6.6%) during the current audit period.	0	75 000 000
Investec Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2011: 4.87% (2010: 6.5 %) during the current audit period.	125 607 152	108 051 155
Nedbank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2011: 4.87% (2010: 6.4%) during the current audit period.	125 500 000	146 500 000
Standard Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 2011: 4.87% (2010: 7.4%) during the current audit period.	45 885 217	100 856 913
	296 992 369	505 408 068
FINANCIAL INSTRUMENTS - INVESTMENTS		
Sanlam Shares	1 127 728	935 409
	298 120 097	506 343 477

No Investments were pledged as security

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 2011 was R 1 127 728 (2010: R 935 409) determined on the open market share price at 30 June 2011. 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 form part of cash and cash equivalents for purposes of the cash flow statement.

Short-term Investment Deposits amounting to R92 054 673 (2010: R92 457 533) 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. The details are as follows:

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
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	124 361 433	95 383 202	124 361 433	95 383 202
Cash Book balance at end of the year	130 665 052	124 361 433	130 665 052	124 361 433
Bank Balance at beginning of the year	106 582 656	84 097 789	106 582 656	84 097 789
Bank Balance at end of the year	151 095 273	106 582 656	151 095 273	106 582 656

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

Bank balances and cash	130 665 052	124 361 433	130 665 052	124 361 433
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Mandela Bay Development Agency

Current Account (Primary Account)

Standard Bank of SA Limited, Rink Street, Port Elizabeth
Account Number - 080308503

Cashbook balance at beginning of year	0	491 274
Cashbook balance at end of the year	0	0
Bank statement balance at beginning of the year	0	491 274
Bank statement balance at end of the year	0	0

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

Cashbook balance at beginning of year	143 990	0
Cashbook balance at end of the year	345 065	143 990
Bank statement balance at beginning of the year	143 990	0
Bank statement balance at end of the year	345 065	143 990

Short Term Investments

Standard Bank of SA Limited, Rink Street, Port Elizabeth
Account Number - 08846132

Call Account Deposits

Cashbook balance at beginning of year	0	45 549 740
Cashbook balance at end of the year	0	0
Bank statement balance at beginning of the year	0	45 549 740
Bank statement balance at end of the year	0	0

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

Cashbook balance at beginning of year	41 898 401	0
Cashbook balance at end of the year	58 029 257	41 898 401
Bank statement balance at beginning of the year	41 898 401	0
Bank statement balance at end of the year	58 029 257	41 898 401

Disclosed in the financials as follows:

Cash and cash equivalents	58 374 322	42 042 391
Current Account (Primary Account)	345 065	143 990
Call Account Deposits	58 029 257	41 898 401

Consolidated Cash Book balance at end of the year	189 039 374	166 403 824
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NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

21 PROPERTY RATES	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Actual				
Residential	416 967 783	388 217 097	416 967 783	388 217 097
Commercial	284 416 965	239 256 869	284 416 965	239 256 869
State	57 886 222	52 349 359	57 886 222	52 349 359
Other	79 583 682	76 675 869	79 583 682	76 675 869
	838 854 652	756 499 194	838 854 652	756 499 194

Other includes farms, smallholdings, municipal public service infrastructure and vacant properties.
These amounts are reflected excluding VAT.

Valuations	R000's		R000's	
	2011	Restated 2010	2011	Restated 2010
Residential	78 714 545	77 198 019	78 714 545	77 198 019
Commercial	26 608 461	21 264 818	26 608 461	21 264 818
State	5 014 763	4 920 052	5 014 763	4 920 052
Other	15 485 067	10 985 821	15 485 067	10 985 821
	125 822 836	114 368 710	125 822 836	114 368 710

22 SERVICE CHARGES

Sale of Electricity	2 195 701 695	1 807 640 119	2 195 782 075	1 807 750 495
Sale of Water	576 332 646	407 917 745	576 332 646	407 917 745
Service delivery - sale of inventory	2 772 034 341	2 215 557 864	2 772 114 721	2 215 668 240
Refuse Removal	120 674 829	105 486 372	120 674 829	105 486 372
Sewerage and Sanitation charges	247 882 036	228 020 162	247 882 036	228 020 162
Service delivery - sale of service	368 556 865	333 506 534	368 556 865	333 506 534
	3 140 591 206	2 549 064 398	3 140 671 586	2 549 174 774

These amounts are reflected excluding VAT.

Refer Restatement note 40.3

23 FOREIGN EXCHANGE TRANSACTIONS

Loss on foreign exchange transactions	0	3 973 498	0	3 973 498
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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 ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011	Restated 2010	2011	Restated 2010
	R	R	R	R
24 GOVERNMENT GRANTS AND SUBSIDIES				
PHB Subsidies (See Note 24.1)	240 153 800	376 649 544	240 153 800	376 649 544
Health Subsidies (See Note 24.2)	46 330 492	84 013 292	46 330 492	84 013 292
Equitable Share Allocation (See Note 24.3)	602 882 820	466 834 967	602 882 820	466 834 967
Finance Management Grant (See Note 24.4)	872 325	1 187 678	872 325	1 187 678
Library Services - Carnegie Corporation Grant (See Note 24.5)	0	0	0	0
SMME - Development (See Note 24.6)	0	0	0	0
Project Consolidate (See Note 24.7)	0	0	0	0
Disaster Management Grant (See Note 24.8)	0	3 118 886	0	3 118 886
Municipal Infrastructure Grant (See Note 24.9)	1 372 368	1 805 117	1 372 368	1 805 117
Ploughing Fields (See Note 24.10)	0	0	0	0
Project Generation (DEAET) (See Note 24.11)	0	0	0	0
Amphitheatre - Uitenhage - UDDI (See Note 24.12)	0	0	0	0
National Treasury - Accreditation of Municipalities (See Note 24.13)	2 251 638	4 317 715	2 251 638	4 317 715
Fuel Levy (See Note 24.14)	391 668 000	360 042 000	391 668 000	360 042 000
2010 Soccer World Cup Stadium (See Note 24.15)	11 682 959	63 306 673	11 682 959	63 306 673
Walmer Youth Development Project (See Note 24.16)	0	0	0	0
Youth Advisory Centre (See Note 24.17)	0	0	0	0
HIV / AIDS Columbia University Project (See Note 24.18)	4 613 207	3 423 470	4 613 207	3 423 470
Provincial Government Grants (See Note 24.19)	4 500 000	3 500 000	4 500 000	3 500 000
Public Transport Infrastructure Grant (See Note 24.20)	5 147 135	31 217 743	5 147 135	31 217 743
DME Subsidy on Connections (See Note 24.21)	0	0	0	0
EU Sector Policy Support Project (See Note 24.22)	11 014 801	16 132 336	11 014 801	16 132 336
Energy-Special Projects (See Note 24.23)	7 995 549	8 716 280	7 995 549	8 716 280
Other Grants (See Note 24.24)	18 349 717	13 872 662	16 333 717	10 129 369
Government Grant Revenue (See Note 24.25)	455 066 477	937 372 914	522 625 165	993 724 317
National Lotteries Grant (See Note 24.26)	10 665 937	2 677 717	10 665 937	2 677 717
Water Demand Management Grant (See Note 24.27)	5 873 281	17 670 526	5 873 281	17 670 526
Neighbourhood Development Partnership Grant (See Note 24.28)	0	0	0	0
	1 820 440 506	2 395 859 520	1 885 983 194	2 448 467 630

24.1 PHB Subsidies

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

Balance at beginning of year	46 948 386	51 264 646	46 948 386	51 264 646
Current year receipts	310 688 751	152 325 617	310 688 751	152 325 617
Funding of Operating Projects/ transferred to Other Income	-68 336 935	19 430 386	-68 336 935	19 430 386
Debtor raised	161 874 778	200 577 282	161 874 778	200 577 282
Conditions met - transferred to revenue	-240 153 800	-376 649 544	-240 153 800	-376 649 544
Reversal of prior year accrual - payment received	-200 577 282	0	-200 577 282	0
Conditions still to be met - transferred to liabilities	10 443 898	46 948 386	10 443 898	46 948 386

24.2 Health Subsidies

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

Balance at beginning of year	422 560	0	422 560	0
Current year receipts	50 139 337	102 244 824	50 139 337	102 244 824
Funding of Operating Projects	0	-23 742 628	0	-23 742 628
Debtor raised	2 942 387	5 933 656	2 942 387	5 933 656
Conditions met - transferred to revenue	-46 330 492	-84 013 292	-46 330 492	-84 013 292
Reversal of prior year accrual	-5 933 656	0	-5 933 656	0
Conditions still to be met - transferred to liabilities	1 240 136	422 560	1 240 136	422 560

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)				
24.3 Equitable Share				
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	602 882 820	466 834 967	602 882 820	466 834 967
Funding of Capital Projects				
Conditions met - transferred to revenue	-602 882 820	-466 834 967	-602 882 820	-466 834 967
Conditions still to be met - transferred to liabilities	0	0	0	0
24.4 Finance Management Grant				
This grant is used in the financial reform project under the guidance of National Treasury.				
Balance unspent at beginning of year	0	437 677	0	437 677
Current year receipts	1 000 000	750 000	1 000 000	750 000
Funding of Capital Projects				
Conditions met - transferred to revenue	-127 675	-1 187 677	-127 675	-1 187 677
Conditions still to be met - transferred to liabilities	0	0	0	0
24.5 Library Services - Carnegie Corporation Grant				
This Grant is used in the provision of books and services in the municipality's libraries.				
Balance unspent at beginning of year	841 621	791 422	841 621	791 422
Current year receipts		50 199		50 199
Interest received	23 012	0	23 012	0
Grant paid back to Carnegie Corporation	-864 633	0	-864 633	0
Conditions still to be met - transferred to liabilities	0	841 621	0	841 621
24.6 SMME - Development				
This Subsidy is used for the development of Small businesses in the Metropolitan Area.				
Balance unspent at beginning of year	192 500	192 500	192 500	192 500
Current year receipts	0	0	0	0
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	0	0	0	0
Conditions still to be met - transferred to liabilities	192 500	192 500	192 500	192 500

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 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.				
Balance unspent at beginning of year	84 492	84 492	84 492	84 492
Current year receipts	0	0	0	0
Funding of Capital Projects	0	0	0	0
Transferred to Other Income	-84 492	0	-84 492	0
Conditions still to be met - transferred to liabilities	0	84 492	0	84 492
24.8 Disaster Management Grant				
This Grant is used to provide aid to those in need when disasters arise in the metropolitan area.				
Balance unspent at beginning of year	0	42 169	0	42 169
Current year receipts	0	0	0	0
Debtor Raised	0	3 076 717	0	3 076 717
Conditions met - transferred to revenue	0	-3 118 886	0	-3 118 886
Funding of Capital Projects	0	0	0	0
Reversal of prior year accrual	-3 076 717	0	-3 076 717	0
Debt impaired	3 076 717	0	3 076 717	0
Conditions still to be met - transferred to liabilities	0	0	0	0
24.9 Municipal Infrastructure Grant				
This Grant is used for the provision of Infrastructure in the metropolitan area.				
Balance unspent at beginning of year	496 772	86 688 636	496 772	86 688 636
Current year receipts	182 532 000	156 016 000	182 532 000	156 016 000
Funding of Capital Projects	-180 161 991	-240 402 747	-180 161 991	-240 402 747
Conditions met - transferred to revenue	-1 372 368	-1 805 117	-1 372 368	-1 805 117
Conditions still to be met - transferred to liabilities	1 494 413	496 772	1 494 413	496 772

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
24.10 Ploughing Fields				
This Grant is used to promote Economic development.				
Balance unspent at beginning of year	26 545	26 545	26 545	26 545
Current year receipts	0	0	0	0
Funding of Capital Projects	0	0	0	0
Transferred to Other Income	-26 545	0	-26 545	0
Conditions still to be met - transferred to liabilities	0	26 545	0	26 545
24.11 Project Generation(DEAET)				
This Grant is used to promote Economic development.				
Balance unspent at beginning of year	7 016 230	7 028 263	7 016 230	7 028 263
Current year receipts	0	-12 033	0	-12 033
Funding of Capital Projects	0	0	0	0
Transferred to Other Income	-7 016 230	0	-7 016 230	0
Conditions still to be met - transferred to liabilities	0	7 016 230	0	7 016 230
24.12 Amphitheatre - Uitenhage - UDDI				
This Grant is used to promote Economic development in the Uitenhage and Despatch Development Initiative.				
Balance unspent at beginning of year	3 815 178	41 652	3 815 178	41 652
Current year receipts	0	3 773 526	0	3 773 526
Interest transferred to Other Income	-41 653	0	-41 653	0
Conditions met - transferred to revenue	0	0	0	0
Conditions still to be met - transferred to liabilities	3 773 525	3 815 178	3 773 525	3 815 178
24.13 National Treasury - Accreditation of Municipalities				
This Grant is used for capacity building of employees in the municipality's Housing and Land Directorate.				
Balance unspent at beginning of year	3 716 666	4 198 406	3 716 666	4 198 406
Current year receipts	4 000 000	3 835 975	4 000 000	3 835 975
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	-2 251 638	-4 317 715	-2 251 638	-4 317 715
Conditions still to be met - transferred to liabilities	5 465 028	3 716 666	5 465 028	3 716 666
24.14 Fuel Levy				
This Grant is to compensate for loss of revenue due to the abolishment of RSC Levies and therefore replaces the RSC Levies Replacement Grant				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	391 668 000	360 042 000	391 668 000	360 042 000
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	-391 668 000	-360 042 000	-391 668 000	-360 042 000
Conditions still to be met - transferred to liabilities	0	0	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
24.15 2010 Soccer World Cup Stadium				
This Grant is used to fund the building of the 2010 Soccer World Cup Stadium.				
Balance unspent at beginning of year	33 988 642	49 307 271	33 988 642	49 307 271
Current year receipts	2 658 193	175 763 744	2 658 193	175 763 744
Funding of Capital Projects	-24 963 875	-127 775 700	-24 963 875	-127 775 700
Conditions met - transferred to revenue	-11 682 959	-63 306 673	-11 682 959	-63 306 673
Conditions still to be met - transferred to liabilities	0	33 988 642	0	33 988 642
24.16 Walmer Youth Development Project				
This Grant is used for Youth Development.				
Balance unspent at beginning of year	53 623	53 623	53 623	53 623
Current year receipts	0	0	0	0
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	0	0	0	0
Conditions still to be met - transferred to liabilities	53 623	53 623	53 623	53 623
24.17 Youth Advisory Centre				
This Grant is used for Youth Development.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	0	0	0	0
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	0	0	0	0
Conditions still to be met - transferred to liabilities	0	0	0	0
24.18 HIV/AIDS Columbia University Project				
This Grant is used for HIV / AIDS projects.				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	3 582 113	4 183 044	3 582 113	4 183 044
Funding of Operating Projects	1 031 094	-759 574	1 031 094	-759 574
Conditions met - transferred to revenue	-4 613 207	-3 423 470	-4 613 207	-3 423 470
Conditions still to be met - transferred to liabilities	0	0	0	0
24.19 Provincial Government Grants				
This grant is received from the Provincial Government and used to subsidise Libraries.				
Balance at beginning of year	0	0	0	0
Current year receipts	4 500 000	3 500 000	4 500 000	3 500 000
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	-4 500 000	-3 500 000	-4 500 000	-3 500 000
Conditions still to be met - transferred to liabilities	0	0	0	0
24 20 Public Transport Infrastructure Grant				
This Grant is received from National Treasury for upgrading of infrastructure to support the 2010 World Cup Stadium.				
Balance unspent at beginning of year	0	318 167 967	0	318 167 967
Current year receipts	428 333 000	109 551 949	428 333 000	109 551 949
Funding of Capital Expenditure	-108 644 114	-526 840 954	-108 644 114	-526 840 954
Debtor Raised	0	130 338 781	0	130 338 781
Reversal of prior year accrual - payment received	-130 338 781	0	-130 338 781	0
Conditions met - transferred to revenue	-5 147 135	-31 217 743	-5 147 135	-31 217 743
Conditions still to be met - transferred to liabilities	184 202 970	0	184 202 970	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
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24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
24.21 DME Subsidy on Electricity Connections				
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.				
Balance unspent at beginning of year	0	5 976 651	0	5 976 651
Current year receipts	20 000 000	0	20 000 000	0
Funding of Capital Projects	-19 085 177	-6 891 474	-19 085 177	-6 891 474
Debtor Raised	0	914 823	0	914 823
Reversal of prior year Debtor - payment received	-914 823	0	-914 823	0
Conditions still to be met - transferred to liabilities	0	0	0	0
24.22 EU Sector Policy Support Project				
This Grant is received from the European Union to fund various authorised developmental projects.				
Balance unspent at beginning of year	24 292 924	38 175 634	24 292 924	38 175 634
Current year receipts	0	2 249 626	0	2 249 626
Funding of Capital Projects	-10 577 307	0	-10 577 307	0
Conditions met - transferred to revenue	-11 014 801	-16 132 336	-11 014 801	-16 132 336
Transferred to Other Income	-580 075	0	-580 075	0
Interest allocated	642 624	0	642 624	0
Conditions still to be met - transferred to liabilities	2 763 365	24 292 924	2 763 365	24 292 924
24.23 Energy Efficiency & Demand Side Management				
This Grant is used to fund Energy Efficient Electricity Projects				
Balance unspent at beginning of year	21 283 720	0	21 283 720	0
Current year receipts	25 000 000	30 000 000	25 000 000	30 000 000
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	-7 995 549	-8 716 280	-7 995 549	-8 716 280
Conditions still to be met - transferred to liabilities	38 288 171	21 283 720	38 288 171	21 283 720
24.24 Other Grants				
These are grants received by the municipality for various purposes.				
Balance unspent at beginning of year	75 914 236	80 395 842	63 016 132	78 725 426
Current year receipts	33 784 296	61 724 780	30 784 296	55 528 795
National & Provincial Government Capex Funding	-20 506 628	-16 922 494	-20 506 628	-16 922 494
Funding of Operating Projects/ transferred to Other Income	-70 925 828	-58 151 309	-65 698 433	-66 926 305
Debtor raised	75 818 432	75 441 380	75 818 432	75 441 380
Reversal of prior year debtor	-75 441 380	-52 701 301	-75 441 380	-52 701 301
Debt impaired	38 186 840	0	38 186 840	0
Conditions met - transferred to revenue	-18 349 717	-13 872 662	-16 333 717	-10 129 369
Conditions still to be met - transferred to liabilities	38 480 251	75 914 236	29 825 542	63 016 132
24.25 Government Grant Revenue				
Funding of Capital Projects	455 066 477	937 372 914	522 625 165	993 724 317
Conditions met - transferred to revenue	-455 066 477	-937 372 914	-522 625 165	-993 724 317
Conditions still to be met - transferred to liabilities	0	0	0	0
24.26 National Lotteries Grant				
This grant is used to fund Art and Culture programmes				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	18 948 694	0	18 948 694	0
Funding of Operating Projects	0	0	0	0
Conditions met - transferred to revenue	-10 665 937	-2 677 717	-10 665 937	-2 677 717
Debtor raised	0	2 677 717	0	2 677 717
Reversal of prior year accrual - payment received	-2 677 717	0	-2 677 717	0
Conditions still to be met - transferred to liabilities	5 605 040	0	5 605 040	0
24.27 Water Demand Management Grant				
This grant is used to fund Water Demand Management initiatives				
Balance unspent at beginning of year	0	0	0	0
Current year receipts	12 729 091	13 072 153	12 729 091	13 072 153
Funding of Capital Projects	-2 257 438	0	-2 257 438	0
Debtor raised	0	4 598 373	0	4 598 373
Reversal of prior year accrual - payment received	-4 598 373	0	-4 598 373	0
Conditions met - transferred to revenue	-5 873 280	-17 670 526	-5 873 280	-17 670 526
Conditions still to be met - transferred to liabilities	0	0	0	0
24.28 Neighbourhood Development Partnership Grant				
This grant is used for the urban renewal of townships				
Balance unspent at beginning of year	0	4 164 293	0	4 164 293
Current year receipts	68 697 115	31 499 999	68 697 115	31 499 999
Funding of Capital Projects	-42 899 924	-43 097 626	-42 899 924	-43 097 626
Debtor raised	0	7 433 334	0	7 433 334
Reversal of prior year accrual - payment received	-7 433 334	0	-7 433 334	0
Conditions met - transferred to revenue	0	0	0	0
Conditions still to be met - transferred to liabilities	18 363 857	0	18 363 857	0
25 OTHER INCOME				
Sale of Land	4 195 812	4 879 992	4 195 812	4 879 992
Fees and Charges	153 258 030	127 770 325	153 258 030	127 770 325
Grave Income	3 106 028	3 470 266	3 106 028	3 470 266
Public Contributions and Donations Revenue	5 275 694	62 658 915	0	62 658 915
Insurance Claims	176 578	917 373	176 578	917 373
Other Income	178 649 740	66 453 226	178 466 439	65 463 775
	344 661 882	266 150 097	339 202 887	265 160 646
Refer to Restatement Note 40.4				

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
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26 EMPLOYEE RELATED COSTS	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Employee related costs - Salaries and Wages	1 093 061 324	1 020 310 540	1 087 714 575	1 015 447 366
Employee related costs - Contributions for UIF, pensions and medical aids	561 835 072	406 375 147	561 835 072	406 375 147
Travel, motor car, accommodation, subsistence and other allowances	97 294 647	77 805 061	97 186 647	77 697 061
Housing benefits and allowances	8 265 888	9 875 463	8 265 888	9 875 463
Overtime payouts	72 263 953	87 600 187	72 263 953	87 600 187
Performance bonus	18 296 562	15 389 829	18 030 836	15 083 283
Long-service Awards	26 592 350	23 926 156	26 592 350	23 926 156
	1 877 609 796	1 641 282 383	1 871 889 321	1 636 004 663
Refer Restatement Note 40.2 (Reason for restatement disclosed in this note)				
Remuneration of the Municipal Manager				
Annual Remuneration	349 988	1 049 964	349 988	1 049 964
Performance Bonuses	0	0	0	0
Car allowance	32 000	96 000	32 000	96 000
UIF, Medical and Pension Funds	499	1 497	499	1 497
Total	382 487	1 147 461	382 487	1 147 461
Remuneration of the Acting Municipal Manager				
Annual Remuneration	1 119 516	849 000	1 119 516	849 000
Performance Bonuses	0	0	0	0
Car allowance	0	0	0	0
UIF, Medical and Pension Funds	1 497	998	1 497	998
Total	1 121 013	849 998	1 121 013	849 998
Remuneration of the Chief Financial Officer				
Annual Remuneration	779 616	706 371	779 616	706 371
Performance Bonuses	0	0	0	0
Car allowance	159 600	159 600	159 600	159 600
UIF, Medical and Pension Funds	139 844	128 805	139 844	128 805
Total	1 079 060	994 776	1 079 060	994 776
Remuneration of the Chief Operating Officer				
Annual Remuneration	788 292	714 579	788 292	714 579
Performance Bonuses	0	0	0	0
Car allowance	144 000	144 000	144 000	144 000
UIF, Medical and Pension Funds	132 974	134 692	132 974	134 692
Total	1 065 266	993 271	1 065 266	993 271
Remuneration of the Chief of Staff				
Annual Remuneration	964 788	883 500	964 788	883 500
Performance Bonuses	0	0	0	0
Car allowance	0	0	0	0
UIF, Medical and Pension Funds	51 318	76 785	51 318	76 785
Total	1 016 106	960 285	1 016 106	960 285
Remuneration of the Chief Executive Officer - MBDA				
Annual Remuneration	1 166 764	1 075 893	0	0
Performance Bonuses	122 676	136 307	0	0
Car allowance	60 000	60 000	0	0
Total	1 349 440	1 272 200	0	0
Remuneration of the Chief Financial Officer - MBDA				
Annual Remuneration	658 123	607 596	0	0
Performance Bonuses	68 212	78 949	0	0
Car allowance	24 000	24 000	0	0
Total	750 335	710 545	0	0
Remuneration of the Planning and Development Manager - MBDA				
Annual Remuneration	591 593	545 994	0	0
Performance Bonuses	45 403	62 699	0	0
Car allowance	24 000	24 000	0	0
Total	670 996	632 693	0	0
Remuneration of the the Operations Manager - MBDA				
Annual Remuneration	388 700	336 362	0	0
Performance Bonuses	19 435	28 591	0	0
Total	408 135	364 953	0	0
Remuneration of Individual Executive Directors				
Corporate Services				
Annual Remuneration	920 088	838 788	920 088	838 788
Performance Bonus	0	0	0	0
Car Allowance	120 000	120 000	120 000	120 000
UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
Total	1 041 585	960 285	1 041 585	960 285
Economic Development and Recreational Services				
Annual Remuneration	773 052	727 248	773 052	727 248
Performance Bonus	0	0	0	0
Car Allowance	120 000	96 000	120 000	96 000
UIF, Medical and Pension Funds	100 432	137 035	100 432	137 035
Total	993 484	960 283	993 484	960 283

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
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26 EMPLOYEE RELATED COSTS (Continued)	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Public Health				
Annual Remuneration	921 211	951 439	921 211	951 439
Performance Bonus	0	0	0	0
Car Allowance	120 000	130 880	120 000	130 880
UIF, Medical and Pension Funds	1 497	1 373	1 497	1 373
	1 042 708	1 083 692	1 042 708	1 083 692
Housing and Land				
Annual Remuneration	312 992	938 976	312 992	938 976
Performance Bonus	0	0	0	0
Car Allowance	40 000	120 000	40 000	120 000
UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
	354 489	1 060 473	354 489	1 060 473
Electricity and Energy				
Annual Remuneration	0	0	0	0
Performance Bonus	0	0	0	0
Car Allowance	0	0	0	0
UIF, Medical and Pension Funds	0	0	0	0
	0	0	0	0
Infrastructure and Engineering				
Annual Remuneration	829 717	826 788	829 717	826 788
Performance Bonus	0	0	0	0
Car Allowance	121 000	132 000	121 000	132 000
UIF, Medical and Pension Funds	1 497	1 497	1 497	1 497
	952 214	960 285	952 214	960 285
Strategic Programmes Unit				
Annual Remuneration	842 088	760 788	842 088	760 788
Performance Bonus	0	0	0	0
Car Allowance	120 000	120 000	120 000	120 000
UIF, Medical and Pension Funds	79 557	1 497	79 557	1 497
	1 041 645	882 285	1 041 645	882 285
Safety and Security				
Annual Remuneration	0	637 304	0	637 304
Performance Bonus	0	0	0	0
Car Allowance	0	108 000	0	108 000
UIF, Medical and Pension Funds	0	1 123	0	1 123
	0	746 427	0	746 427
2010 FIFA World Cup South Africa				
Annual Remuneration	887 196	810 606	887 196	810 606
Performance Bonus	0	0	0	0
Car Allowance	120 000	120 000	120 000	120 000
UIF, Medical and Pension Funds	101 901	89 524	101 901	89 524
	1 109 097	1 020 130	1 109 097	1 020 130

The Electricity and Energy Executive Director position has been vacant since 1 November 2008.
The Safety and Security Executive Director position has been vacant since 01 April 2010.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
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27 REMUNERATION OF COUNCILLORS	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Mayor's Remuneration	938 624	922 159	938 624	922 159
Deputy Mayor's Remuneration	773 051	733 956	773 051	733 956
Speaker's Remuneration	702 264	732 416	702 264	732 416
Councillors' Remuneration	41 257 179	41 120 784	41 257 179	41 120 784
Telephone Allowances	1 382 186	1 376 481	1 382 186	1 376 481
	45 053 304	44 885 796	45 053 304	44 885 796

In-kind Benefits

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.

The Executive Mayor has the use of a Council owned vehicle for official duties driven by a chauffeur employed by the Council.

In accordance with the Councillors' remuneration package; the structure has changed to an all-inclusive package, with the exception of a Telephone Allowance.

28 BAD DEBTS

Bad debts consists of the following:

Bad debts expense	119 618 987	190 231 785	119 609 305	190 231 785
Contribution to doubtful debts	143 511 798	229 237 794	143 511 798	229 234 783
	263 130 785	419 469 579	263 121 103	419 466 568

29 FINANCE CHARGES

Interest on External Loans	174 719 874	107 703 963	174 719 874	107 703 963
Interest on Government Grants and Creditors	2 909 858	5 662 919	2 909 858	5 610 584
	177 629 732	113 366 882	177 629 732	113 314 547

Refer to Restatement Note 40.6

30 BULK PURCHASES

Electricity	1 519 481 562	1 187 686 089	1 519 481 562	1 187 686 089
Water	55 605 248	49 695 065	55 605 248	49 695 065
	1 575 086 810	1 237 381 154	1 575 086 810	1 237 381 154

31 GRANTS AND SUBSIDIES PAID

Grants in aid	7 116 663	6 314 144	7 116 663	6 314 144
Grants to Entities	8 264 842	-4 967 093	19 952 872	76 884 700
Grants to Individuals	265 134 163	264 700 858	265 134 163	264 700 858
Grants to Other Organisations	15 400 965	17 011 070	15 352 425	16 671 084
	295 916 633	283 058 979	307 556 123	364 570 786

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	Economic Entity		Municipality	
	2011	Restated 2010	2011	Restated 2010
	R	R	R	R
32 CASH GENERATED FROM OPERATIONS				
Surplus for the year	-416 531 165	496 096 647	-348 365 194	479 241 522
Adjustment for:-				
Investment income	-132 598 100	-148 085 534	-129 793 843	-144 522 353
Contribution to bad debts provision	-194 427 532	262 559 725	-194 427 532	262 559 725
Contribution for Obsolete inventory	-20 320	-978 791	-20 320	-978 791
Gain on disposal of PPE	-1 698 397	0	-1 698 397	0
Loss on disposal of PPE	5 795 397	2 932 733	5 795 397	2 932 733
Depreciation - Property, plant and equipment	1 088 979 968	520 702 828	1 088 838 887	520 558 558
Depreciation - Investment Property	3 056 232	7 832 946	3 056 232	7 832 946
Amortisation	86 302 126	8 836 587	86 271 032	8 817 455
Interest paid	177 629 732	113 366 882	177 629 732	113 314 546
Interest accrued	519 664	588 054	519 664	588 054
Contribution to provisions - non-current	278 406 663	206 797 858	278 406 663	206 797 858
Contribution to provisions - current	85 210 497	42 112 015	84 920 919	42 416 666
Share of Loss in Associate	607 283	725 524	0	0
Operating Surplus before working capital changes	981 232 048	1 513 487 474	1 051 133 240	1 499 558 919
(Increase)/Decrease in Inventory	20 248 142	-2 780 005	20 104 471	-2 556 879
(Increase)/Decrease in debtors	27 327 467	8 464 525	27 327 467	8 464 524
(Increase)/Decrease in other debtors	176 035 789	-347 723 058	130 243 766	-346 989 619
(Increase)/Decrease in VAT	91 390 089	-84 383 494	92 622 042	-83 390 822
(Decrease)/Increase in Unspent conditional grants and receipts	91 272 883	-426 932 120	95 516 076	-439 171 283
Increase in Creditors	-361 182 257	391 737 040	-404 214 971	423 276 406
	1 026 323 961	1 051 870 363	1 012 732 091	1 059 191 246
33 CASH AND CASH EQUIVALENTS				
Short-term Investment Deposits	296 992 369	505 408 068	296 992 369	505 408 068
Bank balances and cash	189 039 374	166 403 824	130 665 052	124 361 433
Total Cash and Cash Equivalents	486 031 743	671 811 892	427 657 421	629 769 501
34 MOVEMENT IN LONG-TERM LOANS (EXTERNAL)				
Loans raised	469 808 905	1 164 615 773	470 000 000	1 165 000 000
Loans repaid	-88 858 738	-51 828 172	-88 858 738	-51 828 172
	380 950 167	1 112 787 601	381 141 262	1 113 171 828
35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
35.1 Contributions to organised local government				
Opening balance	0	0	0	0
Council subscriptions	9 498 601	13 234 254	9 498 601	13 234 254
Amount paid - current year	-9 498 601	-13 234 254	-9 498 601	-13 234 254
Balance unpaid (included in creditors)	0	0	0	0
35.2 Audit Fees				
Opening balance	0	80 000	0	0
Current year audit fee	9 052 587	6 159 488	8 873 609	6 030 105
Previous year audit fee	446 796	0	0	0
Amount paid - current year	-8 873 609	-6 159 488	-8 873 609	-6 030 105
Amount paid - previous year	-446 796	-70 933	0	0
	0	-9 067	0	0
Balance unpaid (included in creditors)	178 978	0	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
35 DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
35.3 VAT				
VAT inputs and VAT output are shown in note 18. All VAT returns have been submitted by the due date throughout the year.				
35.4 PAYE and UIF				
Opening balance	15 916 573	12 474 335	15 854 281	12 402 486
Current year payroll deductions	212 542 590	185 483 662	211 426 425	184 441 853
Amount paid - current year	-195 061 619	-169 567 089	-194 029 365	-168 587 572
Amount paid - previous year	-15 916 573	-12 474 335	-15 854 281	-12 402 486
Balance unpaid (included in creditors)	17 480 971	15 916 573	17 397 060	15 854 281
35.5 Pension and Medical Aid Deductions				
Opening balance	0	0	0	0
Current year payroll deductions and Council Contributions	392 705 517	344 855 079	392 705 517	344 855 079
Amount paid - current year	-392 705 517	-344 855 079	-392 705 517	-344 855 079
Balance unpaid (included in creditors)	0	0	0	0
35.6 Skills Development Levy				
Opening balance	907 083	742 446	907 083	742 446
Current year payroll deductions	11 866 215	10 447 871	11 866 215	10 447 871
Amount paid - current year	-10 837 729	-9 540 788	-10 837 729	-9 540 788
Amount paid - previous year	-907 083	-742 446	-907 083	-742 446
Balance unpaid (included in creditors)	1 028 486	907 083	1 028 486	907 083
35.7 Provident Fund				
Opening balance	0	0	0	0
Amount Paid	-549 202	-470 736	0	0
Expenditure incurred	603 279	470 736	0	0
Balance unpaid (included in creditors)	54 077	0	0	0
The Agency contributes to the Liberty Corporate Selection Group Life Scheme, a defined contribution plan which is required to be actuarially valued. The fund is governed under the Pension Fund Act, 1956 as amended.				
The employer makes a monthly contribution of 15% of staff members' salary in respect of members belonging to the Provident Fund. A total of 14 members belong to the fund.				
OTHER ADDITIONAL DISCLOSURES:				
35.8 Impairment				
Government Debt in the amount R41 263 558 have been impaired as it has been outstanding for more than 1 year.				
	42 183 558	9 259 253	42 183 558	9 259 253
Property, plant and equipment in the amount of R920 000 has been impaired as it has been restored to its originally assessed standard of performance.				
35.9 Loss on disposal of Property, plant and equipment				
Loss on disposal of property, plant and equipment	5 795 397	2 932 733	5 795 397	2 932 733
Relates to the disposal of Property, plant and equipment.				
35.10 Gain on disposal of Property, plant and equipment				
Gain on disposal of property, plant and equipment	1 698 397	0	1 698 397	0
The amount of R1 698 397 relates to sale of redundant motor vehicles				
35.11 Self Insurance Reserve				
An independent risk assessment of the self insurance reserve was undertaken to re-asses the value of the fund taking the Municipality's risk exposure into account. This assessment resulted in the reserve balance being adjusted.				
35.12 Water losses				
The Municipality suffered water losses of 22, 961 megalitres (26,2%) amounting to R135,9 million (2010: 27,561 megalitres (29,3%) amounting to R145,5 million) during the year. Various water demand management interventions are being implemented to curb water losses.				

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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:	Economic Entity and Municipality		
	R	R	R
	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
30 June 2011			
Councillor X C Bisset	158	33	125
Councillor Z W Jodwana	534	153	381
Councillor R C Kayser	579	264	315
Councillor L Y Kwitsana	124	124	0
Councillor J Lawack	1 054	1 054	0
Councillor P Lose	242	130	112
Councillor S D Madlavu	107	107	0
Councillor M C Mtanga	114	57	57
Councillor T H Ngcolomba	87	87	0
Councillor L S Nkonyama	8	8	0
Councillor L B Stereie	752	130	622
Councillor N R Tontsi	1 122	1 122	0
	4 881	3 269	1 612

Councillors had arrear accounts outstanding for more than 90 days as at:	Economic Entity and Municipality		
	Total	Outstanding less than 90 days	Outstanding more than 90 days
30 June 2010			
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 Nzotoyi	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 Sihwayi	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
	30 764	30 294	470

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
36.2 List of Entities and related transactions				
Solely-controlled entities				
All entities are solely controlled by the municipality and have received the following grants.:				
1. Nelson Mandela Bay Development Agency	<u>8 264 842</u>	<u>76 884 700</u>	<u>19 952 872</u>	<u>76 884 700</u>
Investment in Associate				
Investment in UITESCO	<u>-538 061</u>	<u>69 221</u>	<u>20 000</u>	<u>20 000</u>
Share of Loss in Associate	<u>607 283</u>	<u>725 524</u>	<u>0</u>	<u>0</u>
Total Assets	23 050 770	24 302 418	0	0
Total Liabilities	24 664 924	24 094 760	0	0
Total Revenue	393 052	284 348	0	0
Total Expenses	2 214 864	2 460 875	0	0
Net loss for the year	-1 821 812	-2 176 527	0	0

Section 57 Employees (See note 26)

Other Organisations

The Organisations have received the following grants/ payments:

1. Uitenhage Despatch Development Initiative	4 333 199	4 012 220	4 333 199	4 012 220
2. Nelson Mandela Bay Tourism	10 907 420	12 624 330	10 907 420	12 624 330
3. UITESCO	1 196 429	2 499 784	1 196 429	2 499 784
Grants/ payments to Other Organisations	<u>16 437 048</u>	<u>19 136 334</u>	<u>16 437 048</u>	<u>19 136 334</u>

The only related party loan in the current and prior year is the UITESCO loan receivable. (Refer to note 14 for information relating to this loan.)

36.3 Related party disclosures

During the 2009/10 Financial year Councillor H Muller was incorrectly disclosed as being involved in a related party transaction with the Municipality.

36.4 Supply Chain Management Policy

1. Mandela Bay Development Agency

In accordance with section 36(1)(a)(i) of SCM policy regulations there were deviations from the normal procurement process to the value of R2,534,715.55

In accordance with section 36(1)(a)(ii) of SCM policy regulations there were deviations from the normal procurement process to the value of R42,282.00

In accordance with section 36(1)(a)(iii) of SCM policy regulations there were deviations from the normal procurement process to the value of R2,395,839.82

In accordance with section 36(1)(a)(v) of SCM policy regulations there were deviations from the normal procurement process to the value of R52,943.95

2. The Municipal Manager has the power to authorise deviations from the normal Procurement Process. The deviations for the 2010/11 financial year are detailed as follows:

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
37 CAPITAL COMMITMENTS		
Economic Entity and Municipality		
Approved and contracted for	224 831 106	280 443 861
Infrastructure	200 012 153	266 865 991
Community	24 818 953	12 971 572
Other	0	606 298
Approved but not yet contracted for	0	1 657 995
Infrastructure	0	343 211
Community	0	1 314 784
Total	224 831 106	282 101 856
This expenditure will be financed from:		
Capital Replacement Reserve	6 744 933	130 339 313
Grants and Subsidies	38 221 288	44 704 682
External Finance Fund	114 663 864	34 722 501
RSC Levies	2 248 311	20 244 775
Urban Settlements Development Grant (USDG)	62 952 710	0
Consolidated Municipal Infrastructure Programme	0	52 090 585
Total	224 831 106	282 101 856

38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION
Economic Entity and Municipality

Long-term liabilities (See Note 3)	1 923 512 816	1 542 371 554
Used to Finance property, plant and equipment - at cost	1 923 512 816	1 542 371 554
Sub-total	0	0
Cash set aside for the repayment of long-term liabilities (See Note 3)	92 054 673	92 457 533

39 FINANCIAL RISK MANAGEMENT

Interest rate risk

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.

Liquidity risk

The liquidity risk arises as a result of payment of creditors. 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 necessary to secure standby credit facilities in the form of an overdraft facility with the NMBM's banker in order to cater for any unexpected temporary shortfall in operating funds. The maximum exposure to liquidity risk is the trade creditors and long term borrowings.

The following table details the Municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows 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 cash flows.

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Trade payables				
1-3 months	964 710 470	1 304 700 052	958 545 651	1 343 595 870
> 3 months	80 647 762	100 747 361	80 647 762	100 747 361
Other payables				
1-3 months	157 584 430	144 322 904	157 382 673	144 160 625
> 3 months	42 401 148	57 922 358	43 941 090	57 394 900
Long term borrowings				
< 12 months	93 115 527	92 824 304	92 054 673	92 457 533
> 12 months	1 842 888 388	1 461 015 698	1 841 851 019	1 459 787 233

Credit risk

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. The maximum exposure to credit risk is the consumer debtors, which may reduce as a result of non-payment by debtors.

Fair value interest risk

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. See note 51 for fair values of all financial liabilities.

Currency risk

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. These transactions were mainly for the 2010 Soccer World Cup.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

40 RESTATED PRIOR YEAR COMPARATIVES

	Economic Entity	Municipality
<u>Statement of Financial Performance</u>	Restated 2010 R	Restated 2010 R
40.1 Surplus for the year		
Balance as per audited financial statements	466 286 647	449 431 521
Net effect on surplus	29 810 002	29 810 002
General expenses (Refer 40.2)	-58 516 675	-58 516 675
Service Charges (Refer 40.3)	38 093 472	38 093 472
Other Income (Refer 40.4)	23 163 216	23 163 216
Interest earned - outstanding debtors (Refer 40.5)	-23 020 941	-23 020 941
Impairment (Refer 40.12)	17 427 406	17 427 406
Finance Charges (Refer 40.6)	32 663 524	32 663 524
Restated surplus for 2009/10	496 096 649	479 241 523
40.2 General expenses		
Balance as per Audited financial statements	757 118 788	746 864 654
Transfer to Creditors	863 873	863 873
Transfer from Employee Related Costs	10	10
Transfer from Finance Charges	57 652 802	57 652 802
	815 635 473	805 381 339

Invoices in the amount of R226 732 relating to the 2009/10 financial year only presented for payment now

Certain leases smoothing accruals were corrected in the amount of R637 141 as the contracts were amended.

Employee Related costs in the amount of R10 was reclassified to General expenses.

Fair Value adjustments in terms of IAS 39 in the amount of R57 652 802 have been reversed due to change in accounting policy on financial instruments.

40.3 Service Charges		
Balance as per Audited financial statements	2 510 970 927	2 511 081 303
Transfer from Interest Earned Outstanding debtors	38 093 472	38 093 472
	2 549 064 399	2 549 174 775

Fair Value adjustments in terms of IAS 39 in the amount of R38 093 472 have been reversed due to change in accounting policy on financial instruments.

40.4 Other Income		
Balance as per Audited financial statements	242 986 881	241 997 430
Transfer from Creditors	26 406 066	26 406 066
Transfer from Vat	-3 242 850	-3 242 850
	266 150 097	265 160 646

Stale cheques in the amount of R26 406 066 have been transferred to Other Income

Stale cheques in the amount of R26 406 066 have been transferred to Other Income - R3 242 850 is the VAT portion of it

40.5 Interest Earned - Outstanding Debtors		
Balance as per Audited financial statements	105 783 297	105 783 297
Transfer to Service Charges	-38 093 472	-38 093 472
Transfer from Consumer Debtors	15 072 531	15 072 531
	82 762 356	82 762 356

Fair Value adjustments in terms of IAS 39 in the amount of R38 093 472 and R15 072 531 have been reversed due to change in accounting policy on financial instruments.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	Economic Entity	Municipality
	Restated 2010 R	Restated 2010 R
40.6 Finance Charges		
Balance as per Audited financial statements	146 030 406	145 978 070
Transfer to Creditors	19 391 409	19 391 409
Transfer from Unspent Government Grants	5 597 869	5 597 869
Transfer to General expenses	-57 652 802	-57 652 802
	<u>113 366 882</u>	<u>113 314 546</u>

Fair Value adjustments in terms of IAS 39 in the amount of R57 652 802 and R18 977 480 have been reversed due to change in accounting policy on financial instruments.

Interest in the amount of R413 929 (creditors) and R5 597 869 (unspent government grants) was incorrectly reversed as per the adjustment required by the AG, as it relates to Creditors where interest is owing to them.

Statement of Financial Position

40.7 Accumulated Surplus

Closing Balance as per audited financial statements	3 269 427 279	3 201 819 367
Increase in Surplus (Refer to Note 40.1)	29 810 002	29 810 002
Restated Closing Balance	<u>3 299 237 281</u>	<u>3 231 629 369</u>
40.8 Vat suspense		
Balance as per Audited financial statements	43 950 842	43 950 842
Transfer from Other Income	-3 242 850	-3 242 850
Transfer from Creditors	31 458	31 458
	<u>40 739 450</u>	<u>40 739 450</u>

Invoices in the amount of R226 732 relating to 2009/10 financial year have been presented for payment during the latter part of the 2010/11 financial year, with the amount of R31 458 being the VAT portion of the invoices.

State cheques in the amount of R26 406 066 have been transferred to Other Income - R3 242 850 is the VAT portion of it

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	Economic Entity	Municipality
	Restated 2010 R	Restated 2010 R
40.9 Creditors		
Balance as per Audited financial statements	1 612 559 328	1 650 765 409
Transfer to Other Income	-26 406 066	-26 406 066
Transfer to / from Unspent Government Grants	1 252 674	1 252 674
Transfer from Finance Charges	19 391 409	19 391 409
Transfer from General Expenses	895 331	895 331
	<u>1 607 692 676</u>	<u>1 645 898 757</u>

Stale cheques in the amount of R26 406 066 have been written off to Other Income

The total interest reversed as per the adjustment required by the AG was processed to Unspent Grants, where part of the interest in the amount of R1 828 891 was for interest owing to creditors.

Certain Creditors in the amount of R3 081 565 were incorrectly included in Unspent Government Grants

Invoices in the amount of R258 190 relating to 2009/10 financial year have only presented for payment now.

Interest in the amount of R413 929 was incorrectly reversed as per the adjustment required by the AG as it relates to Creditors where interest is owing.

Fair Value adjustments in terms of IAS 39 in the amount of R18 977 480 have been reversed due to change in accounting policy on financial instruments.

Certain leases smoothing accruals were corrected in the amount of R637 141 as the contracts were amended.

40.10 Unspent Government Grants		
Balance as per Audited financial statements	214 748 895	201 850 792
Transferred to / from Creditors	-1 252 674	-1 252 674
Transferred from Finance Charges	5 597 869	5 597 869
	<u>219 094 090</u>	<u>206 195 987</u>

Certain Creditors in the amount of R3 081 565 were incorrectly included in Unspent Government Grants

The total interest reversed as per the adjustment required by the AG, was processed to Unspent Grants, part of the interest in the amount of R1 828 891 is owing to creditors

Interest in the amount of R5 597 869 was incorrectly reversed as per the adjustment required by the AG as it relates to Creditors where interest interest is owing.

40.11 Consumer debtors		
Balance as per Audited financial statements	584 415 262	584 415 262
Transfer from Interest Earned - Outstanding Debtors	15 072 531	15 072 531
	<u>599 487 793</u>	<u>599 487 793</u>

Fair Value adjustments in terms of IAS 39 in the amount of R15 072 531 have been reversed due to change in accounting policy on financial instruments.

40.12 Impairment		
Balance as per Audited financial statements	26 686 659	26 686 659
Transfer from long-term receivables	-17 427 406	-17 427 406
	<u>9 259 253</u>	<u>9 259 253</u>

Fair Value adjustments in terms of IAS 39 in the amount of R17 427 406 have been reversed due to change in accounting policy on financial instruments.

40.13 Long-term Receivables - Non-exchange transactions		
Balance as per Audited financial statements	23 072 974	23 072 974
Transfer from Impairment	17 427 406	17 427 406
	<u>40 500 380</u>	<u>40 500 380</u>

Fair Value adjustments in terms of IAS 39 in the amount of R17 427 406 have been reversed due to change in accounting policy on financial instruments.

40.14 Government Grants and Subsidies		
Balance as per Audited financial statements	2 395 859 520	
NMBM Conditional Grants and Receipts	56 351 403	
Less: Intercompany transaction	-56 351 403	
	<u>2 395 859 520</u>	

The Agency previously used IAS 20 accounting standard for revenue recognition. This has now been replaced by GRAP 11 accounting standard for construction contracts.

41 CHANGE IN ACCOUNTING POLICY

The Municipality has elected to formulate an accounting policy based on GRAP 104, which has been approved but does not have an effective date. The reason for this is that GRAP 104 was written with public sector focus and therefore more relevant to the operations of the Municipality.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

42 CHANGE IN ACCOUNTING ESTIMATE

2011 Financial year

No change in estimate arose as a result of a condition assessment performed

2010 Financial year

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

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
NMBM as Lessee

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Future minimum lease payments under non-cancellable operating leases:				
Buildings	12 180 880	22 253 810	12 180 880	22 253 810
Payable within one year	10 340 143	11 595 821	10 340 143	11 595 821
Payable within two to five years	1 840 737	10 657 989	1 840 737	10 657 989
Payable after 5 years	0	0	0	0
Photocopier, fax machines and other equipment	5 769 741	3 441 978	5 661 950	3 415 832
Payable within one year	2 886 521	1 667 422	2 778 730	1 641 276
Payable within two to five years	2 883 220	1 774 556	2 883 220	1 774 556
Payable after 5 years	0	0	0	0
	17 950 621	25 695 788	17 842 830	25 669 642

NMBM as Lessor

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

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
Land	14 880 000	15 360 000	14 880 000	15 360 000
Receivable within one year	480 000	480 000	480 000	480 000
Receivable within two to five years	1 920 000	1 920 000	1 920 000	1 920 000
Receivable after 5 years	12 480 000	12 960 000	12 480 000	12 960 000
Buildings	349 272	620 805	349 272	620 805
Receivable within one year	298 681	271 529	298 681	271 529
Receivable within two to five years	50 550	349 234	50 550	349 234
Receivable after 5 years	41	42	41	42
	15 229 272	15 980 805	15 229 272	15 980 805

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	Restated 2010 R	2011 R	Restated 2010 R
44 UNAUTHORISED, IRREGULAR, FRUITLESS AND				
Opening Balance	29 185 440	5 790 346	29 158 892	5 784 178
Irregular Expenditure current year	37 355 307	23 395 094	37 355 307	23 374 714
Approved by Council/ Board	-26 548	-	-	-
Transfer to receivables for recovery	-	-	-	-
Closing Balance	66 514 199	29 185 440	66 514 199	29 158 892
Incident/ Disciplinary steps / Criminal Proceedings				
44.1 Relocation of families to sites				
Irregular payment for the relocation of families to sites. No actions taken as investigations are still in progress.	1 846 690	1 846 690	1 846 690	1 846 690
44.2 Supply chain management policy not followed				
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	39 615	39 615
44.3 Ekard sales				
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	500 000	500 000
44.4 Unauthorised requisitioning of stock				
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 over expenditure 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	1 938 750	1 938 750
44.5 Theft of Municipal goods through irregular amendments to requisitions				
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	59 218	59 218
44.6 Allegations of exorbitant payment for emptying of digester tanks in Colchester				
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	336 015	336 015

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
 Economic Entity

44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)	Economic Entity		Municipality	
	2011		2011	Restated 2010
	R		R	R
44.7 Irregular expenditure incurred regarding the provision of catering services at the funeral of the late P. Ngingi				
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	44 350	44 350
44.8 Alleged irregularities in creditors and Supply Chain Management				
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	1 500 000	1 500 000
44.9 Alleged wasteful expenditure incurred with respect to the Mausoleums built at Red Location Museum				
The Mausoleums built at the Red Location Museum were not utilised for four years after completion of the project. The investigation is complete and the final report will be released in due course.	1 409 930	1 409 930	1 409 930	1 409 930
44.10 Alleged wasteful expenditure incurred on GA Soccer Challenge				
A grant was paid over for a failed soccer challenge. The investigation is complete and the final report will be released in due course.	850 000	850 000	850 000	850 000
44.11 Cyber Fraud				
Fraudulent electronic funds transfers from the Council's main bank account into numerous illegitimate accounts amounting to R 19,722,000 took place of which all except R 1,759,056 was recovered. The bank has paid Council R 629,425 as compensation. Further attempts to defraud the Council were successfully intercepted. The criminal case was reported to the Humewood Police Station (CAS 340/08/2009). The internal investigation report will be released upon authorisation from the SAPS.	1 129 631	1 129 631	1 129 631	1 129 631
44.12 Unauthorised changes to supplier banking details				
A service provider changed supplier banking details which resulted in wasteful expenditure. The investigation is completed and the final report will be released in due course.	529 000	529 000	529 000	529 000
Supplier details were amended without the appropriate authorisation resulting in irregular expenditure. The investigation is completed and the final report will be released in due course.	262 000	262 000	262 000	262 000
44.13 Manipulation of overtime claims				
An employee of the Council was found to have manipulated overtime claims resulting in irregular expenditure. The employee has been dismissed and the full amount of R 14,444 has been recovered.	-	-	-	-
44.14 Theft of Council Income				
An Agency Official misappropriated Council's cash takings. The Agency Official has been dismissed and the entity has agreed to reimburse Council.	47 000	47 000	47 000	47 000

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
 Economic Entity

	Economic Entity		Municipality	
			2011 R	Restated 2010 R
44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)				
44.15 Irregular expenditure as a result of tender irregularities				
A supplier performed work for Council, however the appointment was not made in terms of the Supply Chain Management Policy and no contract or service level agreement exists between the supplier and Council. Despite recommendations made by Internal Audit, the supplier was paid. The final report was issued. The Acting Municipal Manager requested a legal opinion on the matter. The report is still pending.	322 000	322 000	322 000	322 000
44.16 Irregular expenditure as a result of tender irregularities				
A supplier was paid for work allegedly performed for Council, whereas the Supply Chain Management Policy and regulations were not followed. The report has been issued. The case is currently in dispute.	12 000 000	18 344 693	12 000 000	18 344 693
44.17 Wasted expenditure as a result of failed international music event				
The Municipality appointed a company which was paid a grant to co-ordinate a large local event. The event failed due to the company not complying with all the terms of the agreement with the council. The high court ruled that the R1.7 million be recovered from the company.	1 700 000		1 700 000	
44.18 Irregular expenditure as a result of an irregular increase in contract value.				
A contractor for a R39 million housing tender changed its composition, after the contract award, without informing the Bid Committees. In addition, a subsequent increase amounting to R 3 million was apparently authorized by Housing officials and not submitted to the Municipal Manager for approval. The investigation is in progress to determine whether the whole contract could be considered irregular.	42 000 000		42 000 000	
44.19 Matters currently under investigation				
Various other alleged irregularities that may have a financial implications are currently under investigation.				
44.20 Interest on VAT payment				
Interest incurred on late payment of VAT was as a result of a change in the VAT payment system for SARS, resulting in the payment being processed one day later. SARS also levied a VAT penalty of R229,748 but subsequently agreed to waive this penalty after considering an appeal from the Agency.	0	20 380	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
 Economic Entity

45 CONTINGENT LIABILITIES	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
These are ongoing matters and the Municipality is unable to determine the exact timing and amount of the outcome of these matters.				
Should any liability arise as a result of these claims, the Municipality will attempt to recover any amounts paid over with respect to these claims (if applicable).				
Possible Contingent liabilities:				
Guarantees by Council in respect of general and commercial bank housing loans to staff amounted to:	433 559	493 260	433 559	493 260
(a) Linton Projects The claim arises out of a dispute surrounding the sale of Council owned land.	0	0	0	0
(b) Swartkops Seesout The claim arises out of an alleged Sewerspillage into the salt pans	7 157 829	7 157 829	7 157 829	7 157 829
(c) Amadisi Construction 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 successful in dismissing the claimants claim. The claimant has not taken further steps in the matter.	10 342 465	10 342 465	10 342 465	10 342 465
(d) S E Van Zyl 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.	85 000	651 369	85 000	651 369
(e) H E Davids 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	241 680	241 680
(f) D Pook The claim arises out of injuries sustained in an alleged fall on a pavement.	0	499 000	0	499 000
(g) B W Morgan The claim arises out of injuries sustained in an alleged fall into an open manhole.	61 608	61 608	61 608	61 608
(h) M. Smith The claim arises from the Municipality allegedly burying (plaintiffs' father) after it was exhumed for DNA testing.	400 000	400 000	400 000	400 000
(i) J. Ruiters The claim arises as a result of municipal vehicle being involved in an accident with the plaintiff's vehicle.	45 000	45 000	45 000	45 000
(j) E Barnard The claim arises from an alleged fall over an indentation formed on a pavement.	20 000	20 000	20 000	20 000
(k) C Swarts The claim arises from an alleged fall into a sewerage hole.	15 000	15 000	15 000	15 000
(l) C Du Plessis The claim arises as a result of a motor cycle accident allegedly caused by the motor cycle skidding on the loose gravel on the road surface.	50 000	50 000	50 000	50 000

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
45 CONTINGENT LIABILITIES - (continued)				
(m) Tommy Lamont 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.	0	4 500 000	0	4 500 000
(n) Mlungisi Nelson Kulati The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	10 458	10 458	10 458	10 458
(o) A Humphreys 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	10 000	10 000
(p) N Cenga The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	0	342 138	0	342 138
(q) The Minister Of Correctional Services The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	17 420	17 420	17 420	17 420
(r) Imperial car rental The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	82 830	82 830	82 830	82 830
(s) Sala Pension Fund i.r.o. G.P. Mnyaka 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.	0	54 148	0	54 148
(t) Sala Pension Fund i.r.o. S.E. Makhanda 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.	0	289 381	0	289 381

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
45 CONTINGENT LIABILITIES - (continued)				
(u) Blue Horizon Bay This represents an opinion furnished on possible claims arising out of flood damages to property and expropriation of land.	0	4 000 000	0	4 000 000
(v) Mayberry The claim arises as a result of non-compliance with contract specifications relating to the construction of roads.	0	992 000	0	992 000
(w) Dumisa Design and Advertising The claim arises as a result of damages suffered by Dumisa Design and Advertising due to an alleged breach of contract by the Municipality.	57 651	56 651	57 651	56 651
(x) Grundlingh The claim arises as a result of alleged non-compliance with the conditions of subdivision pertaining to roads.	0	447 500	0	447 500
(y) Algoa Bus The claim arises as result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	0	19 878	0	19 878
(z) Nothalaza 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	197 871	197 871
(aa) A du Plessis The claim arises from injuries sustained in an alleged fall into a hole in the road.	0	350 000	0	350 000
(bb) SALA The claim arises as a result of the SALA Pension Fund instituting legal action against the NMBM for increased contributions.	0	22 000 000	0	22 000 000
(cc) Heck The claim arises as a result of a dispute regarding the job description and salary entitlement upon the retirement of the employee.	0	2 000 000	0	2 000 000
(dd) Hendricks 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.	0	4 051 600	0	4 051 600
(ee) JM Meiring The claim arises from damages to property as a result of an electrical overload	26 995	26 995	26 995	26 995
(ff) E. Haasbroek The claim arises as a result of damages caused to the plaintiff's property by a burst water pipe.	0	652 000	0	652 000
(gg) T. Meyer 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.	0	25 000	0	25 000
(hh) A. Von Werkhoven 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.	0	15 000	0	15 000
(ii) C. Laubscher 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	30 000	30 000	30 000

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
45 CONTINGENT LIABILITIES - (continued)				
(jj) West South House CC				
The claim arises from damages caused by a burst water pipe resulting in extensive damage to the plaintiff's private property.	60 000	100 000	60 000	100 000
(kk) P R Smit				
The claim arises as the plaintiff alleges that she has tripped over 2 metal spikes whilst walking on Municipality property.	0	339 871	0	339 871
(ll) Algoa Bus Company				
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	137 497	137 497	137 497
(mm) Telkom				
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	8 442	8 442	8 442
(nn) Telkom				
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	8 510	8 510	8 510
(oo) Telkom				
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.	0	4 929	0	4 929
(pp) Telkom				
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.	0	50 370	0	50 370
(qq) Telkom				
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	24 774	24 774	24 774
(rr) Telkom				
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	12 079	12 079	12 079
(ss) E.V. Botha				
The claim arises from alleged damages to property as a result of an electrical overload.	15 355	15 355	15 355	15 355

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
(tt) E.Uithaler				
The claim arises from labour related matter.	0	50 000	0	50 000
(uu) Cape Joint Pension Fund				
This represents an opinion in relation to a claim by the Cape Joint pension fund against the municipality for increased pension contributions.	8 778 511	8 000 000	8 778 511	8 000 000
(vv) Various Other contingent liabilities	5 499 324	4 766 157	5 499 324	4 766 157
1. Land usage, eviction of four tenants - R48 000				
2. TP Construction - removal of arbitrator -R180 000				
3. R Williams - electrocution of son at substation - R150 000				
4. Delicious Monster - Unlawful land use - R150 000				
5. Sebati - Sale of property - R20 000				
6. Dompas Media Production - Cancellation of contract - R0				
7. Makhaya - Unlawful use of property - R0				
8. Cokwana - Unlawful use of property - R100 000				
9. Kops - Arbitration and SALGBC - R90 000				
10. W Keyzer - Defamation claim - R80 000				
11. Esterhuizen - Alleged wrongful arrest - R80 000				
12. Mathew Goniwe - Eviction - R0				
13. E Benekane - Return of title deeds - R20 000				
14. Axpix - Money owing to supplier - R1 849 950				
15. Choari - Ownership of land dispute - R10 000				
16. Telkom - Damage underground cable - R11 207				
17. MK Vincent - Claim against NMBM - R0				
18. C Van Rooyen - Claim against NMBM - R50 000				
19. NR Jacobs - Claim against NMBM - R0				
20. L Salaze - Claim against NMBM - R30 000				
21. W Van Wyk - Claim against NMBM - R0				
22. G Mostert - Claim against NMBM - R18 000				
23. WK Construction - Claim against NMBM - R15000				
24. Sec 57 employees - Claim against NMBM - R200 000				
25. IMATU - Labour matter - R80 000				
26. Julies - Suffered from alleged electrocution - R				
27. T.S.A Krog - Water damage from burst pipe - R35 217				

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
(ww) AMF	2 000 000	0	2 000 000	0
The claim arises as a result of an alleged breach of contract.				
(xx) E Chedress				
This claim arises from an alleged unlawful arrest and detention for a drunken driving charge.				
	30 000	0	30 000	0
(yy) KL Gadu				
This claim arises from the Plaintiff's injuries due to a motor vehicle collision in which she was a passenger. The vehicle she was travelling was driven by an employee of the NMBM acting within the course and scope of his duties.				
	381 355	0	381 355	0
(zz) EE Swanepoel				
This claim arises from the Plaintiff's injuries suffered due to a dog bite whilst visiting a graveyard. The dog allegedly resides with the caretaker of the graveyard, who is allegedly in the employ of the NMBM.				
	0	0	0	0
(aaa) TT Jegels				
The claim arises from the death of the plaintiff's baby at West End clinic allegedly due to negligence.				
	207 000	0	207 000	0
(bbb) Telkom				
Materials damages to Telkom underground cables				
	6 092	0	6 092	0
(ccc) Telkom				
Materials damages to Telkom underground cables				
	47 725	0	47 725	0
(ddd) S Fretwell				
This claim arises as a result of the plaintiff tripping over a portion of a telephone cord				
	100 000	0	100 000	0
(eee) ZA Sokutu				
The claim arises as a result of a motor vehicle accident, the plaintiff alleging that the municipality driver was the solo cause of the collision				
	50 000	0	50 000	0
(fff) L Valentine				
The claim arises as a result of a motor vehicle accident, the plaintiff alleging that the municipality driver was the solo cause of the collision				
	50 000	0	50 000	0
(ggg) R Penrose				
The claim arises from alleged damage to property by opening of Chelsea water reservoirs.				
	86 897	0	86 897	0
(hhh) G. Volstruis				
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.				
	50 000	0	50 000	0
(iii) D. F. Mathee				
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.				
	80 000	0	80 000	0
(jjj) M.N. Qwabe				
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.				
	8 000	0	8 000	0
(kkk) E. Gouveia				
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.				
	7 000	0	7 000	0
(lll) D. Adams				
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.				
	53 000	0	53 000	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
(mmm) R.S. Smith 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.	6 000	0	6 000	0
(nnn) X.C. Zimemo 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.	80 000	0	80 000	0
(ooo) MJ Strydom The claim arises out of injuries sustained in an alleged fall into an open manhole.	75 000	0	75 000	0
(ppp) TA Vikiva 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.	200 000	0	200 000	0
(qqq) Z.L. Bouwer The claim arises out of injuries sustained in alleged fall into an open fire hydrant.	100 000	0	100 000	0
(rrrr) M I Strydom The claim arises due to an uncovered drain	75 000	0	75 000	0
(ssss) E October The claim arises due to an uncovered drain	90 000	0	90 000	0
(tttt) MTN The claim arises as a result of an alleged short payment to the service provider since 2006.	11 086 055		11 086 055	
(uuuu) SIMMARK INVESTMENTS CC ETC. NMBM are jointly sued due to a building that burnt down in Govan Mbeki avenue because the fire could not be extinguished or contained.	74 572 455		74 572 455	
(vvvv) XOLISWA HUDSON The Agency is being sued by Ms Xoliswa Hudson for the loss of income to the value of R156 000. She alleges that her business in Govan Mbeki Avenue lost clientele as a result of offensive odours that escaped from the sewer pipes and manholes that were exposed during the upgrade of the street. Based on the evidence at hand the Agency is confident that it can defend the claim and has instructed its attorneys to notify the defendant of its intention to defend. In the event that the Agency was to lose the case, total costs including legal fees are estimated to cost in the region of R350 000.	156 000	0	0	0
TOTAL CONTINGENT LIABILITIES	123 427 437	73 666 065	123 271 437	73 666 065
45 CONTINGENT LIABILITIES - PROBABLE LOSSES				
<u>Detail of Provision raised in Note 5</u>				
(a) X.C. Zimemo 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.	0	1 616 000	0	1 616 000
(b) J & C Sampson 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 travelling. 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.	350 000	300 000	350 000	300 000
(c) N. Grundling This claim arises from an alleged assault and defamation by a municipal employee.	30 000	30 000	30 000	30 000
(d) V. Matroos The claim arises as a result of the Plaintiff suing the municipality for an alleged unlawful arrest.	62 385	62 385	62 385	62 385
(e) RL Judd The claim arises out of injuries sustained in alleged fall over a raised and cracked portion of a sidewalk.	0	100 000	0	100 000
(f) Hasty-Tasty Frozen Foods The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	25 000	15 000	25 000	15 000
(g) B Mdyogolo The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	100 000	15 000	100 000	15 000
(h) VE Manyane The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	15 000	15 000	15 000	15 000
(i) AMF The claim arises as a result of an alleged breach of contract.	0	2 000 000	0	2 000 000
(j) Winston Malgas The claim arises as a result of the Plaintiff suing the municipality for an alleged unlawful arrest.	62 660	62 660	62 660	62 660

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
(k) Telkom The claim arises as a result of damage allegedly caused to Telkom's underground cables.	15 660	15 660	15 660	15 660
(l) MJ Strydom The claim arises out of injuries sustained in an alleged fall into an open manhole.	0	75 000	0	75 000
(m) TA Vikiva 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.	0	59 837	0	59 837
(n) HS Prinsloo The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	0	32 399	0	32 399
(o) Z.L. Bouwer The claim arises out of injuries sustained in alleged fall into an open fire hydrant.	0	67 000	0	67 000
(p) M.C. Kobese The claim arises out of injuries sustained in an alleged fall into an open fire hydrant.	70 000	90 000	70 000	90 000
(q) E. Hills The claim arises out of injuries sustained in an alleged fall into an open manhole.	200 000	200 000	200 000	200 000
(r) E. Lottering 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.	0	100 000	0	100 000

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
45 CONTINGENT LIABILITIES - (continued)				
(s) R. Parker 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	15 000	15 000	15 000	15 000
(t) M. Schmidt The claim arises from an unlawful assaulted by a traffic officer who was acting within the course and scope of his employment.	50 000	50 000	50 000	50 000
(u) H.W. Terblanche 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.	6 270	6 500	6 270	6 500
(v) S.S. Sani 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.	50 000	30 000	50 000	30 000
(w) P. Ryan The claim arises from an unlawful and wrongful arrested and detention by municipal officers who were acting within the course & scope of their employment.	0	50 000	0	50 000
(x) G. Du preez The claim arises from damages iro of bodily injuries sustained by the plaintiff, when she stepped & fell into an open manhole.	20 000	10 000	20 000	10 000
(y) D. Jita 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.	15 000	15 000	15 000	15 000
(z) D. F. Mathee 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.	0	100 000	0	100 000
(aa) M.N. Qwabe 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.	0	26 455	0	26 455
(bb) K. Westraad 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.	8 000	11 730	8 000	11 730
(cc) G. Volstruis 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.	0	58 850	0	58 850
(dd) E. Gouveia 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.	0	12 000	0	12 000
(ee) D. Adams 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.	0	53 070	0	53 070
(ff) R.S. Smith 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.	0	10 600	0	10 600
(gg) Tommy Lamont 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.	2 000 000	0	2 000 000	0
(hh) Blue Horizon Bay This represents an opinion furnished on possible claims arising out of flood damages to property and expropriation of land.	4 000 000	0	4 000 000	0
(ii) SALA The claim arises as a result of the SALA Pension Fund instituting legal action against the NMBM for increased contributions.	22 000 000	0	22 000 000	0
(jj) Hendricks 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	0	3 541 600	0
(kk) E.Uithaler The claim arises from labour related matter.	50 000	0	50 000	0
(ll) Algoa Bus The claim arises as result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	33 132	0	33 132	0
(mm) A du Plessis The claim arises from injuries sustained in an alleged fall into a hole in the road.	35 145	0	35 145	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Economic Entity		Municipality	
	2011 R	2010 R	2011 R	2010 R
(nn) Heck 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	0	1 200 000	0
(oo) P R Smit The claim arises as the plaintiff alleges that she has tripped over 2 metal spikes whilst walking on Municipality property.	339 871	0	339 871	0
(pp) DGD Jackson Claim arising out of damage which occurred as a consequence of fire damage to an electricity pylon which in turn caused damage to the Plaintiff's property.	600 000	0	600 000	0
(qq) ZW Kona This claim arises from an alleged unlawful arrest and assault.	150 000	0	150 000	0
(rr) HM Williams 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.	32 479	0	32 479	0
(ss) L Young This claim arises from an alleged unlawful arrest.	100 000	0	100 000	0
(tt) R Makasi The claim arises out of injuries sustained in an alleged fall into a drain which cover was missing.	30 000	0	30 000	0
(uu) W Van Wyk This claim arises from an alleged unlawful arrest and detention	20 000	0	20 000	0
(vv) NG Mkonto The claim arises out of injuries sustained in an alleged fall when stepped on a defective drain cover	50 000	0	50 000	0
(ww) D Pook The claim arises out of injuries sustained in an alleged fall on a pavement.	145 000	0	145 000	0
(xx) Botha The claim arises due to power failure	30 000	0	30 000	0
(yy) Scott Family Trust The claim arises due to unauthorised construction on ERF 4176	100 000	0	100 000	0
(zz) LS Hurter The claim arises due to an uncovered drain	15 000	0	15 000	0
(aaa) N Cenga The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	32 280	0	32 280	0
(bbb) Whitebooi The plaintiff is claiming for damages in respect of injuries sustained by him, when he was allegedly assaulted by two traffic officers	100 000	0	100 000	0
TOTAL PROVISION REFER NOTE 5	35 699 482	5 305 146	35 699 482	5 305 146

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

46 SUBSEQUENT EVENTS

No subsequent events have been identified at this stage.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
47. Information on Post Retirement Benefit:

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 159.084 million (2010: R 137.758 million) to the defined benefit and defined contribution structures are expensed as incurred during the year under review.

The Nelson Mandela Bay Municipality has used IAS 19 paragraph 30 as guidance for treatment of 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 2010. The valuation disclosed an actuarial surplus of R0, and was funded 100% for the Defined Benefit section.

SALA PENSION FUND

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is 26.6% (7.6% by the members and 19.18% by their councils). This defined benefit plan, is financially sound, and was 96% funded as at 30 June 2010

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 2010. The Pensions Account reflected a funding level of 100.3% as at 30 June 2010

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. The actuaries of the SAMWU Pension Fund are still awaiting completion of the audit of the Annual Financial Statements of the Fund.

Post-retirement pension benefits

An actuarial valuation as at 30 June 2011 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 R18.177 million, of which R15.993 million relates to the non-current portion. It is expected that approximately 12.01% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumptions below.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014
 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, that is 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 2011. The next valuation is due by 30 June 2012

Upon death of a male ex-employee, the widow will receive a continuation of 50% of the original pension, until the widow reaches the age of 60. Widowers of deceased female ex-employees are not paid a pension.

Membership

	Female	Male	Total
Membership 30 June 2011	73	119	192

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

	30/06/2011	30/06/2012	30/06/2013	30/06/2014
Opening Accrued Liability	16 361 068	18 176 726	17 298 493	16 292 977
Current-service Cost	0	0	0	
Interest Cost	1 249 488	1 305 504	1 236 299	
Benefit Payments	-2 047 421	-2 183 737	-2 241 815	
Total Annual Expense	-797 933	-878 233	-1 005 516	
Actuarial Loss / (Gain)	2 613 591			
Closing Accrued Liability	18 176 726	17 298 493	16 292 977	

Analysis of accrued liability

Category	Total
Total Past Service liability	18 176 726
Value of assets	0
Unfunded liability / (asset)	18 176 726

Reconciliation of accrued liability and that reflected in the Statement of Financial Position: Expense items recognised in Profit and Loss: Recognition in the Statement Financial Performance.

Statement of Financial Position Figures

Statement of Financial Position	Year ending 30/06/2011	Year ending 30/06/2012
Fair Value of Plan Assets	0	0
Accrued Liability	18 176 726	17 298 493
Unfunded Accrued Liability	18 176 726	17 298 493
Unrecognised Transitional Liability	0	0
Unrecognised Actuarial Gains/(Losses)	0	0
Unrecognised Past Service Costs	0	0
Miscellaneous Item	0	0
Net Liability in Statement of Financial Position	18 176 726	17 298 493

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
 47. Information on Post Retirement Benefits (continued)

Reconciling and Projecting the Unfunded Accrued Liability

	Year ending 30/06/2011	Year ending 30/06/2012
Unfunded Accrued Liability		
Opening Balance	16 361 068	18 176 726
Current Service Cost	0	0
Interest Cost	1 249 488	1 305 504
Expected Return on Plan Assets	0	0
Actuarial (Gain)/Loss	2 613 591	0
Past Service Cost	0	0
Effect of Curtailment/Settlement	0	0
Expected Employer Benefit Payments	-2 047 421	-2 183 737
Employer Prefunding Contributions	0	0
Closing Balance	18 176 726	17 298 493
Projected Accrued Liability	15 563 135	17 298 493

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

Not applicable as there are no plan assets

Principal assumptions used as at the Statement of Financial Position date

Key financial assumption:	Value p.a.
Discount rate	7.63%
Future inflation rate	5.32%
Pension increase rate	2.66%
Net effective discount rate	4.84%
It was assumed that next salary increase will take place in January 2011	
Key demographic assumptions:	Value
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 7.63% per annum has been used. This rate does not reflect any adjustment for taxation.

Consumer Price Index (CPI) Inflation Rate: This assumption is used to calculate the estimated growth in pensions of the eligible retirees. An expected inflation assumption of 5.32% was obtained from the differential between market yields on index-linked bonds (1.72%) consistent with the estimated term of the liability and those of nominal bonds (7.63%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Thus a pension increase rate of 2.66% per annum over the expected term of the liability has been assumed. This assumption reflects a post retirement interest rate of 4.84%.

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 ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
47. Information on Post Retirement Benefits (continued)

Sensitivity of valuation results to changes in main assumption

Assumption and change	Test	Liability	% change
Sensitivity Analysis on the Unfunded Accrued Liability			
Central Assumptions		18 176 726	
Pension Increase Rate	+1%	19 506 947	7%
	-1%	16 986 090	-7%
Post-retirement mortality	-1 yr	18 744 933	3%
Sensitivity Analysis on the Interest Cost for the year ending 30/06/2011			
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%
Sensitivity Analysis on the Interest Cost for the year ending 30/06/2012			
Central Assumptions		1 305 504	
Inflation	+1%	1 407 031	8%
	-1%	1 214 631	-7%
Post-retirement mortality	-1 yr	1 348 871	-3%

Liabilities and experience adjustments for current and previous four annual period

Comparison with Previous Valuator

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	30/06/2010	30/06/2011
Number of Pensioners	197	192
Average Annual Pension	R 10 393	R 11 374
Pension Weighted Average Age	67.4	67.9

Comparison of Valuation Assumptions

Category	30/06/2010	30/06/2011
Discount Rate	8.14%	7.63%
Pension Increase Rate	2.58%	2.66%
Post Retirement Interest Rate	5.42%	4.84%
Mortality in Retirement	PA (90) - 1 year	

Comparison of Liability Results

	30/06/2010	30/06/2011	Impact
Total Unfunded Liability	16 361 068	18 176 726	11%
Average Liability per Retiree	83 051	94 670	14%

Reasons for the Movement in the Liability

The average liability has increased by 11%. The increase is mainly due to the decrease in the net discount rate and an increase in the average annual pension, slightly offset by an increase in the average age. The total liability has increased by 14% (or R1,815,658) due to the above factors, being partially offset by a decrease in the number of pensioners.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

47. Information on Post Retirement Benefits (continued)

Actuarial Gains and Losses

Actuarial (Gain)/Loss	2 613 591
Contribution to Actuarial Gain:	
Basis Changes	719 915
Pension increases higher than assumed	0
Change in the assumed pension policy	0
Change to membership profile, different from assumed	1 893 676

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 R3,280.58 per principal member. This maximum amount applies to the year beginning 1 July 2011. 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 are subsidised to age 21.

The total liability in respect of post-retirement health care benefits amounts to R1 097.722 million as at 30 June 2011 (2010: R947.958 million). Provision for R1 097.722 million has been made (non-current R1 060.750 million, current R36.972 million). It is expected that approximately 3.37% 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
Sensitivity Analysis on the Accrued Liability (R millions)						
Central Assumptions		603.168	494.554	1097.722		
Health care inflation	1%	724.443	551.071	1 275.514	16%	177.79
	-1%	506.500	446.389	952.889	-13%	-144.83
Post-retirement mortality	-1 yr	623.373	513.096	1136.469	4%	38.75
Average retirement age	-1 yr	649.953	494.554	1144.507	4%	46.79
Withdrawal Rate	-50%	647.297	494.554	1141.851	4%	44.13

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

Member category	No. of members
In-service (employee) members	5 171
In-service (employee) non-members	1 383
Continuation (retiree and widow) members	1 452
Total	8 006

Past and Future Changes in the Accrued Liability

	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013
Opening Accrued Liability	947.958	1 097.722	1 198.144
Current-service Cost	34.670	42.778	46.000
Interest Cost	85.746	94.616	102.000
Benefit Payments	-34.839	-36.972	-39.669
Total Annual Expense	85.577	100.422	108.331
Actuarial Loss / (Gain)	64.187		
Closing Accrued Liability	1 097.722	1 198.144	1 306.475

The Unfunded Liability in respect of past services (R'million)

Category of Members	2010/06/30	2010/06/30
In-service members	480.944	603.168
Continuation members	467.014	494.554
Total liability	947.958	1 097.722
Value of assets	0	0
Unfunded liability	947.958	1 097.722

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
 NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
 47. Information on Post Retirement Benefits (continued)

Current Service and Interest Costs

Category of Member	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013
In-Service Employees (Current Service Cost)	34.670	42.778	46.000
All Eligible Individuals (Interest Cost)	85.746	94.616	102.000

Reconciliation of opening and closing plan assets fair value

Not applicable as there are no plan assets.

Reconciling and Projecting the Unfunded Accrued Liability (Rand Million):

Unfunded Accrued Liability	Year ending 30/06/2011	Year ending 30/06/2011
Opening Balance	947.958	1 097.722
Current-service Cost	34.670	42.778
Interest Cost	85.746	94.616
Expected Return on Plan Assets	0	0
Actuarial (Gain)/Loss	64	0
Past-service Cost	0	0
Effect of Curtailment/Settlement	0	0
Expected Employer Benefit Payments	-34.839	-36.972
Employer Prefunding Contribution:	0	0
Closing Balance	1 097.722	1 198.144
Projected Accrued Liability	1 033.535	1 198.144

Net Liability to reflect in the Statement of Financial Position (Rand Millions)

Net Liability in Statement of Financial Position	Year ending 30/06/2011	Year ending 30/06/2011
Opening Balance	864.273	1 097.722
Current-service Cost	34.670	42.778
Interest Cost	85.746	94.616
Expected Return on Plan Assets	0	0
Actuarial (Gain)/loss Recognised in P&L	147.872	0
Past-service Cost Recognised	0	0
Effect of Curtailment/Settlement	0	0
Net Periodic Cost Recognised in P&L	268.288	137.394
Expected Employer Benefit Payments	-34.839	-36.972
Employer Prefunding Contributions	0	0
Actuarial (Gain)/Loss Recognised outside P&L	0	0
Closing Balance	1 097.722	1 198.144

Recognition in a Statement of Financial Performance:

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 ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011
 47. Information on Post Retirement Benefits (continued)

Principal assumptions used as at the Statement of Financial Position dat

Key financial assumptions	Value p.a.
Discount rate	8.62%
Health care inflation rate	7.29%
Net effective discount rate	1.23%
The next contribution rate increase is assumed to occur at 1 January 2012	

Key demographic assumptions	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		
Withdrawal from service (sample annual rates)	Age	Females	Males
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	>55	0%	0%

Financial Assumptions

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 8.62% 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 2011. 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 7.29% has been assumed. This is 1.75% in excess of expected Consumer Price Index (CPI) inflation over the expected term of the liability, namely 5.54%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.23% which derives from $(8.62\% - 7.29\%) / 1.0729$.

The expected inflation assumption of 5.54% was obtained from the differential between index-linked bonds (2.44%) and nominal bonds (8.62%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $(8.62\% - 0.5\% - 2.44\%) / 1.0244$

The next contribution increase was assumed to occur with effect from 1 January 2012

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 so contribution rate tables are income-dependent. A replacement ratio of 75% was assumed.

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 201
47. Information on Post Retirement Benefits (continued)

Demographic assumptions 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
Sensitivity Analysis on the Accrued Liability (R millions)					
Central Assumptions		603.168	494.554	1 097.722	
Health care inflation	1%	724.443	551.071	1 275.514	16%
	-1%	506.500	446.389	952.889	-13%
Post-retirement mortality	-1 yr	623.373	513.096	1 136.469	4%
Average retirement age	-1 yr	649.953	494.554	1 144.507	4%
Withdrawal Rate	-50%	647.297	494.554	1 141.851	4%
Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2011					
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%
Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30/06/2012					
Central Assumptions		42 778 100	94 615 900	137 394 000	
Health care inflation	1%	52 332 200	109 940 300	162 272 500	18%
	-1%	35 306 700	82 132 300	117 439 000	15%
Post-retirement mortality	-1 yr	44 169 700	97 955 600	142 125 300	3%
Average retirement age	-1 yr	45 211 800	98 648 500	143 860 300	5%
Withdrawal Rate	-50%	47 914 500	98 419 500	146 334 000	7%

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

47. Information on Post Retirement Benefits (continued)

Liabilities and experience adjustments for current and previous four annual periods

History of liabilities and assets (R millions)

	2007/06/30	2008/06/30	2009/06/30	2010/06/30	2011/06/30
Present value of accrued liability	746.025	705.646	734.185	947.958	1097.722
Fair value of plan assets	625.731	0	0	0	0
Surplus / (Deficit)	-120.294	-705.646	-734.185	-947.958	-1097.722

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

Experience Adjustments	Year Ending 30/06/2007	Year Ending 30/06/2008	Year Ending 30/06/2009	Year Ending 30/06/2010	Year Ending 30/06/2011
Liabilities: (Gain) / Loss	Unknown	-99.406	-59.916	154.539	-31.807
Assets: Gain / (Loss)	0	0	0	0	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

48. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION
ECONOMIC ENTITY

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carry Value 1 July 2010						
Cost	2 530 647 000	7 625 670 122	794 451 129	102 552 979	821 501 775	11 874 823 005
Transfers/Adjustments	(297 293 049)	70 122 923	2 069 562 227	8 529 737	-	1 850 921 838
Disposal	-	-	(1 067 147)	-	(3 360 151)	(4 427 298)
Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(136 688 661)	-	(253 467 355)	(2 898 803 749)
	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 674 269	10 822 513 796
Movement during year ended 30 June 2011						
Acquisition	85 873 950	1 029 358 858	176 496 697	22 084 784	97 872 387	1 411 686 676
Capital Under Construction	-	-	-	-	-	-
Cost Adjustments	(16 356 294)	(17 515 528)	4 707 536	(6 528 802)	37 283 604	1 590 516
Impairment	(920 000)	-	-	-	-	(920 000)
Depreciation Adjustment	2 857 619	(17 579)	(1 779 415)	(696)	(1 059 929)	-
Depreciation	(33 776 992)	(818 319 675)	(122 562 360)	696	(114 321 637)	(1 088 979 968)
	37 678 283	193 506 076	56 862 458	15 555 982	19 774 425	323 377 224
Carry Value of Disposals during year ended 30 June 2011						
Cost	-	-	(1 101 188)	-	(13 442 843)	(14 544 031)
Depreciation	-	-	651 231	-	7 545 330	8 196 561
	-	-	(449 957)	-	(5 897 513)	(6 347 470)
Carrying Values at 30 June 2011	2 182 504 385	5 469 179 237	2 782 670 049	126 638 698	578 551 181	11 139 543 550
Summary - Carrying Values at 30 June 2011						
Summary - Cost	2 301 951 607	8 707 636 375	3 043 049 254	126 638 698	939 854 772	15 119 130 706
Summary - Accumulated Depreciation	(119 447 222)	(3 238 457 138)	(260 379 205)	-	(361 303 591)	(3 979 587 156)
	2 182 504 385	5 469 179 237	2 782 670 049	126 638 698	578 551 181	11 139 543 550

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carry Value 1 July 2009						
Cost	2 238 483 069	6 130 122 974	594 754 256	70 445 143	636 030 155	9 669 835 597
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)	-	(250 959 119)	(2 379 595 486)
	2 307 654 479	4 196 125 175	345 372 131	66 339 820	345 174 044	7 260 665 649
Movement during year ended 30 June 2010						
Acquisition	78 309 951	1 529 312 933	358 537 898	36 213 159	225 368 612	2 227 742 553
Capital Under Construction	-	-	6 819 317	-	-	6 819 317
Cost Adjustments	(297 293 049)	70 122 923	2 069 562 227	8 529 737	-	1 850 921 838
Depreciation Adjustment	66 092 382	(6 731 721)	(56 482 337)	2 327 800	-	5 206 124
Depreciation	(9 937 661)	(513 156 149)	3 122 964	(2 327 800)	(3 610 306)	(525 908 952)
	(162 828 377)	1 079 547 986	2 381 560 069	44 742 896	221 758 306	3 564 780 880
Carry Value of Disposals during year ended 30 June 2010						
Cost	-	-	(1 067 147)	-	(3 360 151)	(4 427 298)
Depreciation	-	-	392 495	-	1 102 070	1 494 565
	-	-	(674 652)	-	(2 258 081)	(2 932 733)
Carrying Values at 30 June 2010	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 674 269	10 822 513 796
Summary - Carrying Values at 30 June 2010						
Summary - Cost	2 233 353 951	7 695 793 045	2 862 946 209	111 082 716	818 141 624	13 721 317 545
Summary - Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(136 688 661)	-	(253 467 355)	(2 898 803 749)
	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 674 269	10 822 513 796

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

48. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION (continued)
MUNICIPALITY

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carry Value 1 July 2010						
Cost	2 530 647 000	7 625 670 122	794 451 129	102 552 979	820 280 999	11 873 602 229
Transfers/Adjustments	(297 293 049)	70 122 923	2 069 562 227	8 529 737	-	1 850 921 838
Disposal	-	-	(1 067 147)	-	(3 360 151)	(4 427 298)
Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(136 688 661)	-	(252 894 772)	(2 898 231 166)
	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 026 076	10 821 865 603
Movement during year ended 30 June 2011						
Acquisition	85 873 950	1 029 358 858	176 496 697	21 919 784	97 822 667	1 411 471 956
Capital Under Construction	-	-	-	-	-	-
Cost Adjustments	(16 356 294)	(17 515 528)	4 707 536	(6 528 802)	37 283 604	1 590 516
Impairment	(920 000)	-	-	-	-	(920 000)
Depreciation Adjustment	2 857 619	(17 579)	(1 779 415)	(696)	(1 059 929)	-
Depreciation	(33 776 992)	(818 319 675)	(122 562 360)	696	(114 180 556)	(1 088 838 887)
	37 678 283	193 506 076	56 862 458	15 390 982	19 865 786	323 303 585
Carry Value of Disposals during year ended 30 June 2011						
Cost	-	-	(1 101 188)	-	(13 442 843)	(14 544 031)
Depreciation	-	-	651 231	-	7 545 330	8 196 561
	-	-	(449 957)	-	(5 897 513)	(6 347 470)
Carrying Values at 30 June 2011	2 182 504 385	5 469 179 237	2 782 670 049	126 473 698	577 994 349	11 138 821 718
Summary - Carrying Values at 30 June 2011						
Summary - Cost	2 301 951 607	8 707 636 375	3 043 049 254	126 473 698	938 584 276	15 117 695 210
Summary - Accumulated Depreciation	(119 447 222)	(3 238 457 138)	(260 379 205)	-	(360 589 927)	(3 978 873 492)
	2 182 504 385	5 469 179 237	2 782 670 049	126 473 698	577 994 349	11 138 821 718

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carry Value 1 July 2009						
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)
	2 307 654 479	4 196 125 175	345 372 131	66 339 820	344 523 281	7 260 014 886
Movement during year ended 30 June 2010						
Acquisition	78 309 951	1 529 312 933	358 537 898	36 213 159	225 226 912	2 227 600 853
Capital Under Construction	-	-	6 819 317	-	-	6 819 317
Cost Adjustments	(297 293 049)	70 122 923	2 069 562 227	8 529 737	-	1 850 921 838
Depreciation Adjustment	66 092 382	(6 731 721)	(56 482 337)	2 327 800	-	5 206 124
Depreciation	(9 937 661)	(513 156 149)	3 122 964	(2 327 800)	(3 466 036)	(525 764 682)
	(162 828 377)	1 079 547 986	2 381 560 069	44 742 896	221 760 876	3 564 783 450
Carry Value of Disposals during year ended 30 June 2010						
Cost	-	-	(1 067 147)	-	(3 360 151)	(4 427 298)
Depreciation	-	-	392 495	-	1 102 070	1 494 565
	-	-	(674 652)	-	(2 258 081)	(2 932 733)
Carrying Values at 30 June 2010	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 026 076	10 821 865 603
Summary - Carrying Values at 30 June 2010						
Summary - Cost	2 233 353 951	7 695 793 045	2 862 946 209	111 082 716	816 920 848	13 720 096 769
Summary - Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(136 688 661)	-	(252 894 772)	(2 898 231 166)
	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 026 076	10 821 865 603

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

49. INTANGIBLE ASSETS RECONCILIATION

ECONOMIC ENTITY

Reconciliation of Carrying Value	Intangible Assets
Carry Value 1 July 2010	
Cost	425 934 705
Transfers/Adjustments	-
Disposal	-
Accumulated Amortisation	(14 332 334)
	411 602 371
Movement during year ended 30 June 2011	
Acquisition	102 923 700
Adjustment	1 977 519
Amortisation	(86 302 129)
	18 599 093
Carry Value of Disposals during year ended 30 June 2011	
Cost	-
Amortisation	-
	430 201 464
Carrying Values at 30 June 2011	
Summary - Carrying Values at 30 June 2011	
Summary - Cost	530 835 924
Summary - Accumulated Amortisation	(100 634 460)
	430 201 464
Reconciliation of Carrying Value	Intangible Assets
Carry Value 1 July 2009	
Cost	421 501 875
Transfers/Adjustments	(91 024 379)
Disposal	-
Accumulated Amortisation	(5 495 747)
	324 981 749
Movement during year ended 30 June 2010	
Acquisition	95 457 209
Adjustment	-
Amortisation	(8 836 587)
	86 620 622
Carry Value of Disposals during year ended 30 June 2010	
Cost	-
Depreciation	-
	411 602 371
Carrying Values at 30 June 2010	
Summary - Carrying Values at 30 June 2010	
Summary - Cost	425 934 705
Summary - Accumulated Depreciation	(14 332 334)
	411 602 371

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

49. INTANGIBLE ASSETS RECONCILIATION (continued)
MUNICIPALITY

Reconciliation of Carrying Value	Intangible Assets
Carry Value 1 July 2010	
Cost	425 791 490
Transfers/Adjustments	-
Disposal	-
Accumulated Amortisation	(14 282 876)
	411 508 614
Movement during year ended 30 June 2011	
Acquisition	102 917 946
Adjustment	1 977 519
Amortisation	(86 271 032)
	18 624 433
Carry Value of Disposals during year ended 30 June 2011	
Cost	-
Amortisation	-
	430 133 047
Carrying Values at 30 June 2011	
Summary - Carrying Values at 30 June 2011	
Summary - Cost	530 686 955
Summary - Accumulated Amortisation	(100 553 908)
	430 133 047
Reconciliation of Carrying Value	Intangible Assets
Carry Value 1 July 2009	
Cost	421 463 371
Transfers/Adjustments	(91 024 379)
Disposal	-
Accumulated Amortisation	(5 465 421)
	324 973 571
Movement during year ended 30 June 2010	
Acquisition	95 352 498
Adjustment	-
Amortisation	(8 817 455)
	86 535 043
Carry Value of Disposals during year ended 30 June 2010	
Cost	-
Depreciation	-
	411 508 614
Carrying Values at 30 June 2010	
Summary - Carrying Values at 30 June 2010	
Summary - Cost	425 791 490
Summary - Accumulated Depreciation	(14 282 876)
	411 508 614

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

50. Investment Property Reconciliation

ECONOMIC ENTITY

Reconciliation of Carrying Value	Investment Property
Carry Value 1 July 2010	
Cost	1 869 399 138
Transfers/Adjustments	(1 790 802 923)
Disposal	-
Accumulated Depreciation	(7 832 946)
	70 763 269
Movement during year ended 30 June 2011	
Acquisition	3 106 185
Transfers/Adjustments	-
Depreciation Adjustment	-
Depreciation	(3 056 232)
	49 953
Carry Value of Disposals during year ended 30 June 2011	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2011	70 813 222
Summary - Carrying Values at 30 June 2011	
Summary - Cost	81 702 400
Summary - Accumulated Depreciation	(10 889 178)
	70 813 222

Reconciliation of Carrying Value	Investment Property
Carry Value 1 July 2009	
Cost	1 858 793 920
Transfers/Adjustments	6 927 614
Disposal	-
Accumulated Depreciation	-
	1 865 721 534
Movement during year ended 30 June 2010	
Acquisition	3 677 604
Transfers/Adjustments	(1 790 802 923)
Depreciation Adjustment	(550 524)
Depreciation	(7 282 422)
	(1 794 958 265)
Carry Value of Disposals during year ended 30 June 2010	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2010	70 763 269
Summary - Carrying Values at 30 June 2010	
Summary - Cost	78 596 215
Summary - Accumulated Depreciation	(7 832 946)
	70 763 269

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

50. Investment Property Reconciliation (continued)

MUNICIPALITY	Investment Property
Reconciliation of Carrying Value	
Carry Value 1 July 2010	
Cost	1 869 399 138
Transfers/Adjustments	(1 790 802 923)
Disposal	-
Accumulated Depreciation	(7 832 946)
	70 763 269
Movement during year ended 30 June 2011	
Acquisition	3 106 185
Transfers/Adjustments	-
Depreciation Adjustment	-
Depreciation	(3 056 232)
	49 953
Carry Value of Disposals during year ended 30 June 2011	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2011	70 813 222
Summary - Carrying Values at 30 June 2011	
Summary - Cost	81 702 400
Summary - Accumulated Depreciation	(10 889 178)
	70 813 222

MUNICIPALITY	Investment Property
Reconciliation of Carrying Value	
Carry Value 1 July 2009	
Cost	1 858 793 920
Transfers/Adjustments	6 927 614
Disposal	-
Accumulated Depreciation	-
	1 865 721 534
Movement during year ended 30 June 2010	
Acquisition	3 677 604
Transfers/Adjustments	(1 790 802 923)
Depreciation Adjustment	(550 524)
Depreciation	(7 282 422)
	(1 794 958 265)
Carry Value of Disposals during year ended 30 June 2010	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2010	70 763 269
Summary - Carrying Values at 30 June 2010	
Summary - Cost	78 596 215
Summary - Accumulated Depreciation	(7 832 946)
	70 763 269

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 201

51. FINANCIAL INSTRUMENTS

Financial instruments are classified into the following categories:

Financial assets: At amortised cost
 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.
 The amounts relating to financial instruments reflected below approximates fair value.

ECONOMIC ENTITY	2011			2010		
	Financial Instruments at Amortised Cost	Non financial assets	Total	Financial Instruments at Amortised Cost	Non financial assets	Total
	R	R	R	R	R	R
Property, Plant and Equipment		11 139 543 550	11 139 543 550		10 822 513 796	10 822 513 796
Intangible Assets		430 201 463	430 201 463		411 602 371	411 602 371
Investment Property		70 813 221	70 813 221		70 763 269	70 763 269
Investments	0		0	0		0
Investment in Associate	-538 061		-538 061	69 221		69 221
Long-term Receivables - Exchange Transactions	43 397 619		43 397 619	40 028 568		40 028 568
Long-term Receivables - Non-exchange Transactions	18 056 224		18 056 224	40 500 380		40 500 380
Inventory		114 759 240	114 759 240		134 987 062	134 987 062
Consumer debtors - Exchange Transactions	684 326 861		684 326 861	509 581 901		509 581 901
Consumer debtors - Non-exchange Transactions	81 752 593		81 752 593	89 905 891		89 905 891
Other Debtors	342 389 155		342 389 155	517 916 541		517 916 541
VAT		21 703 075	21 703 075		58 282 358	58 282 358
VAT Suspense		0	0		40 739 451	40 739 451
Current portion of long-term receivables	12 984		12 984	33 590		33 590
Short-term investment deposits (excluding Sanlam Shares)	296 992 369		296 992 369	505 408 068		505 408 068
Bank balances and cash	189 039 374		189 039 374	166 403 824		166 403 824
	1 655 429 118	11 777 020 549	13 432 449 667	1 869 847 984	11 538 888 307	13 408 736 291

LIABILITIES	Financial Instruments at Amortised Cost	Non financial liabilities	Total	Financial Instruments at Amortised Cost	Non financial liabilities	Total
	R	R	R	R	R	R
	1 842 888 388		1 842 888 388	1 461 015 698		1 461 015 698
Long-term Liabilities						
Employee Benefit Provisions	1 093 186 350		1 093 186 350	860 849 738		860 849 738
Non-current Provisions	191 926 722		191 926 722	145 856 671		145 856 671
Consumer deposits	81 016 141		81 016 141	79 849 533		79 849 533
Current Employee Benefit Provisions	48 731 876		48 731 876	43 421 707		43 421 707
Current Provisions	35 699 482		35 699 482	5 305 146		5 305 146
Creditors	1 245 343 810		1 245 343 810	1 607 692 675		1 607 692 675
Unspent Conditional Grants and Receipts	310 366 773		310 366 773	219 094 092		219 094 092
VAT Suspense		14 071 355	14 071 355		0	0
Current Portion of Long-term Liabilities	93 115 527		93 115 527	92 824 304		92 824 304
	3 572 730 640	1 383 615 785	4 956 346 424	3 460 476 302	1 055 433 262	4 515 909 564

Net Assets		8 477 230 971	8 477 230 971		8 893 762 136	8 893 762 136
Available for sale financial asset - Sanlam Shares	1 127 728			935 409		935 409
	-1 916 173 792	1 916 173 791	0	-1 589 692 907	1 589 692 907	0

2011

Loans and receivables at amortised cost	
Opening balance	1 869 847 984
<i>Net other movements</i>	-214 418 866
Closing balance	1 655 429 118
Financial liabilities at amortised cost	
Opening balance	3 460 476 302
<i>Net other movements</i>	112 254 338
Closing balance	3 572 730 640

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 201

51. FINANCIAL INSTRUMENTS (continued)

MUNICIPALITY	2011			2010		
	Financial Instruments at Amortised Cost	Non financial assets	Total	Financial Instruments at Amortised Cost	Non financial assets	Total
	R	R	R	R	R	R
Property, Plant and Equipment		11 138 821 718	11 138 821 718		10 821 865 603	10 821 865 603
Intangible Assets		430 133 046	430 133 046		411 508 614	411 508 614
Investment Property		70 813 221	70 813 221		70 763 269	70 763 269
Investments	20 000		20 000	20 000		20 000
Long-term Receivables - Exchange Transactions	43 397 619		43 397 619	40 028 568		40 028 568
Long-term Receivables - Non-exchange Transactions	18 056 224		18 056 224	40 500 380		40 500 380
Inventory		114 679 786	114 679 786		134 763 934	134 763 934
Consumer debtors - Exchange Transactions	684 326 861		684 326 861	509 581 901		509 581 901
Consumer debtors - Non-exchange Transactions	81 752 593		81 752 593	89 905 891		89 905 891
Other Debtors	388 099 582		388 099 582	517 834 945		517 834 945
VAT		19 367 529	19 367 529		57 178 765	57 178 765
VAT Suspense		0	0		40 739 451	40 739 451
Current portion of long-term receivables	12 984		12 984	33 590		33 590
Short-term investment deposits (excluding Sanlam Shares)	296 992 369		296 992 369	505 408 068		505 408 068
Bank balances and cash	130 665 052		130 665 052	124 361 433		124 361 433
	1 643 323 284	11 773 815 300	13 417 138 584	1 827 674 776	11 536 819 636	13 364 494 412

LIABILITIES	2011			2010		
	Financial Instruments at Amortised Cost	Non financial liabilities	Total	Financial Instruments at Amortised Cost	Non financial liabilities	Total
	R	R	R	R	R	R
Long-term Liabilities	1 841 851 019		1 841 851 019	1 459 787 233		1 459 787 233
Employee Benefit Provisions		1 093 186 350	1 093 186 350		860 849 738	860 849 738
Non-current Provisions		191 926 722	191 926 722		145 856 671	145 856 671
Consumer deposits	81 016 141		81 016 141	79 849 533		79 849 533
Current Employee Benefit Provisions		48 442 298	48 442 298		43 074 998	43 074 998
Current Provisions		35 699 482	35 699 482		5 305 146	5 305 146
Creditors	1 240 517 176		1 240 517 176	1 645 898 756		1 645 898 756
Unspent Conditional Grants and Receipts	301 712 064		301 712 064	206 195 988		206 195 988
VAT Suspense		14 071 355	14 071 355		0	0
Current Portion of Long-term Liabilities	92 054 673		92 054 673	92 457 533		92 457 533
	3 557 151 074	1 383 326 207	4 940 477 281	3 484 189 043	1 055 086 553	4 539 275 596
Net Assets		8 477 789 032	8 477 789 032		8 826 154 225	8 826 154 225
Available for sale financial asset - Sanlam Shares	1 127 728		1 127 728	935 409		935 409
	-1 912 700 062	1 912 700 061	0	-1 655 578 858	1 655 578 858	0

Loans and receivables at amortised cost

	2011
Opening balance	1 827 674 776
Net other movements	-184 351 492
Closing balance	1 643 323 284
Financial liabilities at amortised cost	
Opening balance	3 484 189 043
Net other movements	72 962 031
Closing balance	3 557 151 074

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

ECONOMIC ENTITY

52. ACTUAL VERSUS ADJUSTMENTS BUDGET (REVENUE AND EXPENDITURE)	2011 Actual	2011 Adjustments Budget	2011 Variance	2011 Variance (%)	Explanations of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	838 854 652	862 386 550	-23 531 898	-2.73	
Service charges	3 140 591 206	3 003 668 000	136 923 206	4.56	
Interest earned - external investments	19 251 540	22 804 087	-3 552 547	-15.58	Due to a significant decline in the investment portfolio, the interest earned reduced.
Interest earned - outstanding debtors	113 346 560	80 000 310	33 346 250	41.68	Due to an escalation in outstanding debtors, interest earned increased.
Fines	23 736 347	30 014 510	-6 278 163	-20.92	Due to the ad hoc nature of this income source, accurate income projections are not possible.
Licences and Permits	8 152 731	6 980 280	1 172 451	16.80	Due to the ad hoc nature of this income source, accurate income projections are not possible.
Government grants and subsidies	1 820 440 506	1 916 273 000	-95 832 494	-5.00	
Rental of Facilities and equipment	17 640 531	18 107 330	-466 799	-2.58	
Income for Agency Services	1 611 022	1 472 100	138 922	9.44	
Other income	344 661 882	290 932 992	53 728 890	18.47	Due to the ad hoc nature of this income source, accurate income projections are not possible.
Gains on disposal of property, plant and equipment	1 698 397	0	1 698 397	100.00	No PPE disposals initially anticipated.
Total Revenue	6 329 985 374	6 232 639 159	97 346 215		
EXPENDITURE					
Employee related costs	1 877 609 796	1 705 217 890	172 391 906	10.11	An increase in the past service liability in respect of post retirement benefits relating to ill health and medical aid contributions, largely accounts for the variance.
Remuneration of Councilors	45 053 304	49 552 560	-4 499 256	-9.08	
Bad debts	263 130 785	129 499 230	133 631 555	103.19	Increased bad debt write-offs due to an escalation in outstanding debtors.
Collection costs	2 952 196	3 723 860	-771 664	-20.72	Costs incurred less than anticipated
Contracted Services	144 271 438	238 538 730	-94 267 292	-39.52	Delay in finalising the operational plan for the Integrated Public Transport System.
Depreciation - Property, plant & Equipment	1 088 979 968	736 126 500	352 853 468	47.93	Depreciation more than anticipated
Depreciation - Investment Property	3 056 232	0	3 056 232	100.00	Depreciation more than anticipated
Amortisation	86 302 126	0	86 302 126	100.00	Depreciation more than anticipated
Impairment	42 183 558	0	42 183 558	100.00	Depreciation more than anticipated
Repairs and maintenance	415 691 740	425 880 000	-10 188 260	-2.39	
Finance charges	177 629 732	180 796 180	-3 166 448	-1.75	
Bulk purchases	1 575 086 810	1 532 704 480	42 382 330	2.77	
Grants and subsidies paid	295 916 633	546 152 060	-250 235 427	-45.82	Due to a change in accounting practices, the ATTP subsidies are now classified as grants. More funds allocated for Housing Top Structures.
General expenses	722 249 541	510 644 164	211 605 377	41.44	More funds allocated for Housing Top Structures, than initially anticipated. During the compilation of the Budget it was uncertain as to which assets the Municipality would dispose off.
Loss on disposal of PPE	5 795 397	0	5 795 397	100.00	would dispose off.
Share of loss in Associate	607 283		607 283	100.00	Share of loss in Associate
Total Expenditure	6 746 516 539	6 058 835 654	687 680 885		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

MUNICIPALITY

52. ACTUAL VERSUS ADJUSTMENTS BUDGET (REVENUE AND EXPENDITURE)	2011 Actual	2011 Adjustments Budget	2011 Variance	2011 Variance (%)	Explanations of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	838 854 652	862 386 550	-23 531 898	-2.73	
Service charges	3 140 671 586	3 003 748 380	136 923 206	4.56	
Interest earned - external investments	16 447 283	19 999 830	-3 552 547	-17.76	Due to a significant decline in the investment portfolio, the interest earned reduced.
Interest earned - outstanding debtors	113 346 560	80 000 310	33 346 250	41.68	Due to an escalation in outstanding debtors, interest earned increased.
Fines	23 736 347	30 014 510	-6 278 163	-20.92	Due to the ad hoc nature of this income source, accurate income projections are not possible.
Licences and Permits	8 152 731	6 980 280	1 172 451	16.80	Due to the ad hoc nature of this income source, accurate income projections are not possible.
Government grants and subsidies	1 885 983 194	1 914 257 000	-28 273 806	-1.48	
Rental of Facilities and equipment	17 640 531	18 107 330	-466 799	-2.58	
Income for Agency Services	1 611 022	1 472 100	138 922	9.44	
Other income	339 202 887	245 111 270	94 091 617	38.39	Due to the ad hoc nature of this income source, accurate income projections are not possible.
Gains on disposal of property, plant and equipment	1 698 397	0	1 698 397	100.00	No PPE disposals initially anticipated.
Total Revenue	6 387 345 190	6 182 077 560	205 267 630		
EXPENDITURE					
Employee related costs	1 871 889 321	1 699 042 890	172 846 431	10.17	An increase in the past service liability in respect of post retirement benefits relating to ill health and medical aid contributions, largely accounts for the variance.
Remuneration of Councilors	45 053 304	49 552 560	-4 499 256	-9.08	
Bad debts	263 121 103	129 489 230	133 631 873	103.20	Increased bad debt write-offs due to an escalation in outstanding debtors.
Collection costs	2 952 196	3 723 860	-771 664	-20.72	Costs incurred less than anticipated
Contracted Services	144 271 438	238 538 730	-94 267 292	-39.52	Delay in finalising the operational plan for the Integrated Public Transport System.
Depreciation - Property, plant & Equipment	1 088 838 887	735 954 000	352 884 887	47.95	Depreciation more than anticipated
Depreciation - Investment Property	3 056 232	0	3 056 232	100.00	Depreciation more than anticipated
Amortisation	86 271 032	0	86 271 032	100.00	Depreciation more than anticipated
Impairment	42 183 558	0	42 183 558	100.00	Depreciation more than anticipated
Repairs and maintenance	415 637 700	425 820 000	-10 182 300	-2.39	
Finance charges	177 629 732	180 796 180	-3 166 448	-1.75	
Bulk purchases	1 575 086 810	1 532 704 480	42 382 330	2.77	
Grants and subsidies paid	307 556 123	546 102 060	-238 545 937	-43.68	Due to a change in accounting practices, the ATTP subsidies are now classified as grants. More funds allocated for Housing Top Structures.
General expenses	706 367 551	494 266 580	212 100 971	42.91	More funds allocated for Housing Top Structures, than initially anticipated.
Loss on disposal of PPE	5 795 397	0	5 795 397	100.00	During the compilation of the Budget it was uncertain as to which assets the Municipality would dispose off.
Total Expenditure	6 735 710 384	6 035 990 570	699 719 814		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

ECONOMIC ENTITY

53. ACTUAL VERSUS ADJUSTMENTS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT)	2010/11 Adjustments Budget	Additions / Under Construction	Variance	% Variance with Adjustments Budget	Explanation of Variances greater than 10 %
Infrastructure & Engineering - Roads & Storm water	696 129 490	615 477 280	80 652 210	12	The new IPTS road construction projects were put on hold due to no progress being made with the IPTS negotiations with the relevant stakeholders
Housing & Land	11 354 610	5 802 698	5 551 912	49	The Budget was adjusted to accommodate the Construction of Civil Services for Top Structures funded by Provincial government as projects are approved during the financial year. The projects did not progress as anticipated.
Economic Development & Recreational Services	127 555 120	100 667 974	26 887 146	21	The late adjudication of certain contracts have resulted in under-spending. (Zwide Swimming Pool R14 million, Motherwell Cultural Centre R14.5 million)
Safety & Security	15 086 400	15 114 403	(28 003)	-	
Budget & Treasury	89 050 000	87 515 690	1 534 310	2	
Public Health	77 214 810	72 547 076	4 667 734	6	
Corporate Services	42 029 960	35 864 152	6 165 808	15	The late adjudication of Brister House Rehabilitation contract of R21.1 million resulted in under-spending
Sanitation Service	113 420 010	113 420 344	(334)	-	
Water Service	155 495 700	155 495 704	(4)	-	
Municipal Manager	20 000 000	44 928 845	(24 928 845)	-125	The Budget was adjusted for the subsequent Construction work that was completed at the Nelson Mandela Bay stadium, which was funded by Government Grants.
Special Projects & Programmes	64 960 310	25 114 018	39 846 292	61	The late adjudication of the Helenvale Thusong Service Centre contract in the amount of R38.6 million resulted in under-spending
Chief Operating Officer	11 500 000	13 287 935	(1 787 935)	-16	As certain milestones had to be achieved for the delivery of the Integrated Land Information System, spending was incurred in line with the contract value.
Electricity & Energy	202 846 640	186 978 863	15 867 777	8	
	1 626 643 050	1 472 214 982	154 428 069	9	
Controlled Entities					
Mandela Bay Development Agency	470 000	220 474	249 526	53	
	1 627 113 050	1 472 435 456	154 677 595		

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

MUNICIPALITY

53. ACTUAL VERSUS ADJUSTMENTS BUDGET (ACQUISITION OF PROPERTY PLANT AND EQUIPMENT)	2010/11 Adjustments Budget	Additions / Under Construction	Variance	% Variance with Adjustments Budget	Explanation of Variances greater than 10 %
Infrastructure & Engineering - Roads & Storm water	696 129 490	615 477 280	80 652 210	12	The new IPTS road construction projects were put on hold due to no progress being made with the IPTS negotiations with the relevant stakeholders
Housing & Land	11 354 610	5 802 698	5 551 912	49	The Budget was adjusted to accommodate the Construction of Civil Services for Top Structures funded by Provincial government as projects are approved during the financial year. The projects did not progress as anticipated.
Economic Development & Recreational Services	127 555 120	100 667 974	26 887 146	21	The late adjudication of certain contracts have resulted in under-spending. (Zwide Swimming Pool R14 million, Motherwell Cultural Centre R14.5 million)
Safety & Security	15 086 400	15 114 403	(28 003)	-	
Budget & Treasury	89 050 000	87 515 690	1 534 310	2	
Public Health	77 214 810	72 547 076	4 667 734	6	
Corporate Services	42 029 960	35 864 152	6 165 808	15	The late adjudication of Brister House Rehabilitation contract of R21.1 million resulted in under-spending
Sanitation Service	113 420 010	113 420 344	(334)	-	
Water Service	155 495 700	155 495 704	(4)	-	
Municipal Manager	20 000 000	44 928 845	(24 928 845)	-125	The Budget was adjusted for the subsequent Construction work that was completed at the Nelson Mandela Bay stadium, which was funded by Government Grants.
Special Projects & Programmes	64 960 310	25 114 018	39 846 292	61	The late adjudication of the Helenvale Thusong Service Centre contract in the amount of R38.6 million resulted in under-spending
Chief Operating Officer	11 500 000	13 287 935	(1 787 935)	-16	As certain milestones had to be achieved for the delivery of the Integrated Land Information System, spending was incurred in line with the contract value.
Electricity & Energy	202 846 640	186 978 863	15 867 777	8	
	1 626 643 050	1 472 214 982	154 428 069	9	

**APPENDIX A - ECONOMIC ENTITY AND MUNICIPALITY
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

EXTERNAL LOANS							
Local Registered Stock							
LOAN NO.	INTEREST RATE %	YEAR	DATE REPAYABLE	BALANCE AT 30 June 2010 R	RECEIVED DURING THE YEAR R	REPAID DURING THE YEAR R	BALANCE AT 30 June 2011 R
279	16.90%	2000	2011/06/30	1 184 917	-	1 184 917	-
				1 184 917	-	1 184 917	-
Development Bank of Southern Africa 9.38%			2015/09/30	151 186 637		22 148 533	129 038 104
Amalgamated Banks of South Africa 11.85%			2017/12/31	225 000 000	-	30 000 000	195 000 000
Development Bank of Southern Africa 11.62%			2029/09/30	420 000 000	-	3 316 221	416 683 779
Nedbank	11.70%		2025/01/31	745 000 000	-	32 209 067	712 790 933
Rand Merchant Bank	10.24%		2031/05/30	-	470 000 000		470 000 000
				1 542 371 554	470 000 000	88 858 738	1 923 512 816

APPENDIX B													
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ECONOMIC ENTITY - ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2011													
	COST							ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals	Impairment	Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	
Land & Buildings													
Buildings	418 558 287	(13 491 293)	83 973 950				489 040 944	88 527 849	(2 857 619)	33 776 992		119 447 222	369 593 722
Land	1 814 795 664	(2 865 001)	1 900 000	-		920 000	1 812 910 663					-	1 812 910 663
	2 233 353 951.00	(16 356 294)	85 873 950	-	-	920 000	2 301 951 607	88 527 849	-2 857 619	33 776 992	-	119 447 222.00	2 182 504 385
Infrastructure Assets													
Roads, Sidewalks & Stormwater Network	3 374 055 678	698 137	585 179 734				3 959 933 549	995 678 334		418 604 317		1 414 282 651	2 545 650 898
Beach Developments	46 291 852		59 359				46 351 211	6 048 479		377 044		6 425 523	39 925 688
Electricity Reticulation & Supply	1 852 050 810	(371 919)	170 849 495				2 022 528 386	545 542 605		113 157 716		658 700 321	1 363 828 065
Fencing	16 957 373		2 059 722				19 017 095	8 584 889		1 489 268		10 074 157	8 942 938
Sewerage Mains & Purification Works	1 219 381 746	(5 322 846)	125 357 365				1 339 416 265	535 953 970		71 624 621		607 578 591	731 837 674
Waste Disposal Facilities	35 359 378	(17 913 015)	666 697				18 113 060	551 148		92 669		643 817	17 469 243
Water Supply & Reticulation	801 220 613	1 212 098	56 206 186				858 638 897	265 366 107	(1 031 746)	194 406 311		458 740 672	399 898 225
Dams & Treatment Works	350 475 595	4 182 017	88 980 300				443 637 912	62 394 352	1 049 325	18 567 729		82 011 406	361 626 506
	7 695 793 045	-17 515 528	1 029 358 858	-	-	-	8 707 636 375	2 420 119 884	17 579	818 319 675	-	3 238 457 138	5 469 179 237
Community Assets													
Libraries	57 540 575	(30 661 027)	2 334 255				29 213 803	7 335 220	(1 326 011)	1 391 127		7 400 336	21 813 467
Fire Stations	46 068 676	135 118	2 440 407				48 644 201	6 629 059		1 667 181		8 296 240	40 347 961
Cemeteries	35 153 209	4 364 727	427 321				39 945 257	2 459 656		1 835 344		4 295 000	35 650 257
Clinics	90 835 633		10 693 784				101 529 417	11 445 597		4 410 331		15 855 928	85 673 489
Community Centres	141 356 851	(2 557 591)	12 664 073				151 463 333	24 820 094	1 293 917	17 572 739		43 686 750	107 776 583
Public Conveniences	5 365 128						5 365 128	1 946 485	-	200 158		2 146 643	3 218 485
Swimming Pools	60 153 235	1 143 383	19 099 514				80 396 132	7 169 244		4 349 327		11 518 571	68 877 561
Recreational Facilities	2 345 390 772	32 282 926	128 837 343				2 506 511 041	47 125 436	1 811 509	89 378 454		138 315 399	2 368 195 642
Selling & Letting Schemes	81 082 130				1 101 188		79 980 942	27 757 870		1 757 699	651 231	28 864 338	51 116 604
	2 862 946 209	4 707 536	176 496 697	-	1 101 188	-	3 043 049 254	136 688 661	1 779 415	122 562 360	651 231	260 379 205	2 782 670 049
Heritage Assets													
Heritage Buildings	90 965 747		22 084 784				113 050 531					-	113 050 531
Memorials & Statues	3 064 761	254 192					3 318 953		696	(696)		-	3 318 953
Museums	6 782 994	(6 782 994)					-					-	-
Art Works	10 269 214						10 269 214					-	10 269 214
	111 082 716	-6 528 802	22 084 784	-	-	-	126 638 698	-	696	-696	-	-	126 638 698
Other Assets													
Bins & Containers	1 627 324		1 958 752				3 586 076	475 370		359 831		835 201	2 750 875
Vehicles & Plant	428 337 392	(1 217)	22 290 244				445 523 271	124 947 652		69 451 781	4 003 760	190 395 673	255 127 598
Office Furniture & Fittings	211 320 702	(6 627 695)	4 600 146		5 103 148		203 498 470	110 910 251		25 015 284	1 949 352	133 976 183	69 522 286
Tip Sites	124 981 752	30 954 138	56 330 093				212 265 983	7 694 948	1 059 929	6 144 020		14 898 897	197 367 086
Computer Hardware	51 874 454	12 958 378	12 693 152		2 545 011		74 980 972	9 439 134		13 350 721	1 592 218	21 197 636	53 783 336
	818 141 624	37 283 604	97 872 387	-	13 442 843	-	939 854 772	253 467 355	1 059 929.00	114 321 637	7 545 330	361 303 591	578 551 181
	13 721 317 545	1 590 516	1 411 686 676	-	14 544 031	920 000	15 119 130 706	2 898 803 749	-	1 088 979 968	8 196 561	3 979 587 156	11 139 543 550

APPENDIX B													
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ECONOMIC ENTITY - ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2011													
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals		Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	Carrying Value
Intangible													
Computer Software	425 934 705	1 977 519	102 923 700	-	-		530 835 924	14 332 334		86 302 126	-	100 634 460	430 201 464
APPENDIX B													
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ECONOMIC ENTITY - ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2011													
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals		Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	Carrying Value
Investment Property													
Land & Buildings	78 596 215		3 106 185		-		81 702 400	7 832 946		3 056 232	-	10 889 178	70 813 222
TOTALS	14 225 848 465	3 568 035	1 517 716 561	-	14 544 031	920 000	15 731 669 030	2 920 969 029	-	1 178 338 326	8 196 561	4 091 110 794	11 640 558 236

APPENDIX B													
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2011													
	COST							ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Transfers / Adjustments	Additions	Capital Under Construction	Disposals	Impairment	Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	
Land & Buildings													
Buildings	418 558 287	(13 491 293)	83 973 950				489 040 944	88 527 849	(2 857 619)	33 776 992		119 447 222	369 593 722
Land	1 814 795 664	(2 865 001)	1 900 000	-		920 000	1 812 910 663				-	-	1 812 910 663
	2 233 353 951	(16 356 294)	85 873 950	-	-	920 000	2 301 951 607	88 527 849	(2 857 619)	33 776 992	-	119 447 222	2 182 504 385
Infrastructure Assets													
Roads, Sidewalks & Stormwater Network	3 374 055 678	698 137	585 179 734		-		3 959 933 549	995 678 334		418 604 317	-	1 414 282 651	2 545 650 898
Beach Developments	46 291 852		59 359		-		46 351 211	6 048 479		377 044	-	6 425 523	39 925 688
Electricity Reticulation & Supply	1 852 050 810	(371 919)	170 849 495		-		2 022 528 386	545 542 605		113 157 716	-	658 700 321	1 363 828 065
Fencing	16 957 373		2 059 722		-		19 017 095	8 584 889		1 489 268	-	10 074 157	8 942 938
Sewerage Mains & Purification Works	1 219 381 746	(5 322 846)	125 357 365		-		1 339 416 265	535 953 970		71 624 621	-	607 578 591	731 837 674
Waste Disposal Facilities	35 359 378	(17 913 015)	666 697		-		18 113 060	551 148		92 669	-	643 817	17 469 243
Water Supply & Reticulation	801 220 613	1 212 098	56 206 186		-		858 638 897	265 366 107	(1 031 746)	194 406 311	-	458 740 672	399 898 225
Dams & Treatment Works	350 475 595	4 182 017	88 980 300		-		443 637 912	62 394 352	1 049 325	18 567 729	-	82 011 406	361 626 506
	7 695 793 045	(17 515 528)	1 029 358 858	-	-	-	8 707 636 375	2 420 119 884	17 579	818 319 675	-	3 238 457 138	5 469 179 237
Community Assets													
Libraries	57 540 575	(30 661 027)	2 334 255				29 213 803	7 335 220	(1 326 011)	1 391 127		7 400 336	21 813 467
Fire Stations	46 068 676	135 118	2 440 407				48 644 201	6 629 059		1 667 181		8 296 240	40 347 961
Cemeteries	35 153 209	4 364 727	427 321				39 945 257	2 459 656		1 835 344		4 295 000	35 650 257
Clinics	90 835 633		10 693 784				101 529 417	11 445 597		4 410 331		15 855 928	85 673 489
Community Centres	141 356 851	(2 557 591)	12 664 073				151 463 333	24 820 094	1 293 917	17 572 739		43 686 750	107 776 583
Public Conveniences	5 365 128						5 365 128	1 946 485	-	200 158		2 146 643	3 218 485
Swimming Pools	60 153 235	1 143 383	19 099 514				80 396 132	7 169 244		4 349 327		11 518 571	68 877 561
Recreational Facilities	2 345 390 772	32 282 926	128 837 343				2 506 511 041	47 125 436	1 811 509	89 378 454		138 315 399	2 368 195 642
Selling & Letting Schemes	81 082 130				1 101 188		79 980 942	27 757 870		1 757 699	651 231	28 864 338	51 116 604
	2 862 946 209	4 707 536	176 496 697	-	1 101 188	-	3 043 049 254	136 688 661	1 779 415	122 562 360	651 231	260 379 205	2 782 670 049
Heritage Assets													
Heritage Buildings	90 965 747		21 919 784				112 885 531					-	112 885 531
Memorials & Statues	3 064 761	254 192					3 318 953		696	(696)		-	3 318 953
Museums	6 782 994	(6 782 994)					-					-	-
Art Works	10 269 214		-		-		10 269 214					-	10 269 214
	111 082 716	(6 528 802)	21 919 784	-	-		126 473 698	-	696	(696)	-	-	126 473 698
Other Assets													
Bins & Containers	1 582 204		1 958 752				3 540 956	474 768		357 425		832 193	2 708 763
Vehicles & Plant	428 201 339	(1 217)	22 259 551		5 103 148		445 356 525	124 895 228		69 425 037	4 003 760	190 316 505	255 040 020
Office Furniture & Fittings	210 817 117	(6 627 695)	4 597 110		5 794 684		202 991 849	110 697 800		24 970 473	1 949 352	133 718 921	69 272 927
Tip Sites	124 981 752	30 954 138	56 330 093				212 265 983	7 694 948	1 059 929	6 144 020		14 898 897	197 367 086
Computer Hardware	51 338 436	12 958 378	12 677 161		2 545 011		74 428 963	9 132 028		13 283 601	1 592 218	20 823 410	53 605 553
	816 920 848	37 283 604	97 822 667		13 442 843	-	938 584 276	252 894 772	1 059 929	114 180 556	7 545 330	360 589 927	577 994 349
	13 720 096 769	1 590 516	1 411 471 956	-	14 544 031	920 000	15 117 695 210	2 898 231 166	-	1 088 838 887	8 196 561	3 978 873 492	11 138 821 719

APPENDIX B(1)
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

RECONCILIATION OF THE ECONOMIC ENTITY'S CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carry Value 1 July 2010						
Cost	2 530 647 000	7 625 670 122	794 451 129	102 552 979	821 501 775	11 874 823 005
Transfers/Adjustments	(297 293 049)	70 122 923	2 069 562 227	8 529 737	-	1 850 921 838
Disposal	-	-	(1 067 147)	-	(3 360 151)	(4 427 298)
Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(136 688 661)	-	(253 467 355)	(2 898 803 749)
	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 674 269	10 822 513 796
Movement during year ended 30 June 2011						
Aquisition	85 873 950	1 029 358 858	176 496 697	22 084 784	97 872 387	1 411 686 676
Capital Under Construction	-	-	-	-	-	-
Cost Adjustments	(16 356 294)	(17 515 528)	4 707 536	(6 528 802)	37 283 604	1 590 516
Impairment	(920 000)	-	-	-	-	(920 000)
Depreciation Adjustment	2 857 619	(17 579)	(1 779 415)	(696)	(1 059 929)	-
Depreciation	(33 776 992)	(818 319 675)	(122 562 360)	696	(114 321 637)	(1 088 979 968)
	37 678 283	193 506 076	56 862 458	15 555 982	19 774 425	323 377 224
Carry Value of Disposals during year ended 30 June 2011						
Cost	-	-	(1 101 188)	-	(13 442 843)	(14 544 031)
Depreciation	-	-	651 231	-	7 545 330	8 196 561
	-	-	(449 957)	-	(5 897 513)	(6 347 470)
Carrying Values at 30 June 2011	2 182 504 385	5 469 179 237	2 782 670 049	126 638 698	578 551 181	11 139 543 550
Summary - Carrying Values at 30 June 2011						
Summary - Cost	2 301 951 607	8 707 636 375	3 043 049 254	126 638 698	939 854 772	15 119 130 706
Summary - Accumulated Depreciation	(119 447 222)	(3 238 457 138)	(260 379 205)	-	(361 303 591)	(3 979 587 156)
	2 182 504 385	5 469 179 237	2 782 670 049	126 638 698	578 551 181	11 139 543 550

APPENDIX B(1)
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carry Value 1 July 2010						
Cost	2 530 647 000	7 625 670 122	794 451 129	102 552 979	820 280 999	11 873 602 229
Transfers/Adjustments	(297 293 049)	70 122 923	2 069 562 227	8 529 737	-	1 850 921 838
Disposal	-	-	(1 067 147)	-	(3 360 151)	(4 427 298)
Accumulated Depreciation	(88 527 849)	(2 420 119 884)	(136 688 661)	-	(252 894 772)	(2 898 231 166)
	2 144 826 102	5 275 673 161	2 726 257 548	111 082 716	564 026 076	10 821 865 603
Movement during year ended 30 June 2011						
Aquisition	85 873 950	1 029 358 858	176 496 697	21 919 784	97 822 667	1 411 471 956
Capital Under Construction	-	-	-	-	-	-
Cost Adjustments	(16 356 294)	(17 515 528)	4 707 536	(6 528 802)	37 283 604	1 590 516
Impairment	(920 000)	-	-	-	-	(920 000)
Depreciation Adjustment	2 857 619	(17 579)	(1 779 415)	(696)	(1 059 929)	-
Depreciation	(33 776 992)	(818 319 675)	(122 562 360)	696	(114 180 556)	(1 088 838 887)
	37 678 283	193 506 076	56 862 458	15 390 982	19 865 786	323 303 585
Carry Value of Disposals during year ended 30 June 2011						
Cost	-	-	(1 101 188)	-	(13 442 843)	(14 544 031)
Depreciation	-	-	651 231	-	7 545 330	8 196 561
	-	-	(449 957)	-	(5 897 513)	(6 347 470)
Carrying Values at 30 June 2011	2 182 504 385	5 469 179 237	2 782 670 049	126 473 698	577 994 349	11 138 821 718
Summary - Carrying Values at 30 June 2011						
Summary - Cost	2 301 951 607	8 707 636 375	3 043 049 254	126 473 698	938 584 276	15 117 695 210
Summary - Accumulated Depreciation	(119 447 222)	(3 238 457 138)	(260 379 205)	-	(360 589 927)	(3 978 873 492)
	2 182 504 385	5 469 179 237	2 782 670 049	126 473 698	577 994 349	11 138 821 718

APPENDIX B(2)
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
RECONCILIATION OF THE ECONOMIC ENTITY'S CARRYING VALUE OF INTANGIBLE ASSETS AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Intangible Assets
Carry Value 1 July 2010	
Cost	425 934 705
Transfers/Adjustments	-
Disposal	-
Accumulated Amortisation	(14 332 334)
	411 602 371
Movement during year ended 30 June 2011	
Aquisition	102 923 700
Adjustment	1 977 519
Amortisation	(86 302 126)
	18 599 093
Carry Value of Disposals during year ended 30 June 2011	
Cost	
Amortisation	-
	430 201 464
Carrying Values at 30 June 2011	
Summary - Carrying Values at 30 June 2011	
Summary - Cost	528 858 405
Summary - Accumulated Amortisation	(98 656 941)
	430 201 464

APPENDIX B(2)
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
RECONCILIATION OF CARRYING VALUE OF INTANGIBLE ASSETS AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Intangible Assets
Carry Value 1 July 2010	
Cost	425 791 490
Transfers/Adjustments	-
Disposal	-
Accumulated Amortisation	(14 282 876)
	411 508 614
Movement during year ended 30 June 2011	
Aquisition	102 917 946
Adjustment	1 977 519
Amortisation	(86 271 032)
	18 624 433
Carry Value of Disposals during year ended 30 June 2011	
Cost	
Amortisation	-
	430 133 047
Carrying Values at 30 June 2011	
Summary - Carrying Values at 30 June 2011	
Summary - Cost	528 709 436
Summary - Accumulated Amortisation	(98 576 389)
	430 133 047

APPENDIX B(3)
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
RECONCILIATION OF THE ECONOMIC ENTITY'S CARRYING VALUE OF INVESTMENT PROPERTY AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Investment Property
Carry Value 1 July 2010	
Cost	1 869 399 138
Transfers/Adjustments	(1 790 802 923)
Disposal	-
Accumulated Depreciation	(7 832 946)
	70 763 269
Movement during year ended 30 June 2011	
Aquisition	3 106 185
Transfers/Adjustments	-
Depreciation Adjustment	-
Depreciation	(3 056 232)
	49 953
Carry Value of Disposals during year ended 30 June 2011	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2011	70 813 222
Summary - Carrying Values at 30 June 2011	
Summary - Cost	81 702 400
Summary - Accumulated Depreciation	(10 889 178)
	70 813 222

APPENDIX B(3)
NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
RECONCILIATION OF CARRYING VALUE OF INVESTMENT PROPERTY AS AT 30 JUNE 2011

Reconciliation of Carrying Value	Investment Property
Carry Value 1 July 2010	
Cost	1 869 399 138
Transfers/Adjustments	(1 790 802 923)
Disposal	-
Accumulated Depreciation	(7 832 946)
	70 763 269
Movement during year ended 30 June 2011	
Aquisition	3 106 185
Transfers/Adjustments	-
Depreciation Adjustment	-
Depreciation	(3 056 232)
	49 953
Carry Value of Disposals during year ended 30 June 2011	
Cost	-
Depreciation	-
	-
Carrying Values at 30 June 2011	70 813 222
Summary - Carrying Values at 30 June 2011	
Summary - Cost	81 702 400
Summary - Accumulated Depreciation	(10 889 178)
	70 813 222

APPENDIX 'C'												
ECONOMIC ENTITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011												
	COST						Accumulated Depreciation					Carrying Value
	Opening Balance	Transfers / Adjustments	Additions/Under Construction	Disposals	Impairment	Closing Balance	Opening Balance	Transfers / Adjustments	Additions	Disposals	Closing Balance	
Infrastructure & Engineering Roads & Stormwater	3 546 001 206	(27 714 181)	599 573 016	10 613 222		4 107 246 819	999 918 037	(219 331 352)	124 099 403	5 362 724	899 323 364	3 207 923 455
Sanitation Service	1 075 799 891	(7 299 579)	112 736 137			1 181 236 449	307 492 428	221 219 677	71 944 776		600 656 881	580 579 568
Water Service	1 088 822 631	6 461 177	150 433 196			1 245 717 004	377 424 560	(62 722 264)	187 303 566		502 005 862	743 711 142
Electricity & Energy	2 008 414 607	(4 848 625)	186 978 863			2 190 544 845	362 819 651	219 116 211	116 115 196		698 051 058	1 492 493 787
Office of the Speaker	355 716	(355 716)				-	42 685	(42 685)			-	-
Chief Operating Officer	669 321	(649 920)	449 158			468 559	19 401	-			19 401	449 158
Housing & Land	1 645 528 315	457 839 735	5 802 698	1 101 188	920 000	2 107 149 560	51 819 993	6 382 230	8 950 884	651 231	66 501 876	2 040 647 684
Safety & Security	300 257 162	(7 507 987)	14 136 837	2 829 621		304 056 391	77 138 806	(6 366 867)	52 792 970	2 182 606	121 382 303	182 674 088
Special Projects & Programmes	36 957 670	222 171	25 114 018			62 293 859	3 735 397	(1 402 247)	2 103 894		4 437 044	57 856 815
Economic Development & Recreational Services	3 041 968 833	(2 259 734 812)	99 252 640			881 486 661	83 575 285	14 095 320	23 977 234		121 647 839	759 838 822
Budget & Treasury	51 751 498	25 461	32 954 379			84 731 338	3 990 708	5 867 546	10 360 738		20 218 992	64 512 346
Public Health	530 731 224	874 266	113 256 343			644 861 833	479 376 861	(174 706 565)	344 534 134		649 204 430	(4 342 597)
Corporate Services	347 707 921	(56 961 589)	25 855 826			316 602 158	148 078 790	(12 985 601)	78 358 638		213 451 827	103 150 331
Office of the Executive Mayor	304 017	(216)				303 801	20 487	(20 487)			-	303 801
Municipal Manager	44 826 757	1 901 240 331	44 928 845			1 990 995 933	2 778 077	10 897 084	68 297 454		81 972 615	1 909 023 318
	13 720 096 769	1 590 516	1 411 471 956	14 544 031	920 000	15 117 695 210	2 898 231 166	-	1 088 838 887	8 196 561	3 978 873 492	11 138 821 718
Mandela Bay Development Agency	1 220 776		214 720			1 435 496	572 583		141 081		713 664	721 832
	13 721 317 545	1 590 516	1 411 686 676	14 544 031	920 000	15 119 130 706	2 898 803 749	-	1 088 979 968	8 196 561	3 979 587 156	11 139 543 550

**APPENDIX D
ECONOMIC ENTITY**

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)
244 043 431	322 204 198	(78 160 767)	Executive and Council	93 261 583	292 918 388	(199 656 805)
1 362 765 258	1 015 420 618	347 344 640	Finance and Admin	1 657 770 958	877 157 156	780 613 802
92 749 977	194 708 955	(101 958 978)	Health	58 848 375	153 951 812	(95 103 437)
400 956 191	429 291 587	(28 335 396)	Housing and Land	263 367 937	453 731 353	(190 363 416)
51 426 779	270 446 850	(219 020 071)	Safety and Security	43 030 787	377 679 095	(334 648 308)
41 624 590	134 176 608	(92 552 018)	Recreation and Cultural Services	64 212 224	184 781 887	(120 569 663)
25 486 029	233 156 247	(207 670 218)	Environmental Services	24 322 258	452 655 319	(428 333 061)
188 663 657	439 312 769	(250 649 112)	Waste Management	201 612 062	283 704 263	(82 092 201)
724 663 208	273 778 998	450 884 210	Infrastructure and Engineering	351 490 308	359 565 798	(8 075 490)
638 152 072	522 289 151	115 862 921	Water	791 140 630	758 050 980	33 089 650
1 933 101 991	1 480 635 815	452 466 176	Electricity and Energy	2 355 888 305	2 064 766 577	291 121 728
119 415 160	152 927 396	(33 512 236)	Economic Development, Tourism and Agriculture	104 369 129	112 775 673	(8 406 544)
13 680 927	8 540 800	5 140 127	Market	1 978 930	10 518 655	(8 539 725)
375 518 000	256 115 755	119 402 245	Sanitation	376 051 703	353 453 426	22 598 277
6 212 247 270	5 733 005 747	479 241 523	Total	6 387 345 189	6 735 710 382	(348 365 193)
			Controlled Entities			
72 791 554	72 791 554	-	Mandela Bay Development Agency	98 283 804	98 283 804	-
72 791 554	72 791 554	-	Total Controlled Entities	98 283 804	98 283 804	-
-	725 524	(725 524)	Investment in Associate	-	607 283	(607 283)
(64 606 005)	(82 186 655)	17 580 650	Less: Intercompany charges	(155 643 620)	(88 084 932)	(67 558 688)
6 220 432 819	5 724 336 170	496 096 649	Total: Economic Entity before taxation	6 329 985 373	6 746 516 537	(416 531 164)
-	-	-	Taxation	-	-	-
6 293 224 373	5 797 127 724	496 096 649	Total	6 329 985 373	6 746 516 537	(416 531 164)

APPENDIX E
ECONOMIC ENTITY
DISCLOSURES OF CONDITIONAL GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011

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	1 000 000	-		-	-	1 000 000	126 561			
National Electrification Programme	DME	12 430 000	6 900 000	6 170 000	-5 500 000	20 000 000	2 844 293	7 358 700	1 157 605	8 639 402	20 000 000	N / A	Yes
Municipal Infrastructure Grant	DPLG	60 844 000	60 844 000	60 844 000	-	182 532 000	16 565 564	79 169 732	29 609 061	56 190 002	181 534 359	N / A	Yes
Public Transport Infrastructure Grant	NT	122 000 000	110 000 000	196 309 599	23 401	428 333 000	48 767 403	36 381 085	14 290 723	144 690 819	244 130 030	N / A	Yes
Neighbourhood Development Partnership Grant	NT	21 995 100	7 367 900	-	39 334 115	68 697 115	5 736 265	17 164 414	5 049 101	22 383 477	50 333 257	N / A	Yes
Neighbourhood Development Partnership Grant - Technical Assistance	NT	-	-	1 343 364	-	1 343 364	-	-	-	-	-	N / A	Yes
Energy Efficiency & Demand Side Management Grant	NT	-	-	25 000 000	-	25 000 000	349 123	593 285	528 957	6 524 183	7 995 549	N / A	Yes

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

36.4 Supply Chain Management Policy

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

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
1	Procurement of artistic services/specialised service providers from approved Lotto grant funding – film festival and inner city music festival.	R1 357 318,00 R 966 575,00 R1 496 500,00	Shoot 97 (YESHKZSTRW) Events Hire network (D54VKZTRW) Fusion Productions (CIM2CR4TR)	14 May 2010	<p>The Economic Development and Recreational Services Directorate as part of implementing a Living Arts Programme embarked upon a Film Festival and Inner City Music Festival from 12 May to 13 July 2010, an eight week project, to coincide with the 2010 FIFA World Cup funded from approved Lotto grant funding received by the Nelson Mandela Bay Municipality. Artistic services were procured from specialized providers and authority granted to deviate from the provisions of the Municipal Supply Chain Management policy to authorize the appointment and payment of the service providers.</p> <p>RESOLVED:</p> <p>That the invitation of tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to authorize the appointment of the following service providers and payment for services rendered as set out below in respect of a Film Festival and Inner City Music Festival from 12 May to 13 July 2010 that form part of the Living Arts Programme and which are funded from approved Lotto Funding, i.e.:</p> <p>(i) Shoot 97 (YESHKZSTRW) – R1 357 318,00</p> <p>(ii) Events Hire network (D54VKZTRW) – R966 575,00</p> <p>(iii) Fusion Productions (CIM2CR4TR) – R1 496 500,00</p> <p>That the Economic Development and Recreational Services Directorate report to the Executive Mayor and Mayoral Committee on the implementation of the Living Arts Programmes prior and post the 2010 FIFA World Cup.</p>

2	Mayoral Cup Challenge Gala Dinner.	R1 020 530,00	Various service providers	13 May 2010	<p>Due to time constraints the Economic Development and Recreational Services Directorate was unable to follow formal tender procedures for the acquisition of goods and services in respect of the hiring of buses, PA system and equipment, décor, performances, photography and videography, prizes and accreditation.</p> <p>RESOLVED:</p> <p>That due to time constraints experienced by the Economic Development and Recreational Services Directorate, to finalise arrangements for the Mayoral Cup Challenge Gala Dinner, authority was 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 in the amount of R1 020 530,00 for the event.</p> <p>That the Economic Development and Recreational Services Directorate be authorised to utilize the preferred quotes received to pay for goods and services received and/or rendered that are not catered for under annual contracts.</p>
3	Lease of schools and sporting club venues to the Nelson Mandela Bay Municipality for parking during the 2010 FIFA World Cup.	R 5,283 R 4,358 R 2,371 R 2,599 R 4,252 R 2,701 R 2,359 R 2,496	Andrew Rabie High Môrewag Primary Khumbulani High Sydenham Primary Cilliers High Dr. Viljoen Primary Greenwood Primary Olympics Sports Club	12 May 2010	<p>Having considered a report by the Executive Director: Infrastructure and Engineering, it was</p> <p>RESOLVED:</p> <p>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>That the parking venues be leased for the period from 24 May 2010 to 11 July 2010 from the various Venue Representatives (VRs) for use as parking for the 2010 FIFA World Cup</p> <p>That the Lease Charge amount of R220,000 (excluding VAT) per venue not be paid to the VRs in a cash transaction but rather in the form of installation of additional infrastructure as per business plans submitted by the VRs. The business plans should define the scope of the infrastructure to be installed to the value of the Lease Charge. The monies would be paid on the delivery of invoices from the contractors implementing the required works which would first be certified by an independent party representing the Nelson Mandela Bay Municipality that the works were completed in accordance with the business plan.</p>

4	Ratification of the extension of the mandate of Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) limited into the alleged misconduct – Nelson Mandela Bay Municipality / Adv J G Richards and payment for services rendered.	R141, 751.07 and any further amounts due to the forensic consultants	Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) Limited	11 May 2010	<p>A deviation was requested to ratify the extension of the mandate of the forensic consultants and to pay the current and any further amounts due to Messrs Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) Limited until such time as their investigation is finalised.</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to approve the extension of the services of Ramathe Fivaz Forensic and Investigative Consultants (Pty) Limited beyond 31 December 2009 for the purpose of finalising the investigation and that their invoice in the amount of R141 751,07 for services rendered from 30 January to 26 March 2010 and any further amounts due to the forensic consultants be paid.</p>
5	Additional office space for 2010 FIFA World Cup directorate in Kwantu Towers	R60 000,00 per month	Africorp International Properties	14 May 2010	<p>In preparation for the FIFA World cup, the 2010 World Cup Directorate, situated in Kwantu Towers, was in desperate need of additional office space in that building to accommodate staff in support of the volunteer programme and that of the Fan Park Manager. There was temporary space of 451 m² available on the first floor of Kwantu Towers. Temporary overlay renovation to convert the space into offices was required as well as the provision of power and telephone points and IT connections. Corporate Services (IT and Facilities Management) would assist with this. The landlord was prepared to furnish the office space. Authority was therefore required to deviate from tender procedures to rent office space in Kwantu Towers with immediate effect until 31 August 2010 subject to the conclusion of a lease agreement between the Nelson Mandela Bay Municipality and Messrs Africorp International Properties.</p> <p>RESOLVED:</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 for the rental of additional office space on the First Floor of Kwantu Towers to accommodate the additional staff at the 2010 World Cup Directorate.</p> <p>That a lease agreement be entered into between Africorp International Properties at a cost of R60 000,00 per month, with no renewal clause, with immediate effect until 31 August 2010.</p>

6	Contract 2300 : development, supply and implementation of a payroll human resources information system in the Nelson Mandela Bay Municipality	R150 000, inclusive of VAT	SAP-Africa	15 June 2010	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 20 May 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Section 36(1)(i)(a)(ii) thereof;</p> <p>That SAP-Africa be appointed to conduct the final quality assurance/review for the work relating to Contract 2300</p>
7	Telemetry base station, Joint Operations Centre (Linton Grange).	R137 272,75.	Exelcom	14 June 2010	<p>The supply and installation of a Telemetry Base Station at the Linton Grange Treatment Works would allow for the continuous monitoring of the sewerage reticulation system on a 24 hour basis and would ensure that immediate information is available in respect of potential flooding or spillage of raw sewage from the various pump stations. The system currently in use can only monitor during office hours and in light of the influx of visitors during the World Cup the installation of this system was essential as an undetected spillage could seriously affect the health and safety of the community and visitors. The sole supplier of the Telemetry Base Station is Exelcom</p> <p>Having considered the above, it was</p> <p>RESOLVED:</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)(ii) thereof to approve payment for the supply and installation of a Telemetry Base Station from Exelcom in the amount of R137 272,75.</p>
8	Purchase of spares for two gearboxes on aerators nos. 76 and 84, Fishwater Flats	R287 986,00	Transmission Gear Services Cape	14 June 2010	<p>Aerators 76 and 84 at Fishwater Flats broke down. Aerators are used for the mixing and aerating of sewerage and effluent to obtain a high standard of biological treatment. If the aerators do not function properly, the plant would not obtain its biological treatment of sewerage and would not meet DWA requirements in respect of Green Drop status. The aerators have Hansen gearboxes and the sole supplier of the spares in the Eastern Cape is Transmission Gear Services Cape.</p>

					<p>Having considered the above, it was</p> <p>RESOLVED:</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)(ii) thereof to purchase spares from Transmission Gear Services Cape, the sole supplier of Hansen gearboxes in the Eastern Cape, in the amount of R287 986,00.</p>
9	Contract SCM 259 : Renewal of Fidelity House lease agreement (8 th floor)	<p>monthly rental:</p> <p>09/10: R38 087,40 10/11: R41 896,14 11/12: R46 085,75</p> <p>administration fee including stamp duty:</p> <p>R1 596,00</p>	Aphexhi Properties Limited	23 June 2010	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 20 May 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Section 36(1)(a)(v) thereof.</p> <p>That the 8th floor Lease Agreement for the Fidelity House Building presently occupied by the Housing and Land Directorate be renewed retrospectively with effect from 1 September 2009 with Aphexhi Properties Limited for a further 36 months in terms of the new Lease Agreement</p>
10	Payment of further invoices for April and May 2010 of Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) Limited into the alleged misconduct : NMBM/Advocate J G Richards.	R59 080,00 and R68 753,40 respectively	Ramathe Fivaz Forensic and Investigative Consultants (Pty) Limited	25 June 2010	<p>At the Special Council meeting held on 4 February 2010 the extension of the mandate of inter alia Ramathe Fivaz beyond 31 December 2009 was ratified for the purpose of finalizing the investigation of the alleged misconduct matter – NMBM/Advocate J G Richards – and the Municipal Manager's resolution 1614 dated 11 May 2010 approved a deviation from the provisions of the Municipal Supply Chain Management Policy to ratify the extension of the mandate of the forensic consultants and payment of the amount of R141 751,07 for services rendered during the period 31 January 2010 to 26 March 2010.</p> <p>Two further invoices for professional fees for the period 27 March 2010 to 23 April 2010 and 24 April 2010 to 28 May 2010 in the amounts of R59 080,00 and R68 753,40 respectively have now been received from Ramathe Fivaz Forensic and Investigating Accounting Services (Pty) Limited and a deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied for to pay these amounts.</p>

					<p>In view of the above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to pay Ramathe Fivaz Forensic and Investigative Consultants (Pty) Limited for professional services rendered for the period 27 March 2010 to 23 April 2010 and 24 April 2010 to 28 May 2010 in the amounts of R59 080,00 and R68 753,40 respectively for the purpose of finalizing the investigation into the alleged misconduct matter: NMBM/Advocate J G Richards.</p>
11	<p>Contract 2777 : proposed lease of portion of Airports Company South Africa's land on portion erven 2016 and 2830, Walmer to the Nelson Mandela Bay Municipality for use as a bus depot for the 2010 FIFA World Cup and part of legacy phase of integrated public transport system (IPTS)</p>	<p>Rate of R7,50 per m² or R46 807,50 per month</p>	<p>Airports Company South Africa (ACSA)</p>	<p>10 June 2010</p>	<p>The provision of buses was a requirement of the 2010 FIFA World Cup and the Integrated Public Transport System (IPTS). There was no other practical solution for the provision of a bus depot and in view of the special circumstances that existed, authority was requested for a departure from Supply Chain Management procedures to lease Erven 2160 and 2830, Walmer from the Airports.</p> <p>Company South Africa (ACSA) for use as a bus depot for parking for the 2010 FIFA World Cup and up to six (6) months thereafter. A lease agreement was prepared and finalized between the ACSA and the NMBM to lease the land for a period of up to six months after which a permanent depot would be identified and constructed. The lease agreement provided for the lease of the depot at PE Airport subject to the maintenance and upkeep being undertaken by the NMBM.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That in view of the special circumstances that existed, retrospective authority was granted for a departure from paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy, to lease the land for a bus depot on Erven 2016 and 2830, Walmer belonging to Airports Company South Africa (ACSA) which was offered at a rate of R7,50 per m² or R46 807,50 per month under certain conditions from ACSA for use as a bus depot for the 2010 FIFA World Cup for a period from 1 June 2010 to 31 December 2010 and beyond.</p>

12	Contract SCM 263 : Renewal of ward councillor lease agreement	<p>Office space</p> <p>(Monthly rental cost with a 9% annual escalation including VAT)</p> <p>10/11: R7 466,76 11/12: R8 138,77 12/13: R8 871,25</p> <p>Parking</p> <p>(Monthly rental cost with a 9% annual escalation including VAT)</p> <p>10/11: R171,00 11/12: R186,39 12/13: R203,17</p> <p>Other payments (rates, taxes, levies, etc.)</p> <p>Proportionate share of 0,13% per month in the amount of R303,39</p>	Cleary Park Shopping Centre	10 June 2010	<p>Having considered the report by the Corporate Services Directorate (Facilities Management) to the Adjudication Committee meeting held on 27 May 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>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 and that the Lease Agreement in respect of Shop 93 in the Cleary Park Shopping Centre be renewed for a further two years with effect from 1 August 2011.</p>
13	Further extension (after 30 June 2010) of the 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		<p>Ntinga Ntaka Ndini Cooperatives (Motherwell)</p> <p>Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand)</p> <p>Masiphuhle Cleansing Cooperatives (Kuyga)</p>	27 June 2010	<p>As per Municipal Manager's Resolution 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 the finalization 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 Cooperatives (Motherwell); Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Cooperatives (Kuyga) on the same terms and conditions as per their previous contracts for the provision of these services until 28 February 2010. As the investigation was not finalized at that date, the abovementioned cooperatives were re-appointed until 30</p>

					<p>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 by Internal Audit. In order to allow him time to consider the report and to advise the Executive Director : Public Health of his findings and decision, a further extension of the validity period of the contracts until 30 June 2010 was approved (Municipal Manager's Resolution 1601 dated 3 April 2010).</p> <p>The Acting Municipal Manager was in the process of finalising his findings in this matter and to allow him time to do so, it was</p> <p>RESOLVED:</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 Cooperatives (Motherwell); Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Cooperatives (Kuyga) on the same terms and conditions as per their previous contracts for the provision of these services until no later than 31 July 2010 to allow the Acting Municipal Manager additional time to finalise his findings in this matter and to provide the Executive Director : Public Health with his findings and decision.</p>
14	Appointment of facilitator : Working session between NMBM and Trade Unions.	R27 099	Advocate L Bono	23 June 2010	<p>A working session between the NMBM and representatives of Trade Unions was scheduled for 17 and 18 June 2010. A facilitator was required for the session. Quotations were requested from five facilitators, i.e. Advocate L Bono, KeyPoint Consulting, Mr P Williams, Prof. A van der Walt and Mr N S Hemple. The latter three indicated that they were not available and did therefore not submit quotations. Only two facilitators, Advocate Bono (R27 099) and KeyPoint Consulting (R31 000) reacted to the request for quotations. As Advocate Bono is the cheaper of the two and based upon the existing need for and his specialised knowledge and understanding of the dynamics within the institution as well as his previous service provided for similar processes, it was recommended that Advocate L Bono be appointed.</p>

					<p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof to appoint Advocate L Bono as the facilitator of the working session between the NMBM and representatives of Trade Unions held on 17 and 18 June 2010 at a cost of R27 099.</p>
15	Contract enquiry 216 : Building condition surveys and reporting	<p>09/10:R1 125 900,48</p> <p>10/11:R1 013 310,43</p> <p>11/12:R1 074 109,06</p>	SL Management	10 June 2010	<p>Having considered the report by the Corporate Services Directorate (Facilities Management) to the Adjudication Committee meeting held on 27 May 2010 and given that SL Management was appointed to survey 289 assets within the ambit of Facilities management and that the Auditor-General requires that all municipal buildings be surveyed in order to comply with the GRAP requirements to determine depreciation and impairment loss, and further given that the additional 421 properties would have been surveyed by the end of the financial year, it was</p> <p>RESOLVED:</p> <p>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>That the scope of the existing contract with SL Management, i.e. CE 216 be extended for the condition surveys and reporting of an additional 421 assets by the end of the current financial year</p>
16	2010 FIFA World Cup Road shows from 7 to 11 June 2010 and pre-kick off bash on 11 June 2010.	R1 087 527,00	Variou Service Providers	10 June 2010	<p>The Political Task Team led by the Deputy Executive Mayor identified a need to reinforce the 2010 Mobilisation Plan. Various activities as detailed in the report by the Director : Constituency Services have been planned which are regarded as important aspects of ensuring the success of the 2010 World Cup particularly in the NMBM area. The offices of the Executive Mayor and Constituency Services were identified as the drivers of the plan that will promote the spirit of the World Cup in the communities of Nelson Mandela Bay.</p>

					<p>Roadshows would be held from 7 to 11 June 2010 and a pre-kick off bash on 11 June 2010. Various items would be procured, i.e. t-shirts, marquee with chairs, roadshow truck, mobile toilets, etc. and service providers engaged for the provision of transport, loudhailing, stage and sound, performances by artists, etc. at a cost of R1 087 527,00. Quotations were obtained for the various services.</p> <p>RESOLVED:</p> <p>That authority be granted to depart from paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage various service providers as detailed in the report by the Director : Constituency Services for 2010 World Cup Roadshows held from 7 June to 11 June 2010 and a pre-kick off bash on 11 June 2010 in order to promote the spirit of the World Cup in the communities of Nelson Mandela Bay at an estimated cost of R1 087 527,00.</p>
17	Establishment and operation of a Fan Mile for 2010 FIFA World Cup.	R1 130 652,00 R495 000,00 R300 000	Event Hire Network Bravorox 9 Nelson Mandela Bay Tourism	7 June 2010	<p>(This resolution replaced MM resolution 1598 dated 23 April 2010 as no details of the service providers appointed were provided in that resolution.)</p> <p>In terms of the Host Cities Agreement, all host cities are required to establish official FIFA Fan Fests. The NMBM would establish its official Fan Fest from 11 June to 11 July 2010 at St George's Sahara Oval Cricket Stadium. Most Host Cities have developed a precinct around the Fan Fest known as a Fan Mile. The Rights Protection Programme is applicable to both the Fan Fest and the Fan Mile. The NMBM's Fan Mile would be established (at a cost not exceeding R12 500 000) between Market Square in Govan Mbeki Avenue and Rink Street towards St George's Park which would incorporate Whites Road and Parliament Streets. Within this area various nodes have been established, i.e. Noninzi Luzipho, Feathermarket Centre, Opera House, Donkin Reserve, restaurants in Parliament Street, Nelson and Trinder Squares and the carnival area (Art in the Park) at the cricket stadium. Greenwood Primary School was the venue of an operational centre for SAPS and all emergency services. During the 2010 FIFA World Cup Host Cities were expected to showcase their arts and cultural heritage to the global community through television coverage. The International Media Centre would be inside the Fan Fest. In the Fan Mile the NMBM would present</p>

				<p>stages for local artists in the Opera House, Donkin Reserve, Parliament Street and Art in the Park. Crafters, beaders and other products would be showcased at Noninzi Luzipho Visual Arts Centre, Donkin Reserve Craft Hub and the carnival area. There would be food stalls at the lower end of Parliament Street, Art in the Park and Nelson and Trinder Squares. The 2010 FIFA World Cup Directorate would pay for the hiring of the venues, canopied stage set up with back line, event management fees, security waste management, electricity connection and lighting, containers, stalls, artists and crafters' items, training and development programmes and legacy programmes.</p> <p>The services of Nelson Mandela Bay Tourism was also required for this programme. They would be contracted to render promotional and tourism services at a cost not exceeding R300 000.</p> <p>Various service providers were approached to provide quotations for the stage, lighting and sound system at Vuyisile Mini Nelson Squares. Event Hire Network and Bravorox 9 were recommended by the 2010 FIFA World Cup Directorate at a cost of R1 130 652,00 and R495 000,00 respectively for the provision of the services.</p> <p>In view of the above, it was</p> <p>RESOLVED:</p> <p>That in order to implement the establishment of a Fan Mile for the duration of the 2010 FIFA World Cup between 11 June and 11 July 2010, a deviation from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy was granted in terms of paragraph 36(1)(a)(v) thereof to appoint Event Hire Network in respect of professional stage, sound, and lighting hire for Vuyisile Mini Square</p> <p>That a deviation from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy be authorised in terms of paragraph 36(1)(a)(v) thereof to use the services of Nelson Mandela Bay Tourism for the provision of promotional and tourism services</p>
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18	Mqolomba Park township TV Arts and Culture entertainment programme by Black Events Logistics	R160 000	Black Events Logistics	12 June 2010	<p>The installation of Township TV screens in Wards 23 and 44 (Mandela Peace Park in Motherwell and Mqolomba Park, KwaNobuhle) was approved by Council in order for residents to watch live screenings of the 2010 FIFA World Cup events. The operation of the Mqolomba Park TV was launched on 9 June 2010. A local events company, Black Events Logistics, solicited the support from Coca Cola, a FIFA partner, to provide a Coca Cola Gig Rig truck (Coca Cola Waya-Waya) to serve as stage for artists at Mqolomba Park. The company submitted a partnership proposal to the 2010 World Cup Directorate to cover the cost of artist management and performance fees. One of the Coca Cola Company's conditions for the sponsorship of the Gig Rig truck was that the NMBM would provide security for the truck for the duration of the World Cup. The 2010 World Cup Directorate would arrange this with the Safety and Security Directorate.</p> <p>Authority was therefore requested to deviate from the provisions of the Municipal Supply Chain Management Policy to engage the services of Black Events Logistics.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That authority be 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 Black Events Logistics an amount not exceeding R160 000 for its Arts and Culture Entertainment Programme at Mqolomba Park who managed to obtain a sponsored Gig Rig Truck (Coca Cola Waya-Waya) from the Coca Cola Sabco Group that will serve as a stage for the artists for the duration of the World Cup.</p>
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19	Legacy Programmes at the National Juniors Interclub Football Tournament : 5 To 9 July 2010.	R80 000	Glenville Celtic AFC	22 June 2010	<p>In order to promote the 2010 Directorate's Legacy Programme at the National Juniors Tournament hosted at the Gelvandale Playing Fields, the Directorate would cover the costs of the tournament through a sponsorship agreement with Glenville Celtic AFC. The event was endorsed by the football government body, SAFA and as it would be held during the 2010 FIFA World Cup tournament, permission has been sought from FIFA.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That in order to promote the 2010 Directorate's Legacy Programme at the National Juniors Tournament held at the Gelvandale Playing Fields from 5 to 9 July 2010, 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 Glenville Celtic AFC for hosting the event</p>
20	Contract Enquiry 215 : Maintenance and Service For The Nelson Mandela Bay Municipality Interactive Voice Response System.		Compumade (Pty) Limited	28 June 2010	<p>Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>That the approved contract value of Contract Enquiry 215: Maintenance and service for the Nelson Mandela Bay Municipality's Interactive Voice Response System awarded to Compumade (Pty) Limited, in the amount of R6 764 595, 12 be increased by R0,27 inclusive of VAT per SMS, be accepted for the contract period ending 31 December 2012</p>
21	Contract SCM 273 : Lease Of Office Space (Ward 8)	R3 215,50 per month including VAT and 10% annual escalation	Sandra Long Family	28 June 2010	<p>Having considered the report by the Corporate Services Directorate (Facilities Management) to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p>

					<p>RESOLVED:</p> <p>That authority be granted to depart from the provision of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>That the Sandra Long Family be retrospectively appointed to provide office space in the Ron Forlee Shopping Centre, Lorraine under Contract Enquiry 273 with effect from 1 July 2003 on the same terms and conditions as the previous lease agreement for the remainder of the term of office of the current Ward Councillor not exceeding 30 June 2011</p>
22	Contract Enquiry 137 Occasional Hire of Civil Engineering Plant And Equipment.		Various service providers	30 June 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v).</p> <p>That the existing Contract Enquiry 137 be extended to all the approved suppliers under this contract, from 1 July 2010 on the same terms and conditions as per their current contract for the supply of the occasional hire of civil engineering plant and equipment on an as and when required basis to no later than 31 December 2010.</p>
23	Contract Enquiry 138: Occasional Hire Of Road Motor Transport And Specialist Vehicles.		Various service providers	30 June 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v).</p> <p>That the existing Contract Enquiry 138 be extended to all the approved suppliers under this contract, from 1 July 2010 on the same terms and conditions as per their current contract for the occasional hire of road motor transport and specialist vehicles on an as and when required basis to no later than 31 December 2010.</p>

24	Contract Enquiry 158: Occasional Rental Of Light Motor Vehicles.		Various service providers	30 June 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That pending the outcome of a legal opinion, the existing Contract Enquiry 158 be extended on a month to month basis to all the approved suppliers under this contract, with effect from 1 July 2010 on the same terms and conditions as per their previous contract for the supply of the occasional hire of light motor vehicles on an as and when required basis to no later than 31 December 2010</p>
25	Contract 350w : The Construction of a 500 Mm Diameter Potable Water Pipeline from Schoenmakerskop to Driftsands.	R4 393 624,89 inclusive of 15% contingencies and VAT	Scribante Construction (Pty) Ltd	28 June 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>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> <p>That the scope of works of C350W – Construction of a 500 mm diameter Potable Water Pipeline from Schoenmakerskop to Driftsands, awarded to Scribante Construction (Pty) Ltd, be increased for the construction of an additional 700 meters of pipeline.</p> <p>That the approved contract sum for C350W – Construction of a 500 mm diameter Potable Water Pipeline from Schoenmakerskop to Driftsands, which was awarded to Scribante Construction (Pty) Ltd, be increased by R4 393 624,89 from R33 002 074,53 to R37 395 699,42 inclusive of 15% contingencies and VAT.</p>
26	Contract Enquiry 2501: Implementation of Wetland at Motherwell Storm water Canal Outlet Structure.	R283 931,68 inclusive of VAT and contingencies	Power Construction (Pty) Ltd	28 June 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p>

					<p>RESOLVED:</p> <p>That the contract price of Contract No. CE 2501 for the Implementation of a Wetland at Motherwell Storm water Canal Outlet Structure awarded to Power Construction (Pty) Ltd be increased by R283 931,68 from R6 804 345,04 to R 7 088 276,72, inclusive of VAT and contingencies, and subject to escalation in terms of the contract.</p>
27	Contract SCM 270 : Supply, Installation And Maintenance of an Integrated Electronic Fuel And Fuel Management System.		BP Masana	28 June 2010	<p>Having considered the report by the Budget and Treasury Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That in order to allow for sufficient time to award fresh tenders, the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(i) and (v) thereof.</p> <p>That Contract SCM 270 (FMS 06/2006) with BP Masana, be extended on a month-to month-basis on the same terms and conditions as per their previous contract for the Supply, Installation and Maintenance of an Integrated Electronic Fuel and Fuel Management System (2000 units plus 200 portable containers) with effect from 16 August 2010 not exceeding a period of 6 months.</p>
28	Purchase of Scanners and Baud System. (IT support)	<p>BAUD system (IT support)</p> <p>-R95 076,00 inclusive of VAT</p> <p>13 Psion Workabout scanners</p> <p>- R17 100,00 per unit</p> <p>BAUD software licences</p> <p>- R17 100, inclusive of VAT and subject to escalation</p>	Combined Systems Group (Pty) Limited	28 June 2010	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That Combined Systems Group (Pty) Limited be appointed to:</p> <ul style="list-style-type: none"> - Provide BAUD system (IT support) including the installation of data of assets for the FIFA 2010 Stadium in the system - Supply 13 Psion Workabout scanners including operational software <p>That the annual payment of BAUD software licences, at a unit cost of R17 100, inclusive of VAT and subject to escalation if provided for in terms of the contract, for a period of 3 years, be approved.</p>

29	Provisioning, Support and Maintenance for Wireless Access Network (original contract enquiry 2198)		Dimension Data	28 June 2010	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was RESOLVED: That Dimension Data be re-appointed for the Provision, Support and Maintenance of the Wireless Access Network on a month-to-month basis until 30 September 2010 on the same terms and conditions as the existing contract.
30	Provisioning, Support, Maintenance and Monitoring of IP Telephony Network.(original contract enquiry 2240)		Dimension Data	28 June 2010	Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was RESOLVED: That Dimension Data be re-appointed for the Provision, Support, Maintenance and Monitoring of the IP Telephony Network on a month-to-month basis until 30 September 2010 on the same terms and conditions as the existing contract.
31	Contract enquiry 2638 : in terms of the JBCC contract : Alterations and additions to the Traffic Training Centre, Greenbushes Phase 2	R913 744,20, inclusive of VAT	Masithembeke Construction BK	1 July 2010	Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was RESOLVED: That the scope of works of Contract Enquiry 2638 : Alterations and additions to the Traffic Training Centre, Greenbushes Phase 2, awarded to Masithembeke Construction BK, be increased for the variations in the design of the Fire Station Building That the approved contract amount for Contract Enquiry 2638 : Alterations and additions to the Traffic Training Centre, Greenbushes Phase 2, awarded to Masithembeke Construction BK be increased by R913 744,20, inclusive of VAT from R9 519 429,03, inclusive of VAT to R10 433 173,23, inclusive of VAT.
32	Contract 2239 : Routine mechanical sweeping of the Nelson Mandela Metropolitan Municipality's roads and freeways		Teloc (Pty) Limited	1 July 2010	Having considered the report by the Public Health Directorate (Waste Management) to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was

					<p>RESOLVED:</p> <p>That Teloc (Pty) Limited, trading as Malume Drain Specialists be re-appointed with effect from 1 July 2010 and not exceeding 31 October 2010, on the same terms and conditions as per Contract 2239 for Routine Mechanical Sweeping of the Nelson Mandela Metropolitan Municipality's Roads and Freeways, pending the finalisation of the award of the new contract</p>
33	Contract enquiry 2225 and contract enquiry 2262 : Occasional hire of road transport for the removal and transportation of waste to a permitted landfill site.		Various service providers	28 June 2010	<p>Having considered the report by the Public Health Directorate (Waste Management) to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the services of all contractors awarded the tender for Contract Enquiry 2225 and Contract Enquiry 2262 be procured on a month-to-month basis, on the same terms and conditions as the existing contract, for a period not exceeding 6 months with effect from 1 July 2010.</p>
34	Purchase of works of art from T D Woods : Authorisation of expenditure	R17 000,00	T D Woods	1 July 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 a report to the Acting 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, it was accordingly</p> <p>RESOLVED:</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 authorised, for the purchase of the following artworks by Hylton Nel from T D Woods.</p>

					<ul style="list-style-type: none"> - Untitled ceramic plate - Ceramic plate – <i>Foot on Mat</i> - Ceramic plate – <i>Coque St James</i>
35	Legacy Programme for hosting soccer level one course for coaches : phase 2 : 16 to 26 July	R205 000 R30 000	Coega Development Corporation Messrs Urban de Kok and Desmond Lewis	1 July 2010	<p>In order to promote the 2010 Directorate's Legacy Programme, the Directorate undertook to cover the cost of a SAFA accredited Soccer Level One coaching course. Phase 1 for 30 local coaches was held between 23 April and 2 May 2010. The final phase of the course would be conducted between 16 and 26 July 2010 at Coega Village. The 2010 FIFA World Cup Directorate was required to make provision for a venue and provide the following:</p> <p>Accommodation at the venue for the attendees</p> <p>Catering, including three meals a day and refreshments in between Sports fields available for practical sessions</p> <p>Lecture rooms with all modern facilities (projectors, screen, etc.)</p> <p>SAFA, which is a football governing body, was 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 from SAFA Headquarters, which made it impossible for the 2010 FIFA World Cup 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 Phase 2, 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 were contracted by SAFA to render training services at a cost not exceeding R30 000 in respect of which authority was also requested to deviate from the provisions of the Municipal Supply Chain Management Policy.</p> <p>Provision of accommodation for Ms Phafane, the course coordinator, was covered by the 2010 FIFA World Cup Directorate, in respect of which authority was also requested</p>

					<p>to deviate from Supply Chain Management procedures.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That in order to promote the 2010 Directorate's Legacy Programme in respect of the Soccer Level One Coaching Course Phase 2 hosted between 16 and 26 July 2010, authority was granted to the 2010 FIFA World Cup Directorate 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 pay Coega Development Corporation an amount not exceeding R205 000 (see attached invoice) for the provision of a training venue.</p> <p>That 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 the trainers an amount not exceeding R30 000.</p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy to pay the accommodation of Ms Phafane, the course coordinator.</p>
36	Contract SCM260 : Renewal of Kwantu Towers lease agreement : Communications	09/10 R1 253 772,00 10/11 R1 379 149,20 11/12 R1 517 064,10	Africorp International Properties (Pty) Limited	1 July 2010	<p>Having considered the report by the Corporate Services Directorate (Facilities) to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>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>That the extension of the lease agreement with Africorp International Properties (Pty) Limited on the terms and conditions agreed to at the time for the period 1 December 2008 until 30 June 2009 be retrospectively approved.</p>

					That the new negotiated lease agreement with Africorp effective from 1 July 2009 to 30 June 2012 based on fresh terms and conditions be retrospectively approved.
37	Contract PEE3346 : Period contract : High voltage substations.		ABB South Africa (Pty) Ltd Consolidated Power Projects (Pty) Ltd and Ukjika Electrical and Installations CC	1 July 2010	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 24 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the tender of ABB South Africa (Pty) Ltd as accepted at their variable priced rates (subject to escalation, Rate of Exchange and Contract Price Adjustment), to design, supply, construct and commission 66 kV and 132 kV outdoor substation bays and/or associated equipment, all in accordance with Council's Contract Number PEE3346, for the 3 years ending 30 June 2010, be extended on a month to month basis, not exceeding six months, until a suitable Contractor has been appointed under a new Contract.</p> <p>The tender of the Joint venture between Consolidated Power Projects (Pty) Ltd and Ukjika Electrical and Installations CC as accepted at their variable priced rates (subject to Rate of Exchange and Contract Price Adjustment), to design, supply, construct and commission 66 kV and 132 kV outdoor substation bays and/or associated equipment, all in accordance with Council's Contract Number PEE3346, for the 3 years ending 30 June 2010, be extended on a month to month basis, not exceeding six months, until a suitable Contractor has been appointed under a new Contract.</p> <p>The tender of the Joint venture between Consolidated Power Projects (Pty) Ltd and Ukjika Electrical and Installations CC as accepted at their variable priced rates (subject to Rate of Exchange and Contract Price Adjustment), to design, supply, construct and commission 66 kV and 132 kV outdoor substation bays and/or associated equipment, all in accordance with Council's Contract Number PEE3346, for the 3 years ending 30 June 2010, be extended on a month to month basis, not exceeding six months, until a suitable Contractor has been appointed under a new Contract.</p>
38	Purchase of works of art from MJS Fine Art CC : Authorisation of expenditure	R2 200 000,00	MJS Fine Art CC	30 June 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 a report to the Acting

					<p>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, it was accordingly</p> <p>RESOLVED:</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 authorised, for the purchase of artworks by FT'Ons from MJS Fine Art CC in the amount of R2 200 000,00.</p>
39	Contract enquiry 146 : Operation of the Arlington waste disposal site : Further extension of current contract until 31 July 2010		GV Transport (t/a Shweme Civils)	29 June 2010	<p>Municipal Manager's Resolution 1628 dated 19 May 2010 extended the services of the current contract with GV Transport (t/a Shweme Civils) for the operation of the Arlington Waste Disposal Site (Contract Enquiry 146) until 30 June 2010 on the same terms and conditions as their previous contract pending the finalization of the tender process for the provision of the services. The postponement of the Bid Adjudication Committee meeting from 10 to 15 June 2010 had an impact on the Public Health Directorate (Waste Management) to secure the services of the preferred bidder. In an e-mail of 24 June 2010 the preferred bidder has advised Waste Management that he requires at least two weeks' notice to sort out insurances/guarantees and plant before he can take up his contract and that he will only be in a position to take up the contract from 1 August 2010.</p> <p>In view of the above, it was</p> <p>RESOLVED:</p> <p>That the contract of GV Transport (t/a Shweme Civils) for the operation of the Arlington Waste Disposal Site (Contract Enquiry 146) be extended for one month from 1 July 2010 to 31 July 2010 on the same terms and conditions as their previous appointment in order for the preferred bidder to sort</p>

					out his insurances/guarantees and plant and equipment which will enable him to commence on 1 August 2010.
40	Contract enquiry 2207 : Month-to-month contract : SAN and VMware maintenance	R18 871,28, inclusive of VAT per month	Dimension Data	28 June 2010	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That Contract Enquiry 2207 which expired on 30 June 2010, be extended on a month-to-month basis, but not exceeding 30 September 2010, and that the current supplier, Dimension Data, be paid a monthly amount of R18 871,28, inclusive of VAT, until Contract Enquiry 288 : One year maintenance contract for "SAN and VMware Maintenance", has been awarded.</p>
41	Contract enquiry 2462 : Month-to-month contract : Munelek server room fire suppression system maintenance	R2 058,33, inclusive of VAT per month	Dimension Data	28 June 2010	<p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 15 June 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That Contract 2462 which expired on 30 June 2010, be extended on a month-to-month basis, but not exceeding 30 September 2010, and that the current supplier, Dimension Data, be paid a monthly amount of R2 058,33, inclusive of VAT, excluding any component replacement and repair works, until Contract Enquiry 287 : Three-year maintenance contract for "Munelek Server Room Fire Suppression System Maintenance", has been awarded.</p>
42	Contract enquiry 2777 : lease of a portion of erf 351, Humewood, also known as the King's beach tarred parking area, to the NMBM for use as parking for the 2010 FIFA World Cup transport hub area	R18 810,00 (including VAT)	Transnet	10 June 2010	<p>The additional area for the Public Transport Hub was a requirement for the successful 2010 FIFA World Cup transport operations and the provision of parking. A deviation from the Supply Chain Management procedures was required to lease portion of Erf 577 and a portion of the remainder of Erf 351, Humewood for use as parking for the 2010 FIFA World Cup for the period 7 June to 31 July 2010. The lease agreement should make provision for access to the NMBM and BKS (Pty) Limited from date of signature until 31 July 2010. A lease agreement was prepared and submitted by Transnet to lease the portion of the erven to the NMBM for use during the 2010 FIFA World Cup. The lease agreement provided for the lease at a total lease amount of R18 810,00 (including VAT). The lease amount includes the lease charge.</p>

43	Contract SCM 264 : Renewal of Cleary Park lease agreement. (Customer Care)	<p>Monthly rental cost with a 9% annual escalation including VAT 10/11 R44 368,00 11/12 R48 361,99 12/13 R52 714,57</p> <p>Monthly parking bay cost with a 9% annual escalation including VAT:</p> <p>10/11 R171,00 11/12 R186,39 12/13 R203,17</p> <p>Other payments (rates, taxes, levies, etc.) 0,72% proportionate share in the amount of R1 677,24 including VAT per month.</p>	Aphexi Properties Limited	10 June 2010	<p>Having considered the report by the Corporate Services Directorate (Facilities) to the Adjudication Committee meeting held on 27 May 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That a new Lease Agreement be entered into with Aphexi Properties Limited for a further 36 months in respect of Shop L64 in the Cleary Park Shopping Centre presently occupied by the Customer Care Centre.</p>
44	Replacement of fibre glass street light poles in Allister Miller Drive and Heugh Road due to high wind damage	R139 075,44	Beka Lighting	7 June 2010	<p>During the strong winds experienced on 28 May 2010 some of the fibre glass street light poles in Heugh Road and Allister Miller Drive that had 2010 FIFA World Cup branding attached to them, blew over and broke resulting in the light fittings being damaged beyond repair. As fibre glass street light poles are not designed to handle loads, all the branding was removed to ensure that no further damage was caused. As Heugh Road and Allister Miller Drive were part of the NMBM's Protocol Route for the 2010 FIFA World Cup, which had to comply with certain standards, replacement of the street light poles was essential.</p> <p>Beka Lighting the sole manufacturer of this type of street light pole has ex stock available immediately at a cost of R139 075,44 inclusive of VAT to replace eight street light poles and their fittings.</p> <p>Having considered the above, it was</p>

					<p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i), (ii) and (v) thereof.</p> <p>That the eight street light poles and fittings be purchased from Beka Lighting, the sole suppliers, as a matter of urgency to ensure that the required standards of the NMBM's Protocol Route for the 2010 FIFA World Cup were complied with, at a total cost of R139 075,44.</p>
45	Appointment of Lamacs Solutions (Pty) Limited : Facilities and Property Management.	<p>Analysis and Reporting R430 per hour</p> <p>System Development R320 per hour</p> <p>Senior Administrator R255 per hour</p> <p>Title Deed Aid R300 per hour</p> <p>Title Deed Endorsement Consultant R450 per hour</p> <p>Administrator R190 per hour</p> <p>licensing with the associated support R600 000</p>	Lamacs Solutions	22 June 2010	<p>In order for the NMBM to retain an unqualified audit opinion for the 2009/10 financial year, certain tasks needed to be performed as a matter of urgency related to Facilities and Property Management in order to comply with all GRAP accounting standards. It became very apparent that the current staff complement in Facilities and Property Management dealing with matters related to Property, Plant and Equipment could not comprehensively deal with the requirements for an unqualified audit report and in order to keep the data current and valid from an accounting and management perspective it was imperative that the knowledge already gained by Lamacs Solutions (Pty) Limited be utilized. Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the invitation of tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to procure the services of Lamacs Solutions to render the following services:</p> <p>That the pricing of tender be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to procure the services of Lamacs Solutions to render the following services:</p> <p>Analysis and Reporting, System Development, Senior Administrator, Title Deed Aid, Title Deed Endorsement Consultant, Administrator</p> <p>That the licensing with the associated support to the Municipality be paid annually at R600 000, for the period</p>

					commencing 1 June 2010 and ending 31 May 2011, that the annual price not increase by more than CPIX on an annual basis post 31 May 2011 and that the contract period commencing 1 June 2010 not exceed 36 months.
46	Mini retreat : Executive Directors and Directors : 18 and 19 March 2010 : Mpekwani : Appointment of facilitator	R17 599,00	Advocate L Bono	25 June 2010	<p>A Mini Retreat for Executive Directors and Directors was held on 18 and 19 March 2010 at the Mpekwani Resort at Port Alfred. The objectives of the retreat are detailed in a report by the Director: IDP.</p> <p>A facilitator was required for the session. Due to short notice it was not possible to follow formal tender procedures and quotations were obtained. Advocate L Bono was the cheapest and based on his specialised knowledge and understanding of the dynamics within the institution as well as previous services provided for similar processes, his appointment was recommended.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That due to time constraints experienced by the Office of the IDP to finalise arrangements, 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 appoint Advocate L Bono retrospectively as the facilitator of the Mini Retreat of Executive Directors and Directors that was held on 18 and 19 March 2010 at a cost of R17 599,00.</p>
47	Contract enquiry 274 : Parking bay lease : Fidelity House (Housing Delivery)	09/10 R2 394,00 10/11 R2 633,40 11/12 R2 896,74	Aphexi Properties Limited	23 June 2010	<p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 20 May 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of Section 36(1)(a)(v) thereof</p> <p>That the Parking Lease Agreement as proposed by Aphexi Properties Limited for the additional 6 (six) parking bays in the Fidelity House Building for the Housing and Land Directorate be accepted in terms of the new Lease Agreement proposal for a period of three years as follows:</p>

					<p>monthly parking rental cost with a 10% escalation including VAT as per proposal, be accepted</p> <p>any future additional parking requirements during this timeframe be approved under the same terms and conditions of the agreement subject to budget availability.</p>
48	Appointment of a qualified Forensic Service provider : Imaging of two computers	R20 000	KPMG	23 June 2010	<p>Allegations of fraud and corruption within the Safety and Security Directorate were being investigated by Internal Audit. The pricing schedule of a R52 million security tender was allegedly revealed to a competitor by a municipal official prior to the contract having been awarded and such information was captured on a laptop computer. The tender process has been placed on hold until the investigation has been concluded and the matter resolved.</p> <p>Internal Audit required the services of a forensic service provider to image the laptop and computer of the employee and the competitor in conjunction with SAPS in order to establish the validity of the allegations, cause and extent thereof and to obtain sufficient and relevant evidence to substantiate the allegations which could lead to disciplinary hearings, including the suspension of the employee, should the alleged irregularities be found to have occurred.</p> <p>Internal Audit called for proposals from KPMG, PwC and SAB & T, but the latter failed to respond. KPMG and PwC both meet the investigation criteria. KPMG submitted the lowest quotation at a cost of R20 000 to image the two computers.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the tender not be advertised publicly as it would not be in the interest of Council due to the sensitive nature of the investigation.</p> <p>That authority be granted to dispense with procurement procedures in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to appoint KPMG to conduct the forensic work, i.e. image two computers at a cost of R20 000 and issue a report on its findings.</p>

49	2010 World Cup Transportation Projects.	<p>Contract C5548: R13 164 720,00 for parking facilities in terms of the Host City Transport Operational Plan</p> <p>R4 488 051,08 for North End Lake: Gibaud Cycle Tracks and Sidewalks</p> <p>Contract C5552: R9 678 600,00</p> <p>Contract CE5530: R2 523 762</p> <p>Contract CE2597: R3 338 883,00</p> <p>Contract C5262: R3 500 000,00</p>		10 June 2010	<p>A departure from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof was requested by the Infrastructure and Engineering Directorate to increase the contract sum of various contracts to accommodate the implementation of the Transport Operational Plan prior to the 2010 FIFA World Cup SA event held in Nelson Mandela Bay. This was in order to meet the stipulated FIFA-LOC deadlines and requirements as per the Host City Agreement.</p> <p>Having considered this request as detailed in the report by the Infrastructure and Engineering Directorate, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof</p> <p>That the contract price for Contract C5548: Upgrading of Harrower Road and Stanford Road be retrospectively increased by</p> <p>(i) R13 164 720,00 for parking facilities in terms of the Host City Transport Operational Plan; and</p> <p>(ii) R4 488 051,08 for North End Lake: Gibaud Cycle Tracks and Sidewalks</p> <p>from R62 546 858,78 to R80 199 629,86 including VAT and contingencies which was subject to escalation in terms of the contract to cater for the expeditious implementation of the above.</p> <p>That the contract price for Contract C5552: Upgrading of Kempston Road from N2-Haupt Street to a BRT Route be retrospectively increased by R9 678 600,00 from R38 099 874,80 to R47 778 474,80 including VAT, which was subject to escalation in terms of the contract to cater for the expeditious implementation of the park and rides for the event.</p> <p>That the contract price for Contract CE5530: Extension of Neil Boss Street and Upgrading of Milner Street including Pedestrian Walkways be retrospectively increased by</p>
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					<p>R2 523 762 from R18 113 683 to R20 637 445 including VAT and contingencies and subject to escalation in terms of the contract.</p> <p>That the contract price of Contract CE2597: Construction of Landscaping and Paving along Prince Alfred Street and Milner Avenue be retrospectively increased by R3 338 883,00 from R9 640 561,39 to R12 979 444,39 including VAT and contingencies and subject to escalation.</p> <p>That the contract price of Contract C5262: Widening of Allister Miller Drive and Third Avenue, Walmer be retrospectively increased by R3 500 000,00 from R38 907 237,84 to R42 407 237,84 including VAT and contingencies and subject to escalation.</p>
50	Payment of Algoa Bus Company for buses procured for the freedom celebrations held on 3 May 2009	R224 480	Algoa Bus Company	2 June 2010	<p>Executive Mayoral Resolution 6367 dated 13 May 2009 authorised a budget of R1 557 310 for the Freedom Day Event to be paid from Vote 2006JCSE09132 (R190 000) and Vote 2006JCSE09085 (R310 000) subject to procurement procedures being followed. Unfortunately no financial details were given on how the remainder of the services to be procured was to be paid for. The budgeted amount for buses was R80 400. Payments of R20 700 to Algoa Bus, R36 400 to FNQ and R39 900 and R7 900 respectively to Uncedo Taxis were within the budgeted amount. The date of the event was changed from 27 April to 3 May 2009 after the NMBM was advised at very short notice that the President would attend the celebrations. Because of this, the planned event was expanded and additional buses were inter alia required. When the official in Constituency Services was advised of the additional requirements on the Friday afternoon before the event, the Purchasing and Supplies Division was already closed and arrangements for the additional buses required were made verbally with Algoa Bus. A deviation from tender procedures was supposed to be applied for on the Tuesday after the event, but this unfortunately never happened. As the supplier provided the service, the amount is now long overdue and has to be paid.</p> <p>In view of the above circumstances, it was</p>

					<p>RESOLVED:</p> <p>That a deviation from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof be approved to pay Algoa Bus Company the amount of R224 480 for services rendered at the Freedom Day Celebrations held on 3 May 2009.</p>
51	Appointment of a qualified Forensic Service provider : Polygraph Testing	R3 500 per day R4 000 for flight cost and travel time	LieTech Polygraph Examiners	23 June 2010	<p>Allegations of fraud and corruption within the Safety and Security Directorate were being investigated by Internal Audit. The pricing schedule of a R52 million security tender was allegedly revealed to a competitor by a municipal official prior to the contract having been awarded. The tender process has been placed on hold until the investigation has been concluded and the matter resolved.</p> <p>The focus of the investigation was to establish the true facts and version of events that transpired during the alleged irregularity. Due to conflicting statements, Internal Audit required the services of a polygraph examiner to assist in determining the true facts. The polygraph expert would interview the suspect and the complainant in this matter.</p> <p>The complainant is based in Port Elizabeth and regularly utilises the services of local polygraph specialists in the normal course of his business. In order to protect the integrity of the polygraph examination and not to jeopardise the investigation, it was requested that a service provider based outside Port Elizabeth be appointed to conduct the required test.</p> <p>The proposals of both LieTech and The Polygraph Institute of South Africa (PISA) met the requirements. LieTech submitted the lowest fee of R3 500 per day and an amount of approximately R4 000 for flight cost and travel time.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the tender not be advertised publicly as it would not be in the interest of Council due to the sensitive nature of the investigation.</p>

					That authority be granted to dispense with procurement procedures in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to appoint LieTech Polygraph Examiners to conduct the polygraph testing and issue a report on their findings.
52	Procurement of additional signage and activities for the 2010 FIFA World Cup South Africa	R1 377 803,20	Mfuleni Investments and Matlotlo Communication Consortium	4 June 2010	<p>In terms of the Host City Agreement, certain obligations were assumed by Host Cities for the 2010 FIFA World Cup event in terms of the creation of awareness and encouragement of the Metro and Province's citizens to participate in the event. From the Metro's readiness report to the 2010 Political Task Team it emerged that there was inadequate signage and publicity to create a quick and visible vibe among the citizens. It was also imperative that the visitors to the Metro were entertained and given hospitality post-match. The challenges and impracticalities created by the limited timeframe to identify a suitable service provider by no later than 9 June 2010 made it impossible to follow formal procurement procedures for signage and intended activities at the airport, the northern areas, townships, peri-urban areas, Port Elizabeth, Uitenhage and Despatch CBDs, schools around the City, entrances and exits to and from the City, industrial areas and the matches. Written quotations were called for from three companies and of the service providers approached, Mfuleni and Matlotlo Communication Consortium could provide adequate coverage of the intended activities in the limited timeframe.</p> <p>Having considered the above, as more fully detailed in the report by the Executive Mayor's Strategic Adviser : Monitoring and Evaluation, it was</p> <p>RESOLVED:</p> <p>That paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That Mfuleni Investments and Matlotlo Communication Consortium be appointed to provide additional signage and activities for the 2010 FIFA World Cup South Africa prior to and during the event</p> <p>That upon completion of the project, full financial and project accountability be provided to the Acting Municipal Manager by the appointed service provider.</p>

53	Contract enquiry 2748 : Daily hire and operation of buses on dedicated routes for the duration of the 2010 FIFA world cup : Algoa Bus Company (Pty) Limited	Estimated value of R11 938 955 including 0% VAT and 20% contingencies	Algoa Bus Company (Pty) Limited	14 June 2010	<p>The provision of additional public transport services was a requirement of the Host City Agreement. In terms of the Transport Operational Plan, 50 buses were required to provide transport services for spectators and visitors during the World Cup. Special circumstances existed 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 Infrastructure and Engineering Directorate to contract Algoa Bus Company (Pty) Limited to operate approximately 50 buses for the duration of the 2010 FIFA World Cup from 11 June 2010 to 11 July 2010. Adequate financial provision was made in the 2009/10 and 2010/11 budgets.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>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 to enter into a contract with Algoa Bus Company (Pty) Limited to provide additional public transport services for the period of 11 June 2010 to 11 July 2010 for the 2010 FIFA World Cup</p> <p>That the Executive Director : Infrastructure and Engineering be authorised 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 938 955 including 0% VAT and 20% contingencies).</p> <p>That the supporting documentation be provided before conclusion of the agreement.</p>
54	Emergency repairs to the Grahamstown Road substation	R60 000,00		7 June 2010	<p>On 7 April 2010 a cable end box of the 6,6 kV switches at the Grahamstown Road Substation faulted, causing extensive damage to the roof of the building. The supply was restored by 20:00 on 7 April 2010. It was however imperative that the damaged roof be repaired as a matter of urgency due to the potential hazard of not having a secure and weatherproof covering over the medium voltage switchgear and to appoint a contractor to survey and repair the roof.</p>

					<p>Having considered and agreed with the above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof.</p> <p>That a contractor be employed to survey and repair the roof of the Grahamstown Road Substation as a matter of urgency</p>
55	Contract enquiry 5604(s) : Elimination of digester tanks : Kuyga	R1 390 002,00 inclusive of 10% contingencies and 14% VAT	Masakeni Construction (Pty) Ltd	2 June 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 27 May 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That due to the excessive amount of rock encountered that could not have been identified at tender stage, authority was 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> <p>the approved contract sum for C5604(S) – Elimination of Digester Tanks: Kuyga, which was awarded to Masakeni Construction (Pty) Ltd, be increased by R1 390 002,00 from R19 725 141,76 to R21 115 143,76 inclusive of 10% contingencies and 14% VAT, subject to escalation in terms of the contract</p>
56	Hiring of a 60-seater bus to transport volunteers from Collegiate High School to St George's Park (Fan Park)	R148 500,00	FNQ Bus Service	22 June 2010	<p>A bus shuttle service (60-seater bus) was required three times a day from 15 June to 11 July 2010 to transport volunteers from Collegiate High to the Fan Park and Zone 3. The Host City Volunteer Programme submitted a request through Fleet Management Services to acquire bus, but Fleet Management Services had no 60-seater buses available. Three quotes were therefore called for from private bus companies at a cost not exceeding R150 000 and the cheapest quotation from FNQ Bus Services CC was acceptable at a cost of R148 500,00.</p> <p>Having considered the above, it was</p>

					<p>RESOLVED:</p> <p>That authority be 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 for the hiring of a 60-seater bus shuttle service from FNQ Bus Service to transport volunteers from Collegiate High to the Fan Park and Zone 3 three times a day from 15 June 2010 to 11 July 2010</p>
57	Emergency removal of whale carcass from Beachview Resort and disposal thereof at the Koedoeskloof landfill site	R25 000	Xtreme Projects	7 July 2010	<p>On 2 July 2010 a sub-adult dead whale washed ashore at the Beachview Resort's bathing area. The decomposing carcass poses a direct health and environmental hazard to patrons and residents within the resort. The NMBM has limited capacity to deal expediently and professionally with environmental matters of this nature and magnitude. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore required to appoint a service provider to collect, transport and dispose of the whale carcass at the permitted Koedoeskloof landfill site as a matter of urgency. As XP Ibhayi Environmental Specialists t/a Xtreme Projects, resolved an incident of a similar nature previously when a whale beached near the Willows Resort, it was recommended by the Public Health Directorate that this specialist service provider be appointed again.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof</p> <p>That Xtreme Projects be appointed to remove and dispose of the whale carcass to the Koedoeskloof Landfill site</p>
58	Moral Regeneration Movement Good Citizenry School Outreach Event	<p>t-shirts, transport and food packs, hire of sound equipment and drama artists R51 630,00</p> <p>role play drama R2 500</p>	Kula Productions	15 July 2010	<p>Part of the programme entailed a role play drama performance with emphasis on the Rivonia Trial of 1963. Kula Productions was 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 further deviation was required in terms of paragraph 36(1)(a)(iii) of the Supply Chain Management Policy to engage the production company's</p>

					<p>services at a cost of R2 500,00.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That due to time constraints, approval be granted to deviate from the provisions of paragraph 17 in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy for the procurement of t-shirts, transport and food packs for learners and the hire of sound equipment and drama artists</p> <p>That authority be granted to depart to the extent necessary from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) thereof to engage the services of Kula Productions, the only production company in South Africa that performs the role play drama based on the Rivonia Trial of 1963</p>
59	2010 Legacy Golf Day, Humewood Golf Club : 1 July 2010	R40 000	Pakama Sports	7 July 2010	<p>The Chief Executive Officer of the Office of the Local Organising Committee (LOC), Dr Danny Jordaan, awarded a contract to Pakama Sports Company as event organisers of the golf days in the Host Cities that would be hosting quarter finals, semi-finals and the final match of the 2010 FIFA World Cup South Africa as detailed in an invitation provided by the 2010 FIFA World Directorate. The ultimate objective was to raise funds that would be used for football development in the 52 South African Football Association (SAFA) Regions. This was also intended to create hype on the eves of the big last round games in the Host Cities and once again offered an opportunity for the cities to showcase themselves. In Nelson Mandela Bay, the Eastern Cape Tourism Board has bought the Platinum Sponsorship Package at a value of approximately R85 000. The 2010 World Cup Directorate solicited prizes from hotel groups such as the Boardwalk and Radisson Blu. Pakama Sports Company requested that the 2010 FIFA World Cup Directorate cover the cost of branded golf shirts and caps, secure prizes, provide a photographer for framed pictures and pay the caddies. The 2010 FIFA World Cup Directorate was willing to contribute an amount not exceeding R40 000 as the NMBM's share of the total cost. In order to promote Nelson Mandela Bay, the Directorate requested authority to pay an amount of R40 000 as the NMBM's share of the total cost to Pakama Sports Company, who had been contracted by the LOC for the staging of the</p>

					<p>tournament to enable them to obtain the abovementioned goods and services and a deviation from the provisions of the Municipal Supply Chain Management Policy was therefore requested to authorise the payment. Having considered the above, it was</p> <p>RESOLVED:</p> <p>That paragraph 17 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That Pakama Sports, the event managers contracted by the Local Organising Committee to stage a golf tournament at Humewood Golf Club on 1 July 2010, be paid an amount not exceeding R40 000 as NMBM's share of the event organisers' costs to pay for the goods and services detailed above.</p>
60	Nelson Mandela month celebrations.	R1 636 550,00	Various service providers	16 July 2010	<p>The celebration of the birthday of Dr N R Mandela in various ways is one of the annual programmes of the Nelson Mandela Bay Municipality. Mandela Day is an annual international day, adopted by the United Nations and therefore a global movement to take his life's work into a new century. The NMBM is changing the format of celebrating Dr Mandela's 92nd birthday to include and focus on build-up activities, i.e. a music festival in honour of Dr Mandela, celebration lecture at the Red Location Museum, the Moral Regeneration Movement will have a charter distribution on project values at traffic intersections, an outreach to juveniles at St Alban's Prison and a schools' outreach on the Rivonia Trial at Allan Ridge, further activities include a cleaning campaign, wreath laying ceremony, old person and children associations' visit, community services 67 minutes, Nelson Mandela games, wearing of white arm bands as a symbol of peace and unity by all residents, ringing of church bells and sounding of car hooters, interfaith prayer days, community service work in Clusters, learning and teaching campaign, campaign against crime and a Mandela Day rally at Nangoza Jebe Hall. All municipal and government departments were involved and provided support.</p> <p>A deviation from the Municipal Supply Chain Management Policy was therefore applied for in order to procure and acquire goods and services in the amount of R1 636 550,00 for the planned activities as more fully set out in the report by</p>

					<p>the Director : Office of the Speaker</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the Concept Document on the Mandela Day Celebrations Programme as accepted and approved by the Executive Mayor at its meeting held on 7 July 2010, be noted.</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 procure goods and services that were not catered for under annual contracts for the activities arranged during the Nelson Mandela Month Celebrations in the approved budget amount of R1 636 550,00, subject to compliance with Supply Chain Management procedures.</p>
61	Contract enquiry 2553 : Competence assessments and co-ordination of recognition of prior learning (RPL) for designated officials in line with the MFMA regulations on minimum competencies	R478 802,00, inclusive of VAT.	Tipp Focus Training	27 July 2010	<p>Having considered the report by the Chief Operating Officer to the Adjudication Committee meeting held on 8 July 2010 and given that the project proved to be far more complex and time consuming as envisaged at the commencement of the project, as fully detailed in the Directorate's report, it was resolved:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That Tipp Focus Training, which was awarded Contract Enquiry 2553 : Competence assessments and coordination of prior learning for designated officials, in line with the MFMA regulations on minimum competencies, be retrospectively re-appointed for a period of 12 months, with effect from 1 July 2010</p>
62	Appointment of original service provider to insert replacement pages in <i>prospectus</i>	R44 165,00 (excluding VAT)	Lexlines	27 July 2010	<p>A coffee-table book, <i>Prospectus</i>, was produced to market and promote NMBM among tourists and investors. The book is contained in an NMBM branded presentation box and the contents is also contained in electronic form (a branded CD). On delivery it was found that the section on Tourism contains two facts that have become obsolete due to political change-over and two instances of politically offensive terminology that should be removed, affecting two pages in total. Options to rectify the errors were considered and it was decided that given the nature of the publication and intended</p>

					<p>audience the relevant pages should be removed and replaced with new pages with the correct wording. It was recommended that Lexlines, the company who originally produced the book, should be appointed to do the corrective work as it has the background and knowledge of the product, the packaging format (presentation format, CD and book), it produced a product of a high standard and the corrections to be effected were through no mistake on its part.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</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 Lexlines, the original producer, to insert replacement pages in the 750 copies of the glossy municipal publication <i>Prospectus</i> to ensure that it is 100% accurate and contains no politically insensitive terminology</p>
63	<p>Payment of Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) Limited for services rendered during the period 29 May 2010 to 25 June 2010 in respect of support disciplinary processes into the alleged misconduct : NMBM/Advocate J G Richards</p>	R40 656,96	Ramathe Fivaz Forensic and Investigative Consultants (Pty) Limited	27 July 2010	<p>At the Special Council meeting held on 4 February 2010 the extension of the mandate of inter alia Ramathe Fivaz beyond 31 December 2009 was ratified for the purpose of finalising the investigation of the alleged misconduct matter – NMBM/Advocate J G Richards – and Municipal Manager's resolution 1614 dated 11 May 2010 approved a deviation from the provisions of the Municipal Supply Chain Management Policy to ratify the extension of the mandate of the forensic consultants and payment of the amount of R141 751,07 for services rendered during the period 31 January 2010 to 26 March 2010.</p> <p>Municipal Manager's resolution No. 1676 dated 28 June 2010 authorised the payment of the professional fees of Ramathe Fivaz for the period 27 March 2010 to 23 April 2010 and 24 April 2010 to 28 May 2010 in the amounts of R59 080,00 and R68 753,40 respectively.</p> <p>A further invoice was received from Ramathe Fivaz for their fees for services rendered in respect of support disciplinary processes during the period 29 May 2010 to 25 June 2010 in the amount of R40 656,96 and a deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied for to pay this amount. In view of the above,</p>

					<p>it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management to pay Ramathe Fivaz Forensic and Investigative Consultants (Pty) Limited for their fees for services rendered in respect of support disciplinary processes during 29 May 2010 to 25 June 2010 in the amount of R40 656,96 for the purpose of finalising the investigation into the alleged misconduct matter: NMBM/Advocate J G Richards.</p>
64	Enterprise Licence Agreement (ELA) to provide the NMBM with unlimited access to all ESRI GIS software	<p>10/11 R1 653 000,00 (including VAT)</p> <p>11/12 R1 818 300,00 (including VAT)</p> <p>12/13 R2 000 130,00 (including VAT)</p>	ESRI South Africa	28 July 2010	<p>Having considered the report by the Chief Operating Officer to the Adjudication Committee meeting held on 8 July 2010 and given that ESRI South Africa is the sole supplier of ESRI GIS Software in South Africa, and the only organisation that can provide an ELA, it was</p> <p>RESOLVED:</p> <p>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)(ii) thereof</p> <p>That ESRI South Africa be appointed for a three year period to provide the NMBM with unlimited access to all ESRI GIS Software via an Enterprise License Agreement (non-royalty bearing extensions only).</p>
65	Further extension (after 31 July 2010) of the 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.		<p>Ntinga Ntaka Ndini Cooperatives (Motherwell);</p> <p>Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand)</p> <p>and Masiphuhle Cleansing Cooperatives (Kuyga)</p>	28 July 2010	<p>As per Municipal Manager's Resolution 1520 dated 29 December 2009, the decision of the Adjudication Committee dated 26 November 2009 to appoint contractors for the award of Contract Enquiry Nos. 177-7, 177-8 and 177-9 was put on hold pending the finalization 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 Cooperatives (Motherwell); Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Cooperatives (Kuyga) on the same terms and conditions as per their previous contracts</p>

					<p>for the provision of these services until 28 February 2010. As the investigation was not finalized at that date the abovementioned cooperatives 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 him time to consider the report and to advise the Executive Director : Public Health of his findings and decision, a further extension of the validity period of the contracts until 30 June 2010 was approved (Municipal Manager's Resolution 1601 dated 3 April 2010). Another extension was given until 31 July 2010 to enable the Acting Municipal Manager to finalise his findings (Municipal Manager's resolution 1666 dated 22 June 2010).</p> <p>The Acting Municipal Manager has now conveyed the findings of the Internal Audit report to the objectors. To enable the Waste Management Sub-Directorate to appoint the new contractors and to give timeous notice to the current service providers of the termination of their services, it was</p> <p>RESOLVED:</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 Cooperatives (Motherwell); Missionvale and Kleinskool Cleansing Cooperatives (Missionvale, Kleinskool and Kliprand) and Masiphuhle Cleansing Cooperatives (Kuyga) on the same terms and conditions as per their previous contracts for the provision of these services until no later than 30 September 2010 to finalise the appointment of the service providers approved by the Adjudication Committee on 26 November 2009 with effect from 1 October 2010 for a period of three years.</p>
66	Women's Conference : 2 to 4 August 2010	R117 750,00 R8 000 plus airfare R4 500 R4 600	Willows Resort Gender links Icon Media Pro	28 July 2010	The Women's Caucus chaired by the Speaker of Council took a decision on 22 July 2010 to hold a conference that coincides with Women's Month celebrations. Upon extending an invitation to the Eastern Cape Progressive Women's Movement (ECPWM), it was confirmed that a representative would attend the Women's Conference to give an outline on

		R21 947,10	S C Promotions		<p>issues affecting women on behalf of the Movement. Her transport costs of approximately R3 000 is payable by the NMBM. A total number of 70 delegates will attend.</p> <p>Due to short notice it was not possible to follow formal tender procedures and a deviation from the provisions of the Municipal Supply Chain Management Policy was applied for by the Office of the Speaker to procure goods and services for the event for venue hire (Willows Resort – R117 750,00), a Facilitator (Gender links – R8 000 plus airfare – R4 500). Filming and photographer (Icon Media Pro – R4 600). Jackets for Women Caucus members (S C Promotions – R21 947,10). The required number of quotations was obtained for all goods and services to be procured and the most cost effective services provider selected.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint and pay the service providers for the provision of goods and services for the Women's Conference held from 2 to 4 August 2010 at an estimated total cost of R159 797,00.</p>
67	Contract 1759 2000 11 09 : Extension on month-to-month basis contract for speed and robot offences by Labat Traffic Solutions (Pty) Limited now known as Total Client Solutions		Total Client Solutions (TCS)	28 July 2010	<p>The contract with Labat Traffic Solutions (Pty) Limited was awarded for a period of five years, which expired on 4 April 2007. It is for this reason that permission was required to extend the contract on a month-to-month basis until a report regarding the viability of purchasing the equipment or acquisition of a service provider for speed cameras, be submitted by the Metro Police Task Team to the Executive Director : Safety and Security, for a decision on the way forward, but for a period not exceeding six months. This was approved by the Municipal Manager on 30 March 2010, backdated from 1 February 2010 to 31 July 2010.</p> <p>A tender was previously advertised to appoint contractors to provide equipment and services for speed and robot offences, but was not awarded and was formally cancelled due to the fact that there was a limitation in the advertised specifications. The new specifications are ready for both options to be</p>

					<p>advertised when a decision is made (with or without a back-office solution). A further extension of four months should be sufficient, provided that the processes to be followed run smoothly.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That Total Client Solutions (TCS) (previously known as Labat Traffic Solutions (Pty) Limited) be re-appointed on a month-to-month basis with effect from 1 August 2010 for a period of four months but not exceeding 30 November 2010, on the same terms and conditions as per their previous contract, pending the award of a new tender</p>
68	Appointment of a qualified Forensic Service provider : Imaging of computer	R10 000	PriceWaterhouseCoopers (PwC)	16 July 2010	<p>An allegation of fraud and corruption within the Supply Chain Management Sub-Directorate was being investigated by Internal Audit. A senior Supply Chain Management official allegedly manipulated tender documents after the adjudication process had commenced. It was suspected that there may be other cases of this nature. Due to the urgency and sensitivity of the matter the computer equipment had to be imaged immediately, amongst others, to secure evidence. The tender process has been placed on hold until the investigation has been concluded and the matter resolved. The services of a forensic service provider to image the computer equipment was therefore required. Internal Audit seized the equipment and the imaging was conducted by the appointed forensic service provider in an attempt to establish the validity of the allegations, cause and extent thereof and to obtain sufficient and relevant evidence to substantiate the allegations which could lead to a disciplinary action should it be found that the alleged irregularities have taken place and responsibility can be ascribed.</p> <p>Internal Audit recently appointed a forensic service provider panel on Contract Enquiry 152, tender ID 201100042. The preferred service provider's offices are situated in KwaZulu Natal and the distance and time delay would have hindered the process if they were approached to attend to the matter. A deviation from tender procedures is therefore applied for in</p>

					<p>terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to appoint PriceWaterhouseCoopers (PwC), who is locally based and meets the requirements for the required imaging.</p> <p>Having considered the above, it was</p> <p>RESOLVED :</p> <p>That the tender not be advertised publicly as it would not be in the interest of Council due to the sensitive nature of the investigation</p> <p>That authority be granted to dispense with procurement procedures in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to appoint PriceWaterhouseCoopers (PwC) to conduct the forensic work, i.e. image the computer equipment at a cost of approximately R10 000 and issue a report on its findings</p>
69	Working session between NMBM and Trade Unions.	R11 000,00	Advocate Luvuyo Bono	5 August 2010	<p>At a working session between NMBM and trade unions on 17 and 18 June 2010 it was resolved that a follow-up session be held within two months to evaluate compliance with the operational plan. The follow-up session was scheduled for 10 August 2010. As with the previous session, the services of a facilitator are required. Advocate Luvuyo Bono was the facilitator for the previous session and based on the existing need for and specialised knowledge of Advocate Bono and his understanding of the dynamics within the institution particularly with regard to the long outstanding labour issues in the Municipality identified at the previous session, it made sense to appoint him again. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore required to appoint Advocate Bono.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint Advocate Luvuyo Bono as the facilitator for the working session between NMBM and trade unions held on 10 August 2010</p>

70	Conversion of roadworthy test centre, Uitenhage.	R659 048,92	Marla Builders	18 August 2010	<p>Having considered the report by the Acting Executive Director : Safety and Security that due to unforeseen additional expenses incurred in the course of the project that could not have been identified at tender stage, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Supply Chain Management Policy be departed from in terms of Paragraph 36(1)(a)(v) thereof to cover the additional work, priced according to the bill of quantities of the tender</p> <p>That Marla Builders be paid for their additional costs and that approval for the additional works items as detailed in the Executive Director's report be granted</p> <p>That the Contract Price for Contract Enquiry 2591: Conversion of Roadworthy Test Centre, Uitenhage, awarded to Marla Builders be increased by R659 048,92 from R5 250 000,00 to R5 909 048,92, inclusive of VAT, to cover the additional costs as it was deemed impractical or impossible to follow the official procurement processes.</p>
71	Contract enquiry 2534 : Zosa Street housing project, Korsten : increase in approved contract sum to allow for plastering and painting internally and externally.	R257 474,70, inclusive of VAT	SJW Civils CC	18 August 2010	<p>Having considered the report by the Executive Director : Housing and Land, it was</p> <p>RESOLVED:</p> <p>That as it was considered impractical to follow procurement processes and invite tenders for the plastering and painting work of the Zosa Street Housing Project while the current contractor was on site and capable of undertaking the work, the invitation for tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy.</p> <p>That the scope of Contract Enquiry 2534: Zosa Street Housing Project, Korsten, awarded to SJW Civils CC be extended to allow for plaster and paint wall finish internally and externally, as detailed in the Directorate's report at a cost of R257 474,70, inclusive of VAT.</p> <p>That the overall value of Contract Enquiry 2534: Zosa Street Housing Project be increased by R257 474,70 from R4 994 169,00 to R5 251 643,70, all inclusive of VAT.</p>

72	<p>Extension of various annual contracts until 31 December 2010:</p> <p>Contract 6: Brooms & Brushes</p> <p>Contract 7: Bitumen & Bituminous</p> <p>Contract 7/1: Pre-fabricated Bitumen road patches</p> <p>Contract 8: Bricks & Blocks</p> <p>Contract 9: Building Materials</p> <p>Contract 9/1: Building, plumbing & draining materials for Metro House Projects</p> <p>Contract 10: Burials for Destitute Persons/Paupers</p> <p>Contract 13/2: Cleaning of Storm water Drains</p> <p>Contract 13/4: Maintenance of Clinic Floors</p> <p>Contract 13/8: Opening & Closing of Sardinia Bay</p> <p>Contract 13/9: Cleaning/Dredging of debris from storm water sea outfalls</p> <p>Contract 19/2: Precast concrete paving slabs</p> <p>Contract 20: Glass beads for road marking</p> <p>Contract 25/2: Electrical Products – Overheads</p>		Various service providers	16 August 2010	<p>A report was submitted to the Bid Evaluation Committee on 26 July 2010 and was recommended for submission to the Bid Adjudication Committee on 19 August 2010. However, due to the urgency in approving the extension of the annual contracts that expired on 30 June 2010 as detailed in the report by the Budget and Treasury Directorate (Supply Chain Management) a deviation from the provisions of the Municipal Supply Chain Management was therefore requested to approve the extension of the annual contracts.</p> <p>Having considered this request, it was</p> <p>RESOLVED:</p> <p>That a deviation from the provisions of paragraph 36(1)(a)(v) be approved</p> <p>That the previously approved tri-annual contracts which expired on 30 June 2010, be retrospectively extended on a month-to-month basis not exceeding 31 December 2010 on the same terms and conditions and to the same contractors as the previously expired contracts, pending the award of fresh tenders, the process of which is currently underway.</p>
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	<p>Contract 25/3: Electrical Products – Substations</p> <p>Contract 25/4: Electrical Products – Installation</p> <p>Contract 25/5: Electrical Products – Expulsion fuse</p> <p>Contract 25/6: Electrical Products – Units</p> <p>Contract 25/7: Electrical Products – Surge Arresters</p> <p>Contract 25/9: Electrical Repairs</p> <p>Contract 25/10: Testing & repairs of pilot cable on electrical reticulation network</p> <p>Contract 25/11: Splicing Kits</p> <p>Contract 25/12: Electrical Products – Prepaid Electricity dispenser tokens</p> <p>Contract 25/13: Purchase of scrap from the Municipality</p> <p>Contract 27: Envelopes</p> <p>Contract 30: Fencing Material</p> <p>Contract 32: Lubricants & Paraffin</p> <p>Contract 33: Filter Fabric for civil engineering purposes</p> <p>Contract 34: Gabions, Mattresses and earth retaining blocks</p>				
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	<p>Contract 45/3: Laundry Services</p> <p>Contract 45/5: Protection/Access Control/Escort Services</p> <p>Contract 53/2: Pipes – Fibre (reinforced)</p> <p>Contract 53/7: Pipes – Galvanised</p> <p>Contract 53/8: Pipes – Copper</p> <p>Contract 53/9: Pipes – fibre reinforced (sewer)</p> <p>Contract 53/11: Pipes – MpvC pressure</p> <p>Contract 54: Plumbing materials</p> <p>Contract 56/1: Prestressed Concrete</p> <p>Contract 63: Rails & Accessories</p> <p>Contract 74: Plastic Refuse Bags</p> <p>Contract 75: High Density Polyethylene Piping</p> <p>Contract 77: Stationery – Computer</p> <p>Contract 78: Steel – Mild Steel Products</p> <p>Contract 80/1: Tyres & Tubes – New</p> <p>Contract 81: Tyres – reconditioning of tyres</p>				
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	<p>Contract 92: Spares for Kent Helix 3000 & 2000</p> <p>Contract 98/1: Maintenance of Exiter Driven Motors</p> <p>Contract 98/3: Maintenance of Laurence Scott Mo</p> <p>Contract 98/9: Maintenance of plant – swimming pools</p> <p>Contract 98/10: Installation and replacement of water meters</p> <p>Contract 98/11: Maintenance of motors – Schoenmakerskop</p> <p>Contract 98/12: Repairs to submersible pum</p> <p>Contract 99: Occasional Hire of Artisans</p>				
73	Contract enquiry 2241: Maintenance renewal for traffic signal phase 1 wireless network.	R29 210,63, inclusive of VAT	Dimension Data	18 August 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 8 July 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That Dimension Data, which was awarded Contract Enquiry 2241 : Maintenance and monitoring of Phase 1 of the Traffic Signal wireless network, be retrospectively re-appointed for the period 16 June 2010 to 15 October 2010, in the total amount of R29 210,63, inclusive of VAT.</p>
74	SCM 270/1 : Supply, installation and maintenance of an integrated electronic fleet management system		Fleet Data Technologies	13 August 2010	At its meeting held on 23 March 2007 the Bid Adjudication Committee approved the awarding of a tri-annual contract for the Supply, Installation and Maintenance of an Integrated Electronic Fleet Management System to the only valid tender

	(FMS 04/2006)				<p>which was received from Fleet Data Technologies.</p> <p>The abovementioned contract ended on 15 August 2010. Fleet Management Services has been unable to appoint a Systems Practitioner/Database Administrator because the organogram that makes provision for this position still had to be approved. Should the contract therefore be terminated, the transferring of vital specialised FMIS System Skills and knowledge to a new incumbent would not take place. Without a well-trained, skilled Systems Practitioner/Database Administrator who can take over the function currently provided by the service provider, the data integrity affecting the General Ledger, Capital and Operating Budgets would be compromised and would result in the loss of Council's substantial investment in the FMIS system.</p> <p>For this reason a deviation from official tender procedures was applied for to re-appoint Fleet Data Technologies on a month-to-month basis for a period not exceeding six months from 16 August 2010 to 15 February 2011 in order to allow sufficient time for the envisaged vacancy to be approved, advertised, filled and the new incumbent properly trained and skilled by the current service provider.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That the <u>existing</u> Contract (SCM 270/1) (FMS 04/2006) of Fleet Data Technologies be extended on a month-to-month basis from 16 August 2010 to no later than 15 February 2011 on the same terms and conditions as per the current contract for the Supply, Installation and Maintenance of an Integrated Electronic Management Information System.</p>
75	Appointment of service providers for the provision of goods and services for a public meeting addressed by the President of South Africa, Mr J Zuma on 11 August 2010	R261 500	Various service providers	18 August 2010	<p>On 5 August 2010 the Mayoral Caucus took a resolution to mobilise the communities for a public meeting to be addressed by the President of South Africa on 11 August 2010. This event was regarded as an extension of the Women's Month Programme which is aimed at recognizing the importance of women in this country and their role in the development thereof.</p>

					<p>In order to make arrangements for the public meeting, goods and services had to be acquired and procured. As the Director : Constituency Services was only advised on 10 August 2010 to procure such services, i.e. loud-hailing, PA system and transport, a deviation from the Municipal Supply Chain Management Policy was required to procure and acquire such goods and services.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</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 procure goods and services that were not catered for under annual contracts, as detailed in the report by the Director : Constituency Services, at an estimated total amount of R261 500, for a public meeting addressed by the President of South Africa on 11 August 2010 subject to compliance with Supply Chain Management procedures.</p>
76	Two-day international and inter-governmental relations workshop : 19 and 20 August 2010	R33 700	King Edward Hotel	18 August 2010	<p>The Office of the Chief Operating Officer was in the process of arranging a two-day International and Inter-Governmental Relations workshop. The objectives thereof were set out in the report by the Chief Operating Officer. Approximately 65 delegates would attend, both internal and external stakeholders, such as the Director-General, Department of International Relations and Cooperation, Deputy Director-General, Department of Trade and Industry : Eastern Cape, representatives from local business and NMMU, Mayoral Committee members and Executive Directors.</p> <p>Quotations were obtained from suitable venues and the King Edward hotel selected. A deviation from the provisions of the Municipal Supply Chain Management Policy was therefore applied for to authorize the venue hired.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That paragraph 17 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p>

					That authority be granted to utilise the King Edward Hotel as venue for a two-day International and Inter-governmental workshop held on 19 and 20 August 2010 at a cost of R33 700.
77	Additional cost due to service provider : Sound and stage : Dan Qeqe Stadium and Feather Market Centre : Workers' Day	R265 460,40	Event Hire Network	18 August 2010	<p>Municipal Manager's Resolution 1622 dated 14 May 2010 approved a deviation from the provisions of the Municipal Supply Chain Management Policy for the payment of service providers for the provision of goods and services for Workers' Day Celebrations at Dan Qeqe Stadium on 1 May 2010 and a memorial lecture at the Feather Market Centre on 30 April 2010. A service provider was engaged for both events for stage and sound. The amount approved for stage and sound on the resolution was R188 000. It has since been found that the actual cost for stage and sound exceeded this amount as one of the events was inadvertently left off when the costs were calculated and the total amount due to the service provider is R265 460,40.</p> <p>As the procurement of goods and services for these events was authorised by means of a deviation from the provisions of the Municipal Supply Chain Management Policy, a deviation was also required to authorise payment of the full amount due to the service provider.</p> <p>As the services have been rendered and the amount due and payable to the service provider, it was</p> <p>RESOLVED:</p> <p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof in order to pay the full amount of R265 460,40 due to the service provider, Event Hire Network, for stage and sound provided at the abovementioned events.</p>
78	Payment of service providers in respect of the operation of the suite for VIP guests of the Executive Mayor during the Fan Fest and 2010 Communication and Publicity campaign	R 179 885,00 R 145 226,95 R 561 852,54	Apples Anni's Events cc – supply of décor and set up of venue Jumbo's Cricket (Pty) Limited – liquid refreshments Bojangles Restaurant cc	9 September 2010	<p>The official Fan Park for the Metro was in operation at St George's Park from 10 June 2010 to 11 July 2010 for the duration of the FIFA World Cup Soccer event as per the official programme of FIFA that was approved by Council.</p> <p>In terms of protocol the Executive Mayor was required to host visiting Executive Mayors from host and other cities as well as international dignitaries for the abovementioned period. The President's Lounge at the Sahara Oval was originally</p>

		R 258 700,00	Printing of licence disk stickers, A5 stickers, A5 leaflets, maps, Bookmarks, host city guides by various service providers	<p>earmarked for use but was too small as it can only accommodate 100 people. The area was under strict FIFA control which dictated specific requirements to the Metro. All arrangements for the operation of the Executive Mayor's VIP Lounge at the Fan Fest in respect of catering, liquor and décor were originally allocated to the Communications Sub-directorate but were handed over to the Office of the Executive at very short notice.</p> <p>Urgent adjustments had to be made by the Office of the Executive Mayor for the operation of the lounge to accommodate the Executive Mayor's guests and Bo Jangles Corporate Club situated in the Duck Pond Pavilion, Sahara Oval was secured as an acceptable and suitable venue.</p> <p>Bo Jangles Corporate Club is run per agreement by Bo Jangles Restaurant cc with Jumbo's Cricket (Pty) Limited and it is a requirement that all services such as catering and bar facilities have to be provided by the holder of the agreement, i.e. Messrs Bo Jangles.</p> <p>As Jumbo's Cricket (Pty) Limited is the liquor licence holder all liquid refreshments had to be supplied by them, an arrangement that the Office of the Executive Mayor was obliged to accept.</p> <p>In order to create a festive atmosphere décor was acquired for the venue. The Communications Sub-directorate approached one service provider for a quotation for the set up of and décor for the venue but when the Director: Office of the Executive Officer took over the arrangements from Communications, a further two quotations were sourced as it was by that time too late to follow tender procedures. The work was allocated to the cheaper of the three service providers who provided a quotation in the amount of R149 885,00. However, on numerous occasions circumstances changed, i.e. additional venues within the stadium were obtained for guests that could not be accommodated in the main venue and these venues also had to be decorated, the set up changed every game day to coincide with the countries that were playing and additional requests were received from the Executive Mayor that resulted in the final amount due to the service provider increasing to R179 885,00. All additional costs were carefully recorded on a schedule that was submitted to the Office of the Executive Mayor on a daily basis.</p>
		R 226 900,00	Fan Fest footage, PVA footage, Promotional DVDs and Host City Footage (9 service providers)	
		R 435 000,00	Radio: Bay FM, KQ FM, and King Fisher, Ads and Jingles	
		R 70 000,00	Loud-hailing and flyer distribution (70 service providers)	

				<p>ertain costs were also incurred by the Communications Sub-directorate in respect of the 2010 Communication and Publicity Campaign, i.e.</p> <p>The provision of printing services in respect of licence disc stickers, A5 stickers, A5 leaflets, maps, book marks and Host City Guides.</p> <p>Video-graphy/Photography and Promotional Productions for live coverage of soccer events, provision of existing footage, compilation of promotional DVDs and photography.</p> <p>Loud-hailing and Material Distribution</p> <p>Time limitations also necessitated the Communications Sub-directorate to dispense with tender procedures for printing services and quotations were obtained from printing companies. Due to the large quantities that were needed and the short turn-around time, specific items were awarded to a number of companies that quoted the lowest prices. In respect of the videography/photography and promotional productions, the work was distributed amongst the various companies on the existing rotational database at the set rate charged to municipalities. In respect of loud-hailing and material distribution, 70 companies were used and all of them are engaged on a rotational basis for municipal distribution at a set rate.</p> <p>Having considered, the above, it was</p> <p>RESOLVED:</p> <p>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 to pay the service providers for services rendered at the Executive Mayor's VIP Lounge that was in operation for the duration of the Fan Fest from 10 June to 11 July 2010 and for the 2010 Communication and Publicity Campaign, i.e.</p> <p>Office of the Executive Mayor</p> <p>Apples Annies Events cc – supply of décor and set up of venue : R 179 885,00</p>
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					<p>Jumbo's Cricket (Pty) Limited – liquid refreshments: R 145 226,95</p> <p>Bojangles Restaurant cc: R 561 852,54</p> <p>2010 Communications and Publicity Campaign</p> <p>Printing of licence disk stickers, A5 stickers, A5 leaflets, maps, Bookmarks, host city guides by various service providers : R 258 700,00</p> <p>Videography, photography, DVD productions: Stadium footage, Fan Fest footage, PVA footage, Promotional DVDs and Host City Footage (9 service providers): R 226 900,00</p> <p>Radio: Bay FM, KQ FM, and King Fisher, Ads and Jingles : R 435 000,00</p> <p>Loud-hailing and flyer distribution (70 service providers): R 70 000,00</p>
79	Extension of contract enquiry 2498 with Yithethe Ma Afrika (Pty) Limited for the additional work for Infrastructure and Engineering Directorate. (Transport Planning)	R1 613 170,68, inclusive of VAT	Yithethe Ma Afrika (Pty) Limited	21 October 2010	<p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 6 October 2010 and the reasons for the deviation set out in the Motivation:</p> <p>Sufficient planning was in place to provide for the communications component of the TOP. Sufficient budget was allocated for this component. A tender was advertised that included the communication component for the 2010 event. Due to a number of unavoidable administration difficulties it was not possible to award the above tender – the delays experienced were explained in an email from Mr Keith Mitchell.</p> <p>Yithethe ma Afrika was appointed through an open tender process for communication related to the 2010 FIFA World Cup.</p> <p>The scope of work for the above contract covered all aspects of the work required by the transport team. The officials involved acted in the best interest of the project and the municipality which contributed to the success of the NMBM as a 2010 FIFA World Cup Host City. A report has been</p>

					<p>submitted to the Acting Municipal Manager reporting irregular expenditure in terms of the MFMA Section 32(4).</p> <p>The payment to YMA is being processed.</p> <p>The re-occurrence of the irregular expenditure will not occur due to the project being specifically intended for the duration of the 2010 FIFA World Cup and has been concluded, and that it was impractical for the Infrastructure and Directorate Engineering Directorate (Transport Planning) to comply with standard procurement processes as per the SCM Policy because there was already a contract in place – this is more fully explained in an email from Mr Keith Mitchell.</p> <p>It was</p> <p>RESOLVED:</p> <p>That, for the reasons set out in the Directorate's report, 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>That Contract 2498 be retrospectively extended in order to pay Yithethe Ma Afrika (Pty) Limited an additional amount of R1 613 170,68, inclusive of VAT for services rendered during the 2010 FIFA World Cup.</p>
80	Contract 2156 : Three-year contract : Provision of communication reticulation : Further extension.		Yonke Installations CC	18 November 2010	<p>Contract No. 2156 was originally awarded for a period not exceeding thirty six months, expiring on 30 June 2009. A new contract was advertised but referred to the ICT Steering Committee by the Bid Evaluation Committee.</p> <p>At its meeting on 7 September 2009 the ICT Steering Committee resolved that all Directorates in the NMBM who wished to acquire fibre optic infrastructure, first liaise with the Assistant Director: Enterprise Programmes in the MIS Sub-directorate in order to develop a co-ordinated corporate approach regarding the installation of such infrastructure, before engaging with a service provider.</p> <p>A further extension of Contract 2156 was necessary to allow time for concluding all Metro requirements and procurement processes to take place. The fibre optic and copper pilot cable network are used extensively for the transmission and</p>

				<p>protection and SCADA signals which are essential for preserving the integrity of the electricity distribution network and controlling risk to the electricity supply. The fibre optic network is also used extensively by other Directorates particularly for the provision of surveillance services. As expertise was lacking in house it was of utmost importance that repair and maintenance as well as required new services be rendered in terms of this contract. The reason for the late submission of this item was due to the acting Executive Director requesting additional information for consideration.</p> <p>The scope includes the excavation of trenches, construction of manholes and splicing chambers, and installation and termination of underground fibre optic and copper communication cables. Provision was also made for the stringing of certain overhead copper and fibre optic cables. In addition to the provision of new communications infrastructure, the contract is also extensively used for repair and maintenance work. The services or goods are requisitioned as and when required, depending on the need and the available budgets of the Electricity & Energy and various other Directorates. The contractor has performed satisfactorily thus far.</p> <p>Having considered the report by the Electricity and Energy Directorate to the Adjudication Committee meeting held on 6 October 2010 and the reasons for the deviation summarized in the motivation above, it was</p> <p>RESOLVED:</p> <p>That, for the reasons set out above and in the report of the Electricity and Energy Directorate, 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>That Yonke Installations CC, which was awarded Contract 2156: Provision of Communication Reticulation and which expired on 31 July 2010, be re-appointed on a month-to-month basis not exceeding 31 March 2011, on the same terms and conditions as the previous contract, pending the award of a new tender.</p>
81	Approval of deviations from the provisions of the Municipal	R108 090,00	Sitshaba Trading Enterprise cc	2010 Host City Volunteer Induction – 17 May 2010 After the completion of the 2010 FIFA World Cup interviews,

	<p>Supply Chain Management Policy:</p> <p>(1) 2010 Host City Volunteer Induction and</p> <p>(2) 2010 Host City Volunteer Function: Nangoza Jebe hall: outstanding payments of service providers: Sitshaba Trading Enterprise cc and Makusetyenzwe Trading cc</p>	R64 590,12	Makusetyenzwe Trading cc	<p>selection and security screening processes, the 750 selected Host City volunteers were engaged in a training programme and in accordance with the strategic operational plan of the volunteer programme, a Volunteer Induction was held on 17 May 2010.</p> <p>The 2010 FIFA World Cup Directorate followed procurement procedures for the use of the Feather Market Hall for the induction, but as 17 May was a rescheduled date, the Feather Market Hall was not available on that date and an alternate municipal facility that could accommodate 750 volunteers and 150 guests had to be found (total 900 people).</p> <p>The Volunteer Programme Director managed to secure the Nangoza Jebe Hall. The use of the hall was arranged by the 2010 FIFA World Cup Directorate by means an Internal Service Order (ISO) issued to Nangoza Jebe which effectively means that the costs of the event are paid over to Nangoza Jebe management (Facilities Sub-directorate) who makes all the arrangements and engage services providers to the extent required, for the event.</p> <p>Two days before the Volunteer Induction, a ceremony for the Mayoral Cup Challenge was held at the Nangoza Jebe Hall and the management of the hall decided to utilise the same service provider for that event in respect of draping, equipment hired, tables, stage and sound (PA System, Lighting, Audio Visuals, Cameras and Logistics), Sitshaba Trading Enterprise cc, as all its facilities and equipment were already on site.</p> <p>2010 Host City Volunteer Gratitude Function – 13 August 2010</p> <p>For this event, the 2010 FIFA World Cup once again utilised the Nangoza Jebe Hall, paid for the services by means of an ISO and the management of the hall utilised the services of Makusetyenzwe Trading cc in respect of stage and sound. The service provider was selected after a three quote system was applied, it being the lowest tenderer.</p> <p>When invoices of Sitshaba Trading Enterprise cc in the amount of R108 090,00 and Makusetyenzwe Trading cc in the amount of R64 590,12 were submitted for payment, the Budget and Treasury Directorate did not approve the</p>
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					<p>payments as proper supply chain management procedures were not followed to appoint the service providers.</p> <p>A deviation from tender procedures was therefore requested to pay the service providers who provided goods and services to the NMBM.</p> <p>Having considered the above and having agreed that a deviation from the Supply Chain Management Policy and procedures are necessary in order to pay the service providers who have rendered the services</p> <p>it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That payment of the amount of R108 090,00 to Sitshaba Trading Enterprise cc be retrospectively authorised for services rendered at the 2010 Host City Volunteer event on 17 May 2010.</p> <p>That payment of the amount of R64 590,12 to Makusetyenzwe Trading cc be retrospectively authorised for services rendered at the 2010 Host City Volunteer event on 13 August 2010.</p> <p>That an investigation be launched by the Acting Municipal Manager in terms of Section 32 of the MFMA on the possibility that unauthorised, irregular, fruitless and wasteful expenditure may have been incurred in respect of the above by the 2010 FIFA World Cup and/or Corporate Services (Facilities Management) Directorates and that the outcome thereof be reported in terms of the provisions of the MFMA and the Committee of Council that has been established in terms of the MFMA to investigate recoverability.</p>
82	Approval of recommendation of Adjudication Committee Meeting held 6 October 2010: contract 2259: Continued use of Business Connexion to provide	R75 240,00 (including VAT) per month	Business Connexion	18 November 2010	Having considered the report by the Chief Operating Officer to the Adjudication Committee meeting held on 6 October 2010 and the reasons for the deviation set out in the Motivation below, that is,.

	GIS development and support.				<p>Motivation:</p> <p>The NMBM appointed Business Connexion (BCX) in October 2007 for a three year period ending on the 30th September 2010. This appointment is for BCX to provide the NMBM with on site GIS development and support services.</p> <p>A tender specification to appoint a service provider was submitted to the Bid Specification committee on the 27th July 2010, however the recommendation was to apply to the critical vacancies task team for the funding of a GIS Developer position (Grade 15). The two subsequent critical vacancies meetings have been postponed and we now have an urgent need to appoint a service provider to fulfil this role which will take approximately 4 months hence the request for a deviation to extend the appointment of BCX on a month to month basis.</p> <p>Currently the NMBM has no position or funding for a GIS developer, however a motivation has been submitted to the Critical Vacancies task team to consider allocating funds. Additionally, the proposed GIS structure that will be required to support the Integrated Land Information System (ILIS), which has been agreed to by the various Executive Directors, does make provision for a GIS Developer and Database Administrator position.</p> <p>With the above in mind it is highly unlikely that a GIS developer position will be created and funded within the next three years, hence we need to appoint a service provider to fulfill this role.</p> <p>Corporate GIS has on average 19 000 hits per day with hundreds users requiring the Corporate GIS application to perform their daily functions. It is therefore critical that the applications are maintained and available at all times. As with any IT application we are constantly improving the application to meet the users needs, fixing bugs and database related problems as well as ensuring the servers are running optimally. It is for this reason that we require a service provider on site on a permanent basis.</p> <p>A full time GIS Developer is on site i.e. for 160 hours per month, which has been identified as an essential requirement as 80 hours per month is insufficient hours due to the</p>
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					<p>increased usage of GIS within the NMBM. The tender that was advertised on the 29th September 2010 specifies that a full time resource is required on site for the duration of the contract</p> <p>The current rate is R470,59 per hour or R35 280,00 for 80 hours per month.</p> <p>As we require a full time resource a price of R 66 000 per month has been agreed to with Business Connexion. This equates to a savings of R 4 560,00 for 160 hours per month i.e. R35 280 x 2 = R 70 560,00. Should we use the hourly rate of R470,59 for the additional 80 hours this would equate to R 37 647,20 which is the most expensive option.</p> <p>The negotiated amount of R66 000,00 per month is therefore deemed to be fair and competitive.</p> <p>RESOLVED:</p> <p>That, for the reasons set out in the Directorate's report, 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>That Business Connexion be re-appointed with effect from 1 October 2010 on a month-to-month basis but not exceeding 31 March 2011 until a new service provider is appointed via the competitive bid process, to provide the NMBM with the required GIS development and support services.</p> <p>That a fixed amount of R75 240,00 (including VAT) per month be paid to Business Connexion for the services to be rendered.</p>
83	Contract PEE3354: three-year contract: medium and low voltage cable laying, CDU installation and pole hole excavation: extension of contract		<p>That Ace Gege Construction</p> <p>Nxangashe Construction</p> <p>Dream Automotive Suppliers,</p> <p>Rainstone Trading</p> <p>XPL Construction</p>	18 November 2010	<p>Contract PEE3354 was originally awarded in August 2007 for a fixed period ending 30 June 2010.</p> <p>Delays in advertising and procuring new contractors for Medium and Low Voltage Cable laying and pole hole excavation tenders is due to the following:</p> <p>End of February 2010 after commencing with tender documents, the format previously used by Electricity and Energy was not accepted by the Specification Committee.</p> <p>End April 2010, the prescribed format was obtained from</p>

			<p>Hlumelo Services</p> <p>Ndiza-Olive Construction</p> <p>Fixtrade 1147 cc</p>		<p>Procurement (Specification Committee).</p> <p>Communication with regard to the inclusion of EPWP matters into tender documents during April 2010 proved fruitless which compounded the delays of finalising the specification tender documents.</p> <p>Specification item was finally submitted to Specification Committee on 3 May 2010.</p> <p>Tender SCM271 was advertised on 12 May 2010.</p> <p>Closing date of Tender SCM271 was 17 June 2010.</p> <p>Tender documents were received at the Electricity and Energy Directorate on approximately 5 July 2010.</p> <p>Evaluating of tender documents proceeded and the evaluation item was submitted to the Evaluation Committee on 2 August 2010 for consideration.</p> <p>Request for deviation on existing Contract PEE3354 was processed end June 2010 and was submitted to the Evaluation Committee for consideration on 5 July 2010.</p> <p>The item was submitted to the Adjudication Committee on 8 July 2010 for consideration. Item was submitted to the Acting Municipal Manager on 15 July 2010 for consideration, but was returned due to additional information relating to reasons for submission of the item.</p> <p>Having considered the report of the Electricity and Energy Directorate to the Adjudication Committee meeting held on 6 October 2010 and the reasons for the deviation summarised in the motivation above, it was</p> <p>RESOLVED:</p> <p>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>That Ace Gege Construction, Nxangashe Construction, Dream Automotive Suppliers, Rainstone Trading, XPL Construction, Hlumelo Services, Ndiza-Olive Construction</p>
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					and Fixtrade 1147 cc be retrospectively appointed under Contract PEE3354 on the same terms and conditions as the previous contract, with effect from 1 July 2010 for a further period not exceeding three (3) months; pending finalisation of the new tender (SCM271).
84	Contract enquiry 2385: Library computer systems.	Maintenance of the Web-enabled version R3 248 872,08, inclusive of VAT R1 012 780,15 owing to Universal Knowledge Software (Pty) Limited for services rendered from 1 July 2009 to 30 June 2010	Universal Knowledge Software (Pty) Limited	17 November 2010	<p>The Library Services omitted to include a 36 month maintenance contract for the period 1 June 2009 to 30 June 2012 under Contract Enquiry 2385 : Library Computer Systems in the specification at the time of going out to tender. A report was submitted to the Adjudication Committee meeting of 2 September 2010 by the Economic Development and Recreational Services Directorate to retrospectively enter into the agreement as without a valid maintenance contract the service provider cannot be paid for the maintenance service which resulted in the service being temporarily suspended by the service provider and the libraries unable to issue books to the public.</p> <p>Having considered the report by the EDRS Directorate and the recommendation of the Adjudication Committee, it was</p> <p>RESOLVED:</p> <p>That, as it was inadvertently omitted to include a 36 month maintenance contract for the period 1 June 2009 to 30 June 2012 in the specification at the time of going out to tender and without this service libraries were unable to issue books to the public, and given that UKS was the sole provider of the library system, authority be granted to deviate from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) thereof.</p> <p>(That a 36 month agreement be retrospectively entered into with Universal Knowledge Software (Pty) Limited, being the sole provider of the library system, for the maintenance of the Web-enabled version, in the amount of R3 248 872,08, inclusive of VAT, for the period 1 July 2009 to 30 June 2012, subject to the budget provision not being exceeded.</p> <p>(That the amount of R1 012 780,15 owing to Universal Knowledge Software (Pty) Limited for services rendered from 1 July 2009 to 30 June 2010 be paid.</p>

85	Extension of lease agreement with Ju Thy Property Trust to provide office accommodation for the Security sub-directorate	monthly rental of R27 500,00, excluding Vat.	Ju Thy Property Trust	18 November 2010	<p>The lease agreement with Ju Thy Property Trust for the provision of office accommodation for the Traffic and Security Sub-Directorate at 66 Caledon Street in Uitenhage expired on 31 August 2010. The Traffic Sub-directorate relocated to the Uitenhage Traffic offices, but despite being engaged on an ongoing basis with various directorates for the last three months to seek alternate office accommodation (nine offices, storeroom, large walk-in safe and on-site parking) in existing municipal buildings, the Safety Sub-Directorate has been unsuccessful in obtaining such alternate office space.</p> <p>It has since been ascertained from Facilities Management that office accommodation in municipal buildings will in the near future become available at the Harrower Road Depot due to the relocation of the Wellness Centre to 8th Avenue, Walmer and Algoa House where the Supply Chain Management Sub-Directorate is temporarily accommodated until renovations to the Harrower Road Depot are complete.</p> <p>Once municipal accommodation becomes available, sufficient time is required in order to renovate the facilities to comply with legislative requirements for a gun safe. The extension of the current lease is therefore requested.</p> <p>Ju Thy Property has expressed willingness to extend the current lease on a month-to-month basis from 1 September to 31 December 2010.</p> <p>RESOLVED:</p> <p>That in order to allow the Security Sub-Directorate more time to obtain suitable alternate office accommodation in a municipal building and to renovate such accommodation once available, authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to retrospectively extend the lease agreement with Ju Thy Property Trust in respect of the office accommodation occupied by the Security Sub-Directorate at 68 Caledon Street, Uitenhage, on a month-to-month basis with effect from 1 September 2010 until 31 December 2010</p>
86	Appointment of Ebhayi Development and Facilitation Services CC to conduct a	R199 500,00	Ebhayi Consultants and Facilitation Services cc	30 November 2010	The Nelson Mandela Bay Municipality was experiencing cash flow and related financial difficulties. The Acting Municipal Manager was of the view that the cause for the financial

	forensic investigation				<p>challenge may also be found in the information systems of the Metro and as such deemed it necessary to deviate from the provisions of the Supply Chain Management Policy to appoint a consultant to conduct a forensic data mining investigation on the systems of the Metro.</p> <p>Motivation</p> <p>To identify the causes of the current cash-flow and related financial difficulties being experienced</p> <p>To comment on whether or not the remedial steps instituted to correct and/or manage the current cash-flow problems are adequate and instituted timeously</p> <p>Due to the urgency of this matter formal written price quotations were obtained from three service providers and the lowest quotation of Ebhayi Consultants and Facilitation Services cc accepted.</p> <p>It was therefore</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from paragraphs 17 and 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That payment of the amount of R199 500,00 to Ebhayi Consultants and Facilitation Services cc who was appointed to conduct the forensic investigation be authorised</p>
87	Appointment of Metroplan Town Planners to compile a human settlement plan for the attaining of level 2 accreditation	R499 320 (inclusive of VAT)	Metroplan Town Planners	30 November 2010	<p>The NMBM needs to appoint a consultant to prepare a Comprehensive Human Settlement and Accreditation Business Plan to meet certain key performance areas to enable the NMBM to submit an application for Level 2 Accreditation to the MEC for Human Settlements.</p> <p>Metroplan Town Planners was appointed by the Province during 2007 to 2009 to undertake a review of the Metro Human Sector Plan. It was requested that their services be retained to assist with the preparation of the Comprehensive Human Settlement Plan for the reasons set out in the motivation below:</p>

					<p>Motivation</p> <p>Prior involvement in the review of the Human Sector Plan of the NMBM as part of the Provincial initiative.</p> <p>Extensive experience in housing policy formulation in general and focused on the NMBM including the preparation of a housing policy for NMBM in 2001-2002, preparation of Guidelines for the Design of Higher Density Residential Neighbourhoods, involvement of various initiatives for PELIP, the development of institutional housing which culminated in Abhalali Housing Association Initiatives in Algoa Park and the work done on behalf of Abhahli and Imizi Housing Associations and coordinating of the design and implementation of pilot projects based on high density residential development in Missionvale and Sakhasonke (Gqebera Township).</p> <p>Ability to raise additional funding from private sector partners (General Motors South Africa Foundation) in the amount of R271 320 to cover the shortfall of the fees of the Housing and Land Directorate for the preparation of the Plan.</p> <p>Ability to commence with the project immediately</p> <p>A business plan had to be submitted to the Department of Human Settlements by 30 November 2010. If it was not submitted the NMBM would not be considered for financial assistance and be able to proceed with the accreditation process.</p> <p>The Human Settlement Plan to be developed by the consultant for submission to the MEC for Human Settlements was as per the recommendations of the National Assessment team.</p> <p>Having considered the report of the Housing and Land Directorate and the reasons for the deviation detailed in the motivation above, it was resolved:</p> <p>RESOLVED:</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.</p>
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					<p>That Metroplan Town Planners be appointed for the development and completion of the Housing Sector Plan, Business Plan and Integrated Strategy at a total cost of R499 320 (inclusive of VAT) subject to Metroplan concluding the budget shortfall of R271 320 (inclusive of VAT) with General Motors (South Africa) Foundation.</p> <p>That the amount of R228 000 (inclusive of VAT) being the contribution of the NMBM for this project be paid from the Housing and Land Directorate's Accreditation Vote 1632 0210: Consultants Fees assigned to Metroplan in the 2010/2011 financial year</p>
88	Contract enquiry 2782 : Support, development and maintenance of an on-line web-based financial management tool		Macrovest (Pty) Ltd. t/a Business Intelligence	3 December 2010	<p>The current contract for the support, development and maintenance of an on-line web based Financial Management Tool (FMT) was awarded to Macrovest (Pty) for a 3-year period ending 30 November 2010.</p> <p>Tenders were called on 23 June 2010 to acquire a service provider for a 3 year period for the maintenance, support and development of the FMT.</p> <p>All tenders received were evaluated at a Technical Evaluation meeting on 5 August 2010 where Supply Chain Management and MIS Enterprise Programmes were represented.</p> <p>Subsequent to the technical evaluation held on 5 August 2010 an item was submitted to the Bid Evaluation Committee on 20 September 2010.</p> <p>On 30 September 2010 an item was submitted to the Bid Adjudication Committee to request the award of Contract 2782 to the highest scoring bidder.</p> <p>The Bid Adjudication Committee referred the item back to the Bid Evaluation Committee to obtain a legal opinion on the following aspects of the advertised specification:</p> <p>Source Code -Section 21(d) of the SCMP (being declared non-responsive for not supplying financial statements -Value amount of tender that appears on the specification.</p>

				<p>The item was submitted on 2 November 2010 to the Bid Evaluation Committee to obtain a legal opinion, who resolved that the tender be re-advertised.</p> <p>The current contract expires on 30 November 2010 and the bid process will re-commence in November 2010 only.</p> <p>In order to maintain the decision support platform and to continue providing a mechanism that allows for meaningful reporting it is necessary to have the current service provider, Macrovest (Pty) Ltd available until the new contract is awarded.</p> <p>At the meeting of the Adjudication Committee meeting held on 25 November 2010 it was noted that the legal opinion previously requested from the Bid Evaluation Committee had not been provided and that the Bid Evaluation Committee had taken it upon itself in the meantime to decide that none of the tenders received should be accepted and the contract be re-advertised and it was resolved that the Bid Evaluation Committee provide a report as to why the aforementioned legal opinion was never submitted to the Bid Adjudication Committee, which initially requested same via a resolution taken at its meeting held on 30 September 2010.</p> <p>Having considered the report from the Chief Financial Officer to the Adjudication Committee meeting held on 25 November 2010 and the reasons for the deviation as set out in the motivation above, it was resolved:</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provision of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>That the current contract of Macrovest (Pty) Ltd. t/a Business Intelligence be extended on a month to month basis with effect from 01 December 2010 until 30 April 2011 whilst fresh tenders are being invited, on the same terms and conditions as per the current contract, for the support, development and maintenance of an on-line web based Financial Management Tool (FMT).</p>
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89	2010 Host City Volunteer Function : Nangoza Jebe Hall : Outstanding payments of service provider : Sitshaba Trading Enterprise	R47 000	Sitshaba Trading Enterprise cc	23 November 2010	<p>Municipal Manager's resolution 1747 dated 21 October 2010 approved a deviation from Supply Chain Management procedures in order to pay service providers utilised for two 2010 Host City Volunteer functions held on 17 May 2010 and 13 August 2010 respectively. A deviation was approved when it was established that proper Supply Chain Management procedures were not followed by the 2010 World Cup Directorate to appoint the service providers.</p> <p>It has now been found that payment of one of the service providers for the 2010 Host City Volunteer Gratitude Function held on 13 August 2010 at the Nangoza Jebe Hall, was not included in the resolution, i.e. Sitshaba Trading Enterprise cc, who was responsible for delivery and set up of tables and draping of the hall, supply to the NMBM of hired equipment, i.e. table cloths, chair covers, centre pieces, cutlery, crockery and condiments and collection thereof after the event at a cost of R47 000.</p> <p>The 2010 World Cup Directorate assumed that the caterer who was appointed by Corporate Services through the annual contract for catering services would also be responsible for the aforementioned services. It was only ascertained by the Directorate after the function was held that the annual tender does not cover this service.</p> <p>A deviation from tender procedures was therefore required in order to pay the service provider who has rendered the service.</p> <p>It has been</p> <p>RESOLVED:</p> <p>That this matter forms part of the investigation that has been launched by the Acting Municipal Manager in terms of Section 32 MFMA on the possibility that unauthorised, irregular, fruitless and wasteful expenditure may have been incurred by the 2010 FIFA World Cup and/or Corporate Services (Facilities Management) Directorates and that the outcome thereof be reported in terms of the provisions of the Section 32(4) of the MFMA and to the MPAC.</p>
90	Contract wm 0004 : Tri-annual tender for the collection,		That Missionvale and Kleinskool Cleansing	30 November 2010	Ozmatt Trading was awarded contract WM0004: Tri-Annual Tender for the Collection, Transport and Disposal of Waste in

	<p>transport and disposal of waste : Re-appointment of service provider</p>		<p>Cooperative (Missionvale, Kleinskool and Kliprand)</p>	<p>the Missionvale, Kleinskool and Kliprand areas by the Adjudication Committee on 26 November 2009.</p> <p>Allegations of tender irregularities were received in respect of the award of the contract and in order to allow the Internal Audit and Risk Management Division to investigate the allegations, the award of the contract was put on hold and the Missionvale and Kleinskool Cleansing Cooperatives appointed on a month-to-month basis as the service provider.</p> <p>The investigation was concluded and no tender were irregularities found. Oz matt Trading was subsequently appointed with effect from 1 October 2010 and the Missionvale and Kleinskool Cleansing Cooperative's month-to-month appointment came to an end.</p> <p>The Public Health Directorate (Waste Management) has now advised that Oz matt Trading has not complied with the standard of service required. Verbal instructions were given and a Notice of Default was issued on 29 October 2010. The notice clearly defined the default and Oz matt Trading was requested to rectify the default within 24 hours. The notice was received by Oz matt on 3 November 2010. As there has been no improvement in the standard of service provided, a letter of cancellation of the contract will be issued as the area has deteriorated to such an extent that it became a health and safety concern for the residents.</p> <p>In order for essential waste cleansing services to continue in the area it was requested that the Missionvale and Kleinskool Cleansing Cooperative be re-appointed with immediate effect on a month-to-month basis for the collection, transport, disposal of waste and related management functions until a new contract is awarded.</p> <p>Having considered the report of the Executive Director: Public Health and the reasons for the deviation as set out in the motivation above, it was</p> <p>RESOLVED:</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.</p>
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					<p>That Missionvale and Kleinskool Cleansing Cooperative (Missionvale, Kleinskool and Kliprand) be re-appointed with immediate effect on a month-to-month basis on the same terms and conditions as per their erstwhile contract pending the finalisation of the new contract award for the provision of the same services but by no later than 30 June 2011.</p> <p>That Contract 177/7: Collection, Transport, Disposal of Waste and Related Waste Management functions in Missionvale/Kleinskool area awarded to Oz matt Trading be cancelled.</p>
91	Contract scm 94 : Transport of emergency obstetric/neonatal referrals from West End Community Health Centre to Dora Nginza hospital	R500,00 per trip	Bernmed Ambulance Services	23 November 2010	<p>The Public Health Directorate has been unsuccessful since July 2008 in obtaining a service provider who complies with the specifications for the emergency transportation of pregnant mother and baby on an "as and when required" basis.</p> <p>The last tender was advertised on 21 January 2010 but none of the prospective tenderers complied with the specifications.</p> <p>The vehicle must be fitted with the necessary emergency equipment and the tenders received were mostly from taxi owners providing pricing structures for transporting the pregnant mother and baby whilst the Public Health Directorate requires the services of a fully equipped ambulance with suitably trained personnel accompanying the pregnant mother and baby.</p> <p>Having considered the report by the Public Health Directorate to the Adjudication Committee of 2 September 2010 and the reasons for the deviation summarised in the motivation above, it was</p> <p>RESOLVED:</p> <p>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>That Bernmed Ambulance Services be retrospectively re-appointed under Contract SCM 94: Transport of Emergency Obstetric/Neonatal Referrals from West End Community Health Centre to Dora Nginza Hospital with effect from 1 July 2010 on a month-to-month basis but not exceeding 31</p>

					December 2010 on the same terms and conditions as per the previous contract, until a new contract has been awarded.
92	Contract enquiry 2403 : Replacing of air-conditioning or Noninzi Luzipho building (Pleinhuis) (proposed increase in contract value)	increased by R88 306,68 from R4 214 117,16 to R4 302 423,84, inclusive of VAT	ITD	23 November 2010	<p>ITD was awarded Contract Enquiry 2403: Replacing of air-conditioning of Noninzi Luzipho Building (Pleinhuis). The chiller units were installed in the alley between Noninzi Luzipho Building and the St Augustine's Cathedral. A back-up generator and a mini substation were also installed in this area.</p> <p>The Municipality was however requested to remove all equipment from the area as the equipment encroached on the Church's property. This was verified by the Surveyed drawings.</p> <p>The only option was to move the equipment to the roof of the building and this resulted in an increase in the contract costs.</p> <p>Having considered the report by the Corporate Services Directorate (Facilities Management) to the Adjudication Committee meeting held on 16 September 2010 and the reasons for the deviation summarised in the motivation above, it was</p> <p>RESOLVED:</p> <p>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>That the contract value of Contract Enquiry 2403: Replacing of the air-conditioning of the Noninzi Luzipho Building, be increased by R88 306,68 from R4 214 117,16 to R4 302 423,84, inclusive of VAT, to cater for the cost of relocating the chiller units.</p>
93	Contract 1759 2000 11 09 : Extension on month-to-month basis contract for speed and robot offences by Labat Traffic Solutions (Pty) Limited now known as Total Client Solutions	R937 867,00	Total Client Solutions (TCS)	30 November 2010	<p>The contract with Labat Traffic Solutions (Pty) Ltd was awarded for a period of five years, which expired on 4 April 2007. It is for this reason that permission was required to extend the contract on a month to month basis until a report regarding the viability of purchasing the equipment or acquisition of a service provider for speed cameras, be submitted by the Metro Police Project Team to the Executive Director: Safety and Security, for a decision on the way forward, but for a period not exceeding six months. This was approved by the Municipal Manager on 30 March 2010,</p>

					<p>backdated from 1 February 2010 to 31 July 2010.</p> <p>A tender was previously advertised to appoint contractors to provide equipment and services for speed and robot offences, but was not awarded and was formally cancelled due to the fact that there was a limitation in the advertised specifications. The new specifications were advertised on 6 October 2010 for both possible options (with or without a back office solution) and six offers were received by the closing date on 11 November 2010. These tenders were not ready for collection from the SCM office before 23 November 2010. The process to evaluate these tenders has already started and every effort will be made to present the item to the Evaluation Committee at the meeting of 13 December 2010 and to the Adjudication Committee on 18 January 2010.</p> <p>If the contract of LABAT Traffic Solutions is not extended, no law enforcement by permanent or portable digi-cam would be conducted, which would soon be known and motorists would drive with total disregard of the speed limited and be in danger to other road users.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That Total Client Solutions (TCS) (previously known as Labat Traffic Solutions (Pty) Limited) be re-appointed on a month-to-month basis with effect from 1 December 2010 for a period of two months on the same terms and conditions as per their previous contract to allow the Directorate to finalise the adjudication process of tenders received, as well as a further period of no more than three months, on a month-to-month basis, to allow the new service provider adequate time to establish the new sites and equipment and that this extension be suspended as soon as the new service provider is ready to provide the service.</p>
94	Contract enquiry 2405 : upgrading and additions to the Gelvandale library	increased by R146 064,84 from R1 861 897,92 to R2 007 962,76,		18 November 2010	Having considered the report by the EDRS Directorate to the Adjudication Committee meeting held on 16 September 2010 and the recommendation of that Committee, it was

		inclusive of VAT.			<p>RESOLVED:</p> <p>That given the unforeseen circumstances, that is, heaving pre-existing soil conditions requiring strengthened foundations as well as omissions in the tender bill of quantities, which caused variations to the design of the structure and led to the increase in costs on the contract, full details of which were reflected in the Directorate's report to the Bid Adjudication Committee:</p> <p>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>That the contract price under Contract Enquiry 2405: Upgrading and additions to the Gelvandale Library, be increased by R146 064,84 from R1 861 897,92 to R2 007 962,76, inclusive of VAT.</p>
95	Political Caucus Retreat at Mpekwani : 26 to 30 May 2010	R430 000	Mpekwani Beach Resort	7 September 2010	<p>A Political Caucus Retreat was held from 26 to 30 May 2010. As there were time constraints to finalise arrangements, quotations for a suitable venue were obtained from three service providers and Mpekwani Beach Resort in Port Alfred, who submitted the second lowest tender selected, as the other venues (i.e. Fish River Sun and Bushman Sands) did not have sufficient space for the entire group.</p> <p>As there were time constraints to finalise arrangements and to source funding (virements had to be applied for an approved), a deviation from official tender procedures is applied ex post facto by the Director : Office of the Executive Mayor in order to pay Mpekwani Beach Resort for venue hire, accommodation, meals, ancillary costs such as photocopying, etc.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>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 to pay Mpekwani Beach Resort an amount of approximately R430 000 for the costs of the Political Caucus Retreat held from 26 to 30 May 2010.</p>

96	Additional costs incurred for the Women's Caucus Conference held on 2 to 4 August 2010 at Willows Resort	R20 130,00	Women's Caucus Conference	18 August 2010	<p>Municipal Manager's resolution 1718 dated 28 July 2010 approved a deviation from the provisions of the SCMP for the procurement of goods and services for the conference.</p> <p>The Director : Office of the Speaker advised that an additional fifteen (15) delegates attended the conference. This is due to the fact that although two delegates from Nkonkobe Municipality accepted the invitation, a larger number turned up at the conference and this was beyond the control of the Speaker's Office as the extra persons could not be turned away. This also resulted in extra meals being provided for the 15 additional delegates. The increase in cost amounted to R20 130,00 and in order to pay for the additional costs, a further deviation was applied for.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>That authority be 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 in order to authorize payment of the additional costs of R20 130,00 incurred for the Women's Caucus Conference held from 2 to 4 August 2010 in respect of the additional 15 participants and the extra meals served.</p>
97	Provision of technical expertise in the identification of counterfeit goods in terms of Host City agreement for 2010 Directorate	R148 500,00, VAT inclusive	C R Frieslaar Intellectual Property Consultants, trading as South African Institute of Unarmed Combat	20 September 2010	<p>As one of the eight host cities for the 2010 FIFA World Cup South Africa, a Host City Agreement (HCA) was entered into between the NMBM and FIFA. In terms of the HCA (Clause 6.13), the NMBM assumed certain duties and obligations which, inter alia, included the provisions of the Rights Protection Team and By-laws to ensure that FIFA and its official partners, World Cup and national sponsors' Intellectual Property Rights (IP) were protected from "ambush" marketing through unauthorised advertising and counterfeit goods. Due to internal rationalisation, though advertised, the position of Host City Coordinator was not filled and Advocate Mhleli Tshamase of the Legal Services Sub-Directorate assumed the duties of a Host City Coordinator/Rights Protection Programme Team (RPP Team) in accordance with the HCA due to the specialised nature of Intellectual Property Law. Subsequently an Action Plan/Enforcement Strategy was formulated which identified various challenges within the Metro, inter alia, the lack of technical expertise in the</p>

				<p>identification of counterfeit goods. Law firms registered on the NMBM's database and Legal Services' panel of attorneys were contacted to assist with the challenges, however, no local law firm could assist as they were not registered FIFA agents/legal representatives. FIFA's accredited law firm, Messrs Bowman and Gilfillen of Sandton were contacted on 2 June 2010 and was able to assist, but as it was not registered on the panel of attorneys and did not have a local office, Advocate Tshamase was referred by FIFA's legal representatives to C R Frieslaar Intellectual Property Consultants, trading as South African Institute of Unarmed Combat, the only consultant expert in the Eastern Cape who specialises in the identification of counterfeit goods and the seizure thereof. Mr Frieslaar was subsequently appointed on 4 June 2010, a few days before commencement of the World Cup Games. Mr Frieslaar's fees were at a discounted rate (details of which are set out in the report of Advocate Tshamase). Mr Frieslaar's appointment added value to the RPP Team in that counterfeit goods were properly identified as envisaged in the 2010 World Cup Special SA Measures Act, By-laws, Counterfeit Goods Act as well as the Trade Marks Act prior to the seizure of goods to eliminate and/or minimise wrongful seizures which could have led to claims against the NMBM.</p> <p>Having considered the challenges highlighted above it was agreed that it was impractical to comply with tender procurement procedures as envisaged in the Supply Chain Management Policy due to the following reasons:</p> <p>There was a lack of technical expertise in the identification of counterfeit goods within the Metro and law firms registered on the NMBM's database and legal Services' panel of attorneys were contacted to assist but due to the fact that they were not registered FIFA agents/representatives could not be appointed.</p> <p>FIFA's accredited law firm, Bowman and Gilfillen, was contacted but as the firm was not registered on the panel of attorneys and did not have a local office, could not be appointed.</p> <p>Mr C R Frieslaar who was subsequently appointed on the recommendation of FIFA's accredited law firm, is the only consultant expert in the Eastern Cape that specialises in the</p>
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					<p>identification of counterfeit goods and seizure thereof.</p> <p>Therefore, in order to regularise the appointment of C R Frieslaar and payment for services rendered by him, it was</p> <p>RESOLVED:</p> <p>That authority be granted to dispense with complying with the provisions of paragraphs 17, 18, 19, 20, 21 and 22 of the Municipal Supply Chain Management Policy as envisaged in paragraph 36(1)(a)(ii) read with paragraph 36(1)(a)(v) thereof.</p> <p>That C R Frieslaar Intellectual Property Consultants, trading as South African Institute of Unarmed Combat, be retrospectively appointed with effect from 4 June to 12 July 2010 for the provision of technical expertise in the identification of counterfeit goods and the seizure thereof.</p>
98	Contract enquiry 205 : lease of office space : Ward 9	R5 648,30 per month, inclusive of VAT	Elsa Creighton Properties	1 October 2010	<p>The lease of the office accommodation of the Ward 9 Councillor expired on 31 December 2009. The Ward Councillor is, however, still occupying the office. In order to provide office accommodation for the Councillor for the remainder of his term of office, but not exceeding 30 June 2011, a report was submitted by the Corporate Services Directorate (Facilities Sub-Directorate) to the Adjudication Committee of 2 September 2010 to consider a deviation from tender procedures for the extension of the lease agreement.</p> <p>Having considered the report by the Corporate Services Directorate and the recommendation by the Adjudication Committee, this request for a deviation was agreed to due to the following reasons:</p> <p>The Ward Councillor is still occupying the office</p> <p>The Ward Councillor requires accommodation for the remainder of his term of office</p> <p>RESOLVED:</p> <p>That in order to provide office accommodation for the remainder of the current Ward 9 Councillor's term of office:</p> <p>authority be granted to depart from the provision of the Municipal Supply Chain Management Policy in terms of</p>

					<p>paragraph 36(1)(a)(v) thereof;</p> <p>that Elsa Creighton Properties be re-appointed to provide office space, under Contract Enquiry 205 with effect from 1 January 2011, on the same terms and conditions as the previous lease agreement for the remainder of the term of office of the current Ward 9 Councillor, but not exceeding 30 June 2011</p>
99	C5553: Kempston road public transport lanes : Haupt to Diaz streets	increased by R21 549 455,00 from R72 363 397,00 to R93 912 852,00 including VAT and contingencies	Rumdel Construction (Pty)	20 September 2010	<p>The contract amount of C5553: Kempston Road Public Transport Lanes: Haupt to Diaz Streets increased from R72 363 397,22 to R93 912 852,00 (excluding escalation but including VAT) due to additional expenses incurred in the course of the project. The project forms part of the 2010 FIFA World Cup South Africa National Transport Infrastructure Fund and is managed by BKS/BTKM/PMSA under leadership of the Infrastructure and Engineering Directorate. The contract in the amount of R72 363 397,22 (including VAT and 10% contingencies and subject to escalation) was awarded to Rumdel Construction (Pty) Limited in November 2009. The description of the work is detailed in the report of the Executive Director : Infrastructure and Engineering.</p> <p>Reasons to request a departure from tender procedures to authorise the retrospective variation of the contract sum are:</p> <p>Unforeseen circumstances as detailed in the report by the Executive Director : Infrastructure and Engineering led to increased costs and have exceeded the approved contract sum.</p> <p>Should approval for the increased amount have been submitted to the BEC and BAC, it would have resulted in late notification of the rise of the contract price and would most likely have resulted in a claim by the contractor for standing of plant and labour as well as a claim for a further extension of time.</p> <p>The contractor was programmed to proceed with the construction of the base layer starting from 1 September 2010.</p> <p>If the status of the contract was not changed, the contractor will claim for standing time for plant and labour at a cost of approximately R62 000 per working day as well as for an</p>

					<p>extension of time at a daily cost of R19 720, thus totalling an amount of R81 720 per working day.</p> <p>Having considered the above, it was</p> <p>RESOLVED:</p> <p>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>That the contract price of Contract C5553: Kempston Road Public Transport Lanes: Haput to Diaz Streets awarded to Rumdel Construction (Pty) Limited be increased by R21 549 455,00 from R72 363 397,00 to R93 912 852,00 including VAT and contingencies, but subject to escalation in terms of the contract for the reasons stipulated.</p>
100	Extension of contract enquiries 177-8 and 177-9 : tri-annual tender for the collection, transport and disposal of waste		<p>Ntinga Ntaka Ndini Cooperatives (Motherwell)</p> <p>Masiphuhle Cleansing Cooperatives (Kuyga)</p>	4 October 2010	<p>Complaints about alleged tender irregularities in respect of, inter alia, Contract Enquiries 177-8 and 177-9 were investigated by the Internal Audit Sub-Directorate who could find no evidence to support the allegations. After consideration of the Internal Audit's report, the Acting Municipal Manager agreed that the allegations were unfounded and Contract Enquiries 177-8 and 177-9 were awarded to Teloc Waste Management with effect from 1 October 2010. However, in a letter e-mailed to Waste Management Sub-Directorate (undated), Teloc Waste Management has advised the Acting Municipal Manager that it cannot financially commit valuable resources such as manpower, plant and equipment to the project and that it is unable to take up Contract Enquiries 177-8 and 177-9 for the collection, transport and disposal and waste in Motherwell and Kuyga areas respectively. This will effectively mean that with effect from 1 October 2010, 6 135 households in Motherwell and Kuyga areas will have no refuse removal, street sweeping, dumping removal, litter picking, etc. These services are currently being undertaken by Ntinga Ntaka Ndini Cooperatives (Motherwell) and Masiphuhle Cleansing Cooperatives (Kuyga).</p> <p>In order for these essential services to continue a deviation from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) was therefore applied for to re-appoint the current service</p>

					<p>providers with effect from 1 October 2010 on the same terms and conditions as per their previous contracts for the collection, transport and disposal of waste until such time as new tenders have been called for an awarded.</p> <p>RESOLVED:</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 Cooperatives (Motherwell) and Masiphuhle Cleansing Cooperatives (Kuyga) from 1 October 2010 to 31 March 2011 on the same terms and conditions as per their previous contracts for the collection, transport and disposal of waste until such time as new contracts have been awarded</p>
101	Contract enquiry 2462 : Munelek server room fire suppression system maintenance	monthly amount of R2 058,33, inclusive of VAT	Dimension Data	4 October 2010	<p>Contract Enquiry 2462 is a contract of the Electricity and Energy Directorate for the three-year maintenance of the Fire Suppression System Management in the Munelek Server Room. The contract was awarded to Dimension Data. The contract expired on 30 September 2010. The new contract (CE287) was advertised on 19 May 2010 but no tenderers responded. The contract (CE287) has once again been re-advertised (on 18 August) and it closed on 23 September 2010.</p> <p>On 19 August 2010 the Adjudication Committee recommended that the contract (CE2462) be extended for a period of three months on a month-to-month basis from 1 October 2010 to 31 December 2010 to the current service provider, Dimension Data, until such time as the new contract (CE287) is awarded.</p> <p>Having considered the report and the recommendation by the Adjudication Committee, it was</p> <p>RESOLVED:</p> <p>That given that no tenders had been received in response to Contract CE287: Three-year maintenance contract for Fire Suppression System in the Munelek Server Room, and the necessity to extend the contract of the current service provider on a month-to-month basis for a period not exceeding three months, i.e. from 1 October to 31 December 2010, to allow for a new contract to be awarded:</p>

					<p>That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That the current month-to-month extension for Contract Enquiry 2462 which expired on 30 September 2010, be further extended for an additional three months on a month-to-month basis (from 1 October 2010 to 31 December 2010) and that the current supplier, Dimension Data, be paid a monthly amount of R2 058,33, inclusive of VAT, excluding any component replacement and repair works, until a new three-year maintenance contract for "Munelek Server Room Fire Suppression System Maintenance" has been awarded.</p>
102	NMBM-Jacksonville Partnership Committee Meeting: 13 – 20 November 2010	<p>welcoming dinner R200 per person for 12 persons (R2 400)</p> <p>lunches and dinners at various venues of R200 per meal (R200 x 10 people x 11 meals = R22 000).</p>	Various service providers	22 October 2010	<p>The Executive Mayor of Jacksonville has informed the Executive Mayor of NMBM that a delegation comprising five persons from Jacksonville Sister City Association – Nelson Mandela Bay Committee would be visiting the NMBM during the period 13 to 20 November 2010. The Executive Mayor of NMBM acknowledged the visit, submitted a welcome letter to the Mayor of Jacksonville and indicated that he is happy to reciprocate the warmth and hospitality with which the previous delegations from NMBM were received in Jacksonville.</p> <p>The focus of the visit would be to discuss and agree on a project and to develop the implementation framework in terms of the African Poverty Alleviation Programme (AUPAP) and to have discussions on further areas of cooperation between the NMBM and the City of Jacksonville.</p> <p>Transport would be provided from our municipal fleet (a kombi) and the various activities planned during the visit include a welcoming dinner at a restaurant and a visit to Addo Game Reserve (game drive and lunch). The delegation would be accommodated at the Protea Marine Hotel on a bed and breakfast basis. Accommodation has been secured through the NMBM's contract with BCD Travel (Contract 2338) and lunches and dinners would be provided for the duration of their stay.</p> <p>As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant, the location, dietary requirements or preferences of the delegation need to be taken into consideration it was impractical to follow formal tender procedures in the above instances.</p>

					<p>RESOLVED:</p> <p>That as it was impractical to follow formal tender procedures as detailed above authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) for the hosting of a welcoming dinner for the delegation from Jacksonville at a restaurant at a cost of approximately R200 per person for 12 persons (R2 400) and lunches and dinners at various venues for the duration of their visit at an approximate cost of R200 per meal (R200 x 10 people x 11 meals = R22 000).</p>
103	Pathcare (Drs Dietrich, Voight and Partners)	<p>R17 632,30 for services rendered for the period 1 September 2009 to 31 July 2010</p> <p>testing and the taking of water samples R70 000,00</p>	Pathcare (Drs Dietrich, Voight and Partners)	17 November 2010	<p>During the 2008/09 financial year the NMBM was advised by WESSA that we could no longer use our own laboratory to test the water samples for Blue Flag Beaches as they did not have the acceptable accreditation.</p> <p>The known laboratories in Port Elizabeth were visited and their accreditations were sent to WESSA. They indicated that Pathcare Laboratories were the only laboratory they would accept.</p> <p>A requisition was made out and they did the tests for 2008/09 and were paid.</p> <p>In 2009/10 the same procedure was followed. A requisition was made out and sent to Stores. Pathcare did the testing and only at the end of June 2010 was it established that they had not been paid.</p> <p>The period of non-payment is from 1 September 2009 to 31 July 2010 and this amounts to R17 632,30.</p> <p>Having considered the report of the EDRS Directorate to the Adjudication Committee meeting held on 14 October 2010 and the reasons for the deviation summarized in the motivation above, it was</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(ii) and (v) thereof.</p>

					<p>That Pathcare be paid the outstanding amount of R17 632,30 for services rendered for the period 1 September 2009 to 31 July 2010.</p> <p>That Pathcare (Drs Dietrich, Voight and Partners) be retrospectively re-appointed from 1 September 2010 on a month-to-month basis but not exceeding 30 April 2011 to do testing and the taking of water samples at Blue Flag Beaches at a cost not exceeding R70 000,00.</p>
104	NMB Airport branding	R500 000,00, inclusive of VAT	Nelson Mandela Bay Tourism	30 November 2010	<p>The availability of strategic sites for promotional purposes at the Nelson Mandela Bay Airport was limited due to the demand for these sites. There was also a lengthy waiting period for the securing of airport advertising sites (billboards and pillars).</p> <p>Nelson Mandela Bay Tourism (NMBT) secured a contract with ACSA and an advertising company for strategic advertising including billboard and pillar advertising and NMBT provided the NMBM with Airport Branding from 1 March 2010 to 31 August 2010 by means of a strategically located billboard and pillar wraps.</p> <p>Having considered the report of the EDRS Directorate to the Adjudication Committee meeting held on 16 September 2010 and the motivation for the deviation as set out above, it was</p> <p>RESOLVED:</p> <p>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>That Nelson Mandela Bay Tourism be retrospectively appointed to provide branding and NMB Airport Branding, with effect from 1 March 2010 to 31 August 2010, in the amount of R500 000,00, inclusive of VAT, in respect of Nelson Mandela Bay Airport Branding</p>
105	Contract enquiry 2671: alterations and additions to the acquisitions and stores buildings at Harrower road: increase in contract value	increased by R653 824,10 from R12 800 821,00 to R13 454 645,10, inclusive VAT	Dekon Projects	30 December 2010	<p>The current back-up power supply at Harrower road consisted of a 50 kVA generator and 20 kVA UPS</p> <p>Additional load resulting from the additional computers, access control, fire detection and CCTV rendered the existing equipment inadequate and undersized.</p>

					<p>This necessitated the acquisition of a 110 kVA generator and 60 kVA UPS to ensure continuity and an uninterrupted power supply for the new load</p> <p>Having considered the report of the Corporate Services Directorate (Facilities Management) to the Adjudication Committee meeting held on 16 September 2010, the recommendation of that Committee and the reasons for the deviation as set out in the motivation above, it was</p> <p>RESOLVED:</p> <p>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>That Dekon Projects be appointed to supply, install and commission a 110 kVA generator and 60 kVA UPS in the amount of R653 824,10, inclusive of VAT.</p> <p>That the contract value of Contract Enquiry 2671: Alterations and additions to the Acquisitions and Stores Building at Harrower Road, awarded to Dekon Projects, be increased by R653 824,10 from R12 800 821,00 to R13 454 645,10, inclusive VAT for the provision of adequate emergency back-up power.</p>
106	Heater element on bio-filter: Creek pump station	R16 315,68, inclusive of VAT	OdorCure Eastern Cape	30 December 2010	<p>In May 2010, just prior to the World Cup kick-off, the Bio-filter system malfunctioned and needed to be repaired as a matter of urgency.</p> <p>Many tourists and football followers around the world at that time were already in the City and more were expected.</p> <p>The Bio-filter system treats the odour on the pump station and without its operation, the odour is uncontrollable.</p> <p>The Creek Pump Station is the central collection point of all sewerage in the southern region and from this pump station the sewerage is pumped to Fishwater Flats. Prior to the fitment of this system, Creek Pump Station was widely known as "Smelly Creek".</p> <p>A functional Bio-filter system gets rid of more than 90% of the odour.</p>

					<p>The bio-filter system needed to be repaired as a matter of urgency to avoid negative media reports and protect the city and country's image.</p> <p>Having considered the report of the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 25 November 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i), (ii) and (v) thereof.</p> <p>That OdorCure Eastern Cape be retrospectively appointed for the supply of spares and labour for the repairs to the bio-filter system at the Creek Pump Station,</p>
107	Contract SCM 270: supply, installation and maintenance of an integrated electronic fuel and fuel management system		BP Masana	30 December 2010	<p>The Supply Chain Management competitive bidding process for the procurement of long term contracts, such as for the supply, installation and maintenance of an integrated electronic fuel and fuel management system could take up to three months to complete.</p> <p>Insufficient time remains to advertise, evaluate and adjudicate the tender.</p> <p>In order to avoid a situation where no fuel is available to this Municipality, Fleet Management Services are assisting with the re-compilation of the specifications for the new tender, which is to be re-advertised in order to procure the services of a service provider for a 3 year period to render the supply, installation and maintenance of an integrated electronic fuel and fuel management system.</p> <p>Until such time that the new contract has been awarded, the Municipality requires an adequate supply of fuel under the existing contract.</p> <p>It is therefore in the Municipality's interest to extend the existing Contract SCM270 for a period of 6 months.</p> <p>Having considered the report of the Infrastructure and Engineering Directorate to the Adjudication Committee meeting of 9 December 2010 and the reasons for the</p>

					<p>deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>(That authority be granted to deviate from the provisions of the Supply Chain Policy in terms of paragraph 36(1)(a)(i) and (v) thereof.</p> <p>That Contract SCM 270 awarded to BP Masana, be extended on a month-to-month basis, not exceeding 6 months, with effect from 1 January 2011 on the same terms and conditions as per their current contract for the Supply, Installation and Maintenance of an Integrated Electronic Fuel and Fuel Management System (2000 units plus 200 portable containers).</p>
108	Emergency repairs to Odorcure spraying system: Woodlands pump station	R20 189,40, inclusive of VAT.	OdorCure Eastern Cape	30 December 2010	<p>The Woodlands pump station is situated within a residential area and due to the faulty pump of the odour spraying system, the sewerage odour was uncontrollable.</p> <p>The bad odour from the pump station was creating a health hazard for the residents.</p> <p>The residents went to Mr R Myburg's office on 10 September 2010 to complain about the bad odour from the pump station.</p> <p>The Odorcure spraying system treats (eliminates) the odour at the pump station and without the normal operation of the system, the odour is uncontrollable.</p> <p>The residents were threatening with service delivery protests which would have resulted in negative media reports.</p> <p>The Bio-filter system needed to be repaired as a matter of urgency and repairs could only be performed by OdorCure Eastern Cape, the appointed sole supplier.</p> <p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting of 25 November 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of</p>

					<p>paragraph 36(1)(a)(i), (ii) and (v) thereof.</p> <p>That OdorCure Eastern Cape be retrospectively appointed for the supply of spares and labour for the repairs to the bio-filter system at the Woodlands pump station</p>
109	Contract enquiry 2771: supply and delivery of material for VIP toilets to Cannonville township at Colchester	increased by R70 224,00 from R397 725,16 to R467 949,16 inclusive of 10% contingencies and VAT	Ngangalala Trading cc	30 December 2010	<p>After the award of Contract CE2771 to Ngangalala Trading cc, it became evident that the supplier of the fibreglass pedestals no longer manufactured or supplied these items.</p> <p>The only other supplier that could be sourced by Ngangalala Trading cc to supply the fibreglass pedestals will result in an increase of R70 224,00 to the tender amount as indicated in the table contained in the item.</p> <p>However, even with this increase, Ngangalala Trading cc still remains the highest points scoring tenderer and therefore the recommended one for Contract CE2771: Supply and Delivery of Material for Material for VIP toilets to Cannonville Township at Colchester.</p> <p>Urgent approval was required to provide the Cannonville Township community of Colchester with a suitable dignified sanitation solution.</p> <p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 25 November 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That the approved contract sum under Contract Enquiry 2771 – Supply and Delivery of Material for VIP Toilets to Cannonville Township at Colchester, awarded to Ngangalala Trading cc, be increased by R70 224,00 from R397 725,16 to R467 949,16 inclusive of 10% contingencies and VAT, due to the increase in the rate for fibreglass pedestals</p>

110	IDP and Budget Public meetings	R3 600 R7 500 R3 420 R6 840	Inga Cleaning, catering and internet services Flash Arch Investments First Gear Trading 144 cc Ubuntu Ads and distribution	28 December 2010	<p>The Office of the Constituency Co-ordinator in conjunction with IDP and Budget and Treasury were co-ordinating the sitting of the IDP/Budget Public Meetings that were to take place in different venues in the Nelson Mandela Bay Metro from 26 October until 4 November 2010.</p> <p>The IDP office was doing all procurement related to this programme. Contributions from different offices like Budget and Treasury as well as Constituency were to be transferred to IDP office so that funds can be sufficient for all services to be procured.</p> <p>Quotations for Public address systems and loud-hailing were requested from service providers by the Constituency Office. The office managed to get most of the quotations and they were handed to the IDP office which sought the Acting Municipal Manager's approval to commit funds for this programme and it was granted.</p> <p>The Municipal Manager approved the commitment of funds for all the quotations that were available at the time.</p> <p>The loud-hailing companies that were approved were those who managed to submit their quotations in the short time that was provided and the service providers who could not submit their quotations at the time given to them were left out even though they had to do loud-hailing for those meetings.</p> <p>These companies could not submit their quotations at the given time because they are mostly owned by previously marginalised black people who are not yet established to have the technology for them to be able to send their paperwork on time.</p> <p>Having considered the report of the Director: Constituency Services to the Adjudication Committee meeting held on 9 December 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of the Supply Chain Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That the companies be retrospectively appointed to provide loud-hailing services on the occasion of the IDP and Budget</p>
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					Public Meetings for the period 26 October 2010 to 4 November 2010 in the total amount of R21 360,00, inclusive of VAT
111	Employment Equity and Diversity workshop on 8 and 9 June 2010	R187 943,25, inclusive of VAT	TDCI	28 December 2010	<p>It was advantageous for the institution as the workshop was held in the Port Elizabeth area, not in other cities where it would have involved extra finances, like travelling and accommodation.</p> <p>It was also relevant to the institution as the facilitators of the said workshop had an expertise and experience in the field of employment equity and diversity management.</p> <p>Since Human Resource Transformation Services is the custodian of employment equity and diversity, it was essential to extend the invitation to all Directorates to attend.</p> <p>The content of the workshop outlined the objectives of the institution with regard to Employment Equity and showcased best practice strategies and initiatives in creating sustainability.</p> <p>The total cost of the workshop for 53 attendees, i.e. Councillors, shop stewards and officials amounted to R187 943,25.</p> <p>Having considered the report by the Corporate Services Directorate to the Adjudication Committee meeting held on 9 December 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of the Supply Chain Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>That TDCI be paid an amount of R187 943,25, inclusive of VAT in respect of a workshop on Employment Equity and Diversity which took place on 8 and 9 June 2010</p>
112	Airtime on community radio stations in Nelson Mandela Bay and regional and national radio stations:	R280 727,90 (VAT inclusive)	Algoa FM Bay FM King Fisher FM KQ FM Umhlobo Wenene FM	28 December 2010	The radio stations, in varying capacities, give the municipality different audiences which the institution would like to reach and they do not necessarily compete among similar market segments to the extent that the same audiences could be reached regardless of the chosen station. Therefore procuring the services of each through competitive bids will not be practical.

					<p>The Budget and Treasury Directorate is procuring this service in order to implement a promotional campaign for the Budget and Treasury's Masakhane Debt Relief Programme that was approved by Council in May 2010. The Debt Relief Programme is one of the key projects identified in the Executive Mayor's 100 Days Programme as presented before Council when the new leadership assumed office in late 2009.</p> <p>These are the only five radio stations that are based in the Nelson Mandela Bay region. The listenership for each radio station is as follows:</p> <table> <tr> <td>Algoa FM :</td> <td>716 000</td> </tr> <tr> <td>Bay FM :</td> <td>199 000</td> </tr> <tr> <td>King Fisher FM :</td> <td>135 000</td> </tr> <tr> <td>KQ FM :</td> <td>154 000</td> </tr> <tr> <td>Umhlobo Wenene FM :</td> <td>4 871 000</td> </tr> <tr> <td>Total Listenership:</td> <td>6 075 000</td> </tr> </table> <p>Having considered the report of the Budget and Treasury Directorate to the Adjudication Committee meeting held on 9 December 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of the Supply Chain Policy in terms of Section 36(1)(a)(ii) and (v) thereof.</p> <p>That the procurement of air time to the value of R280 727,90 (VAT inclusive) on the following community radio stations in Nelson Mandela Bay and regional and national radio stations as per the quotations received, be approved:</p> <p>Algoa FM Bay FM King Fisher FM KQ FM Umhlobo Wenene FM</p>	Algoa FM :	716 000	Bay FM :	199 000	King Fisher FM :	135 000	KQ FM :	154 000	Umhlobo Wenene FM :	4 871 000	Total Listenership:	6 075 000
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113	Contract enquiry 209: renewal of lease agreement (Customer Care shop 26, Motherwell)	Rental: R73 m ² escalation @ 9% per annum	Community Property Company	30 December 2010	Budget and Treasury established Customer Care Centres in various suburbs within the Nelson Mandela Bay Municipality in order to improve service delivery and to enhance recovery of revenue.												

		Promotional Fund R308,00 escalating @ 9% per annum			<p>One such centre is located at Shop 26 in the Motherwell Shopping Centre.</p> <p>At that time, the lease agreements were concluded directly between the directorate and the landlord and in terms of the agreements, the leases auto-renewed.</p> <p>All these leases have since been taken over by the Corporate Services Directorate (Facilities Management) and this lease agreement was renewed from 1 January 2009.</p> <p>In terms of the MFMA however a contract or agreement must be procured through the Supply Chain Management system and in order to regularise the lease agreement, it was</p> <p>RESOLVED:</p> <p>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>That the lease agreement between the Nelson Mandela Bay Municipality and Community Property Company under Contract Enquiry 209 : Retail space in Shop No. 26, Motherwell be retrospectively approved for the period 1 January 2009 to 31 December 2011 and that the following rates be accepted in terms of the agreement:</p> <p>Rental: R73 m² escalation @ 9% per annum</p> <p>Promotional Fund R308,00 escalating @ 9% per annum.</p>
114	Removal of existing septic tank and replacement of new septic tanks	R55 170,00	Dream Electrical Contractors cc	30 December 2010	<p>Various activities took place in and around the NMBM during Soccer World Cup 2010. Amongst those activities, a soccer tournament for men and women was organised by the Glenville Celtic Football Club at the Gelvandale Playing Fields from 5 July to 9 July 2010. The tournament included teams from Germany and England and was attended by thousands of spectators and soccer players.</p> <p>In the preparations of the tournament it was discovered that the septic tank that serves the change rooms and ablution facilities was badly damaged and irreparable. The only solution was to install two new septic tanks to the amount of</p>

					<p>R36 070,00.</p> <p>Additional underground work had to be carried out in order to remove the existing damaged septic tank and install the new septic tanks. The additional work included fixing a burst pipe and hiring of an extra water pump, TLB and compactor. The additional work came to an amount of R19 100,00.</p> <p>Due to time constraints it was not possible to follow normal tender procedures and the EDRS Directorate was advised to obtain 3 quotations in order to proceed with the repairs.</p> <p>The requisition was forwarded to Purchasing and Supplies Division together with a motivation to bring the urgency of the work to their attention.</p> <p>An order number was issued to the Directorate for the work to be carried out.</p> <p>Having considered the report by the EDRS Directorate to the Adjudication Committee meeting held on 25 November 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That Dream Electrical Contractors cc be retrospectively appointed to install two new septic tanks at the soccer clubhouse, Gelvendale Playing fields.</p>
115	Provision of catering for municipal functions		<p>Original panel appointed on 14 June 2007:</p> <p>Mankanzie t/a Butchers Block Thabiso & Thato Bojangles Nzamezakhe Trading Khayiselisizwe JV Corporate Functions Mangconde</p>	30 December 2010	<p>The BAC at its meeting held on 14 June 2007 approved the appointment of a panel of caterers for the provision of catering services as and when required for municipal functions for a period of three years ending 30 June 2010. On 28 July 2008, the BAC also approved the appointment of further caterers to supplement the existing panel with the same contract end date of 30 June 2010.</p> <p>The Contracts Office of the Supply Chain Management Sub-directorate advertised a tender for catering services in December 2009 and thereafter held a briefing session with</p>

			<p>Malipume 'ilanga</p> <p>Panel appointed on 24 July 2008:</p> <p>Rainbow Guest House Two Square Event Management Eastern Caterers Sure Girls Catering African Habitat B & B Unipro One Trading Xabi's Catering Services Victory Ticket cc Nqoba Cleaning and Catering Zendele Trading Silikha Events Mvelase Catering Services Aza Catering Services Mabheleni Trading cc Fus Catering and Cleaning Dees Caterers Bathandina cc Nomdi's Catering NMDGM Hospitality Yizekhaya Trading Lulibo Trading Vukujonge</p>		<p>the prospective service providers. The tender closed and no evaluation took place.</p> <p>The Director: Corporate Administrative Support Services Sub-directorate (CASS) of the Corporate Services Directorate raised concerns after the tender was advertised without the involvement of CASS in the development of Terms of Reference (TOR) for the tender as well as the briefing session held with the prospective service providers. Concerns raised include lessons learnt in administering catering services for the past three years that should have been taken into account in the development of the TOR.</p> <p>The tender would be re-advertised as the work started by the Contracts Office was never concluded and its integrity compromised due to tender documents found lying in the office shared by the Director: Office of the Executive Mayor.</p> <p>CASS consulted with the Office of the Executive Mayor who are key stakeholders in the provision of catering services and a revised specification was developed.</p> <p>It was therefore requested that the current contract be extended until a process was in place for a new contract.</p> <p>Having considered the report of the Corporate Services Directorate to the Adjudication Committee meeting of 6 October 2010 and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That the service providers be appointed under Contract Enquiries 45/3 and 43/1: Provision of Catering for Municipal Services, be retrospectively be re-appointed on a month-to-month basis with effect from 1 July 2010, but not exceeding 30 November 2010, on the same terms and conditions as per their previous contract, pending the award of a new tender.</p>
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116	Maintenance and repair of disaster management lift	R1 365.72 per month, inclusive of VAT	Kone Elevators South Africa (Pty)	24 January 2011	<p>This service went out on tender in June 2010 however there was only one tender received which did not comply with the tender requirements.</p> <p>The service was once again put out on tender in August 2010 however there was no response. It is a legal requirement in terms of the Machinery Act to inspect and service these lifts on a regular basis.</p> <p>The Metro/officials will be liable for any cost and/or imprisonment in the event of an injury, death or non-compliance of this statutory requirement.</p> <p>Having considered the attached report by the Corporate Services Directorate to the Adjudication Committee meeting held on 9 December 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the provisions of Section 18 of the Supply Chain Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>That Kone Elevators South Africa (Pty) Limited be retrospectively appointed with effect from 1 December 2010 until 30 April 2011 to undertake the servicing of the Disaster Management passenger lift</p>
117	Extension of brief of Mbumba project managers	R96 500,00.	Mbumba Project Managers	22 January 2011	<p>On 5 February 2010 the Acting Municipal Manager authorised IDP and Strategic Planning Sub-directorate authority 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 with an implementation plan for the NMBM in the amount of R200 000,00.</p> <p>Mbumba Project Managers conducted the necessary revision in respect of the organogram and in terms of the implementation plan. Upon finalisation and presentation of the findings it became evident that further consultation with the NMBM was necessary in order to outline the assessed approach with each directorate and draft a methodology approach. The appointment of a new consultant would have been costly to the NMBM considering that a new consultant would have had to review the current institutional organogram</p>

					<p>with an implementation plan, which was already done by Mbumba Project Managers. Therefore the Acting Municipal Manager gave the go ahead to proceed with the assessment of the additional work provided it related to the mandated assessment. The additional work amounted to R96 500,00.</p> <p>Based on the above, it was</p> <p>RESOLVED:</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 outline the assessed approach and draft a methodology approach at a cost of R96 500,00.</p> <p>That payment of the additional related work uncovered at the finalisation of the initial revision by Mbumba Project Managers, in the amount of R96 500,00, be approved.</p>
118	Contract enquiry 2369: extension of the completion date of contract for the construction plumbing NQF level 3 learnership programme	R188 475,00 (inclusive of VAT)	East Cape Training Centre (ETC)	30 December 2010	<p>On 12 June 2008 the Adjudication Committee awarded a tender under Contract Enquiry 2369 to East Cape Training Centre (ETC) for the training of 35 learners for the Construction Plumbing NQF Level 3 Learnership Programme in the amount of R628 250,00 inclusive of VAT.</p> <p>A service level agreement was entered into between the NMBM and ETC. In terms of the service level agreement for the Learnership Programme the contract expired on 8 September 2009.</p> <p>In terms of the service level agreement the NMBM was responsible for the placement of the construction plumbing learners at host companies within the metro to gain practical workplace experience as prescribed by SETA.</p> <p>Due to the recession in 2009 the NMBM found it difficult to place the learners.</p> <p>In consultation with Legal Services, the Corporate Services Directorate extended the completion date of Contract Enquiry 2369 between the NMBM and ETC.</p> <p>The extension of the completion date had no additional financial implications for the NMBM.</p>

					<p>ETC could only conduct the final summative assessments and submission of learner portfolios to CETA once the learners obtained sufficient workplace hours at the host companies. ETC has now completed the project and must be paid for services rendered.</p> <p>As it is past the expiry date of the contract, the service level agreement has to be extended in order to authorise the outstanding payment due to ETC.</p> <p>Having considered the request of the Corporate Services Directorate and the reasons for the deviation as set out in the motivation above, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That East Cape Training Centre (ETC) be retrospectively appointed from 1 September 2009 to 31 December 2010 in order to complete the Construction Plumbing Learnership NQF Level 3 programme on the same terms and conditions as the expired contract and without any additional financial implications for the NMBM.</p> <p>That payment of the outstanding amount of R188 475,00 (inclusive of VAT) due to ETC be authorised.</p>
119	Power purchase agreement: Coega 1,8 Megawatt wind turbine		Electrawinds / Floupro Joint Venture	16 December 2010	<p>Having considered the report of the Electricity and Energy Directorate to the Adjudication Committee meeting held on 9 December 2010 and that as the purchasing of energy from the Coega 1,8 MW Wind Turbine Generator would be cost effective as the total cost of supply would be lower than the cost of supply from Eskom, i.e.</p> <p>No Environmental Levy – Reduction of Levy charge by Eskom by kWh's consumed of Green Energy.</p> <p>Reduction of Transmission network charge from Eskom bill by amount equivalent to the purchase of Green Energy.</p>

					<p>Reduction of Distribution Network Charge from Eskom bill by amount equivalent to the purchase of Green Energy.</p> <p>Reduction of Network Demand Charge from Eskom bill by amount equivalent to the purchase of Green Energy,</p> <p>RESOLVED:</p> <p>That authority be granted to deviate from the Municipal Supply Chain Management Policy in terms of Sections 36 (1) (a) (v) and 37 (2) (a), (b) and (d) thereof, and that Electrawinds / Floupro Joint Venture be appointed as the provider of Green Energy generated from the Coega 1.8 MW Wind Turbine to the NMBM for a period of 36 months.</p> <p>The NMBM enters into a Power Purchase Agreement for a period of 36 months with the company.</p>
120	Rentokil Initial (Pty) Limited: indoor plants	<p>R1 446,66, at R582,22 per month from 1 July 2010 to 30 September 2010</p> <p>R5 677,20 for the period 1 July 2009 to 30 June 2010</p>	Rentokil Initial (Pty) Limited	15 December 2010	<p>The Internal Audit and Risk Management Directorate initially obtained the services of Rentokil Initial (Pty) Limited for the supply and maintenance of indoor plants on an annual basis on an annual requisition. The use of annual requisitions was however stopped by Budget and Treasury. A contract for 6 months was entered into that should have ended on 30 April 2010 but due to an administrative oversight and the fact that it was stipulated in the contract with the company that three months notice of termination must be given (which should have been done on 1 February 2010) the notice was only given on 1 July 2010. The service therefore continued until 30 September 2010. Invoices for 12 months to the value of R5 677,20 were subsequently received from the company but could not be paid as there was no authority for payment. The Internal Audit Sub-directorate submitted a report to the Adjudication Committee meeting of 19 August 2010 in order to obtain approval for a deviation from tender procedures. In the meantime an accrual of funds has been processed in order to be able to make payment in the new financial year once the expenditure has been regularised.</p> <p>The reason for requesting a deviation was therefore to regularise the expenditure incurred in respect of the services rendered by Rentokil Initial (Pty) Limited so that payment due to the company can proceed.</p> <p>Having considered the report of the Internal Audit Sub-</p>

					<p>directorate to the Adjudication Committee meeting of 19 August 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That in order to regularise the contract:</p> <p>That authority be granted to deviate from the Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof.</p> <p>That payment of R5 677,20 be authorised to Rentokil Initial (Pty) Limited for services rendered for the period 1 July 2009 to 30 June 2010.</p> <p>That Rentokil Initial (Pty) Limited be retrospectively appointed with effect from 1 May 2010 to 30 September 2010.</p> <p>That payment of R1 446,66, at R582,22 per month be authorised to Rentokil Initial (Pty) Limited for the duration of the notice period commencing 1 July 2010 ending 30 September 2010.</p>
121	Contract enquiry 2539: civil services for Chris Hanu, Ramaphosa, Kwanobuhle: increase in contract price	increased by R857 853,22 from R9 379 920,00 to R10 237 773,22 including VAT and contingencies	Civils 2000 (Pty) Ltd	9 December 2010	<p>The Infrastructure and Engineering Directorate encountered additional expenses in the execution of this contract which led to an increase in the contract price due to the following reasons:</p> <p>Delays suffered due the relocation of poles and overhead cables, 6 weeks at R24,077.81 per week amounting to R144,466.86. This claim dealt with the re-positioning of existing overhead electricity supply cables to all houses and the relocation of existing poles to enable services to be laid.</p> <p>Reconstruction of premixed sidewalks amounting to R157,500.00. This variation order dealt with the installation of additional road crossings and the reconstruction of sidewalks.</p> <p>An error in the Bill of Quantities which resulted from the omission of a zero in the quantity of the gravel wearing course changing the value from 3,500 m² to 35,000 m² amounted to R976,500.00. This additional cost would have been included in the tender price, if the quantity had been scheduled correctly and the tender price would have been higher. This is therefore not fruitless expenditure since it should have been part of the original tender price.</p>

					<p>When the amount allowed in the original tender for contingencies (R752 502,82) is subtracted the additional expenses amount to R857 853,22 (inclusive of VAT of R105 350,40).</p> <p>Infrastructure and Engineering's item in the Adjudication Committee agenda suggests that Lukhozi Consulting should forego the additional fees generated from the additional contract price (consultants are normally charged as a percentage of the total price paid to the contractor). However, this is a Provincial Housing Project. The fee scale for consultants is different in such projects. The consultant is remunerated per erf. Therefore he will not realize any additional fees due to the increase in the contract price. The comment in the item is therefore erroneous. The consultant will be issued with a warning that such errors will not be condoned in future.</p> <p>Having considered the report of the Infrastructure and Engineering Directorate to the Adjudication Committee meeting of 16 September 2010 and the reasons for the deviation as set out above, it was</p> <p>RESOLVED:</p> <p>That given the additional expenses that were encountered in the execution of the contract and which have led to the increase in costs on the contract:</p> <p>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>That the contract price for Contract No. CE 2539 for the provision of Civil Services for Chris Hanani, Ramaphosa, Kwanobuhle, awarded to Civils 2000 (Pty) Ltd be increased by R857 853,22 from R9 379 920,00 to R10 237 773,22 including VAT and contingencies, and subject to escalation in terms of the contract.</p>
122	Emergency repairs to Greenbushes – Summerstrand 132 KY Oil Filled Core Cable	R602 636,18 inclusive of VAT	CBI Electrical African Cables	16 December 2010	The Greenbushes – Summerstrand 132 kV feeder was vandalised on Monday, 13 December 2010 at approximately 16:00 causing it to trip out thus restricting the Summerstrand 132 kV ring to be non-firm.

					<p>Should a fault occur on the second 132 kV overhead feeder, then large portions of the city will be without electricity supply (high risk) until such stage that the second feeder is repaired, dependent on the severity of the fault.</p> <p>CBI Electrical African Cables is the only company known to the Electricity and Energy Directorate that can undertake the repair work of high voltage oil filled cables.</p> <p>Having considered the report by Electricity and Energy Directorate, the urgency of the repairs as detailed in the motivation for the deviation detailed above, it was</p> <p>RESOLVED:</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)(i) and (v) thereof due to the urgency of the repairs.</p> <p>That CBI Electrical African Cables be appointed at an estimated price of R602 636,18 inclusive of VAT to carry out the emergency repair to the 132 kV cable.</p>
123	Microsoft software select agreement		Business Connexion (BCX)	28 December 2010	<p>Having considered the report by the Corporate Services Directorate (Metropolitan Information Services) to the Adjudication Committee meeting of 9 December 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That in terms of paragraphs 31 and 32 of the Municipal Supply Chain Management Policy – Procurement of IT related goods or services, Business Connexion (BCX) be appointed as the Select Agreement partner for the period ending 30 November 2011 in accordance with the SITA tender validity period and subject to an agreement being entered into with SITA.</p> <p>(Each NMBM directorate is responsible for the purchase of their own software. The Metropolitan Information Services is responsible for purchasing of all IT related goods and services on their behalf and to maintain licensing records. Financial provision is certified by the relevant accountant on submission of each Systems Request).</p>

124	Institutional Contract Management and Administration System (ICMAS)		Heerkos Projects t/a INTPS	14 December 2010	<p>Having considered the report to the Adjudication Committee meeting held 25 November 2010 and the recommendation of that Committee, it was</p> <p>RESOLVED:</p> <p>That in terms of Section 24 of the Supply Chain Management Policy negotiations be entered into with Heerkos Projects t/a INTPS, the preferred bidder under Contract CE2725 for the Development, Implementation and Maintenance of an Institutional Contract Management and Administration System (ICMAS) within the available budget reflected hereunder over a three year period:</p> <p>2010/11-R1 200 000 2011/12-R1 296 000 2012/13-R1 399 680 <u>R3 895 680</u></p> <p>That should the proposed negotiations with regard to the implementation of the project at a reduced price be successful, the Office of the Chief Operating Officer, under whose jurisdiction this project resides, take ownership thereof.</p> <p>That full details concerning the issue of site visits undertaken in respect of the proposed project be made available to the Acting Municipal Manager by the Office of the Chief Operating Officer</p>
125	Approval of deviation from the provisions of the Municipal Supply Chain Management Policy: appointment of service providers for the IDP and budget public hearings to commence on 6 April 2010 until 12 May 2010		Various service providers	19 January 2010	<p>A deviation from the provisions of the Municipal Supply Chain Management processes was required to approve the appointment of services providers that were engaged in the IDP and Budget process hearings with communities during the period 6 April 2010 to 12 May 2010. 60 public hearings were held in different parts of the city as per the schedule provided in the report by the Director: Constituency Services.</p> <p>Six groups led by the Executive Mayor, Deputy Executive Mayor and Mayoral Committee members ensured that all stakeholders and community members were reached during this process.</p> <p>In addition to the above community leadership consultative sessions/mini workshops to prepare communities, 60 broader public hearings on ward based plans, IDP and budget were</p>

					<p>held during the period 24 March 2010 to 27 April 2010.</p> <p>Due to time constraints and the difficulty to determine final costs prior to the receipt of all accounts from service providers, this deviation to authorise their payment is applied for ex post facto.</p> <p>In view of the above, it was</p> <p>RESOLVED:</p> <p>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 IDP and Budget hearings in respect of PA systems, loud-hailing, venues hired, bus transport and the hire of a marquee tent.</p> <p>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 that are not catered for under annual contracts details of which are set out in the report by the Director: Constituency Services.</p>
126	Appointment of service providers for review of sixty ward plans	<p>R 58 000,00</p> <p>R 60 000,00</p> <p>R 91 000,00</p> <p>R 93 000,00</p> <p>R 97 000,00</p> <p>R 82 500,00</p>	<p>Vusisizwe Independent Consultants cc</p> <p>Silicon Construction and Projects cc</p> <p>Distinctive Trading cc</p> <p>Pantium Trading and Projects cc</p> <p>Mzayifane Trading 3</p> <p>Thabisa Phetuka and Associates</p>	14 January 2011	<p>The Nelson Mandela Bay Municipality is divided into 60 Wards. In 2007 each ward was tasked with drafting a ward plan after Ward Councillors and a group of ten (10) community leaders, (10) Ward Committee members and two (2) Ward Facilitators had undergone training on community based planning. The training was conducted by Nelson Mandela Metropolitan University's Raymond Mhlaba Research Institute. The Ward Plans produced are regarded as "mini IDPs" because they inform the IDP of the Municipality. Since the drafting of Ward Plans in 2007 there was no review process.</p> <p>The IDP Office encountered a number of challenges in May 2009, when we wanted to start the review process and it ended up being delayed hence it is our view that the review process cannot wait for the normal procurement procedures. If the Ward Plans cannot be reviewed in January 2011, that would result in non-compliance and serious service delivery challenges in the next five years.</p>

					<p>Motivation</p> <p>IDP Office advertised community based tender on 01 December 2010 as an informal tender to review 60 Ward Plans (Refer: CSQ111022 / Item 1).</p> <p>Sequent to this a compulsory briefing session was held on 06 December 2010 and on 10 December 2010 the tender was closed.</p> <p>After receiving recommendations from the Supply Chain Management Unit, it emerged that the tender will be paid from the same vote number.</p> <p>It will be treated as a single transaction and as a result it will exceed the R200 000,00 threshold for the informal tender, therefore it cannot be approved unless it goes out on a formal tendering process.</p> <p>Starting with a process of a formal tender in January 2011 will result in non-compliance with IDP timeframes.</p> <p>Reviewed Ward Plans need to be incorporated into the 2011/12 draft IDP by the end of February 2011. It would be disastrous for the IDP processes if we were to go the route of formal tender processes. The fact that these Ward Plans have never been reviewed before and their non-reviewal may affect the credibility of the municipality's IDP.</p> <p>It was advisable that the Acting Municipal Manager gives priority to this request as the Office wants to roll out the review process of Ward Plans.</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to appoint the service providers</p>
127	Approval of payment of account of forensic investigators, Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) Limited, for services rendered into the alleged misconduct: NMBM /	R89 212,30	Ramathe Fivaz Forensic Investigative Accounting Services (Pty) Limited	4 February 2011	Municipal Manager's Resolution 1473 dated 11 November 2009 approved a deviation from the provisions of the Municipal Supply Chain Management Policy to inter alia appoint Ramathe Fivaz Forensic and Investigative Accounting Services (Pty) Limited to investigate the alleged misconduct of Adv J G Richards.

	Adv J G Richards				<p>At the Special Council meeting of 4 February 2010 the mandate of Ramathe Fivaz was extended beyond 31 December 2009 for the purposes of providing support disciplinary processes.</p> <p>Payment for services rendered for the period 26 June 2010 to 23 July 2010 in the amount of R89 212,30 is still outstanding and in order for this payment to proceed, it was</p> <p>RESOLVED:</p> <p>That payment of the amount of R89 212,30 to Ramathe Fivaz Forensic Investigative Accounting Services (Pty) Limited be authorised for services rendered in respect of support disciplinary processes regarding the Municipal Manager for the period 25 June 2010 to 23 July 2010.</p>
128	Extension of services of Nationwide Security and Umsimbithi Security Services		Nationwide Security and Umsimbithi Security Services	12 January 2011	<p>The Acting Municipal Manager previously 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 December 2010 in order for all administrative and normal tender processes to be completed and finalised. This however could not be achieved within the timeframe provided and a further extension of the contract with the current service providers until 30 June 2011 was therefore required.</p> <p>Motivation</p> <p>As detailed in the report by the Acting Director : Safety and Security that due to the following circumstances, beyond the control of the Safety and Security Directorate, it would not be possible to finalise Contract 45/5 and appoint a new service provider/s before the end of June 2011:</p> <p>Specifications needed to be re-drafted and approved by SCM in terms of compliance standards.</p> <p>Sufficient time was required for the normal administrative and tender processes to be completed.</p>

					<p>RESOLVED:</p> <p>That, for the reasons set out in the above motivation above and 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) thereof to authorise the current service providers, Nationwide Security and Umsimbithi Security Services, to continue with the provision of security services to NMBMM from 1 January to 30 June 2011, as per current terms and conditions of the contract, in order to allow sufficient time for the administrative issues regarding the appointment of the new service providers to be finalised.</p>
129	Contract PEE3319 : Unique Mbane SA (Pty) Limited : Supply Of 2 000 AMR Meters	<p>1 400 common base meters (PLC 101) R2 707 292,00</p> <p>140 Split DIN Railmount Meters (LC 102) R213 752,00.</p> <p>460 Split DIN Railmount Meters (LC102) R827 540,00</p>	Unique Mbane SA (Pty) Limited	25 February 2011	<p>During 2006 the NMBM awarded a tender for the supply of 37 300 automatic meter readers to Unique Mbane SA (Pty) Limited for a period of three years with an option to extend for a further two years.</p> <p>Due to circumstances beyond either parties' control the project was stopped after only 300 meters had been supplied.</p> <p>Over the last six years there has been a worldwide acceptance that intelligent meter reading systems (Smart Metering and AMR) can play a major role in equipping users as well as utilities in the ability to deal with issues relating to energy efficiency (EE) as well as Demand Side Management (DSM). This feature of AMR convinced Eskom and ultimately DME/DOE to promulgate regulations recently.</p> <p>The original specifications of the project have changed as a result of the introduction of new standards by National Government. The enhancements have now been accepted and incorporated in the newly developed NRS 049 specifications.</p> <p>For all meters to comply with new standards the original contract value of Contract PEE3319 has increased due to the enhancement costs per meter to comply with NRS049 specifications and a deviation from tender procedures was therefore required to approve the increased costs.</p> <p>Having considered the report of the Electricity and Energy Directorate to the Adjudication Committee meeting held on 17 February 2011 and the reasons for the deviation as set out in</p>

					<p>the above motivation, it was</p> <p>RESOLVED:</p> <p>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 and that the issues reflected below be approved as negotiation points under PEE3319.</p> <p>That the purchase and installation of 2 000 meters, ancillary equipment and software be governed by a service level agreement to be entered into to amend certain conditions specified under Contract PEE 3319 to be completed by 31 March 2011; furthermore</p> <p>That the 1 400 common base meters (PLC 101) held in stock by Unique Mbane be supplied in the total amount of R1 933,78 per meter (including enhancement cost of R364 per meter and VAT). Total cost: R2 707 292,00;</p> <p>That 140 Split DIN Railmount Meters (LC 102) held in stock by Unique Mbane be supplied in the total amount of R1 526,80 per meter (including enhancement cost of R364 per meter and VAT). Total cost: R213 752,00.</p> <p>That 460 Split DIN Railmount Meters (LC102) be supplied in the amount of R1 799,00 per meter (VAT inclusive) negotiated at Eskom pricing level. Total cost: R827 540,00</p> <p>That the original contact value of Contract PEE 3319 be increased by R853 212,00 (the enhancement costs per meter in terms of NRS049 specifications) from R2 895 372,00 to R3 748 584,00, inclusive of VAT for the supply of 2 000 AMR meters under Contract PEE3319: 3/5 year Performance Contingent Contract: Automated Meter Reading.</p> <p>That the above costing excludes system costs such as concentrators and other possible hardware which costs will be in terms of the conditions and pricing of Contract PEE3319 as per the price schedule of Unique Mbane SA (Pty) Limited.</p>
130	Contract SCM 328 : provision and maintenance of internet services		Netconnect	15 March 2011	<p>Tenders were called for but all the tenders were deemed <u>non-responsive</u>.</p> <p>The current maintenance contract awarded to Netconnect expired on 18 February 2011 and it was therefore necessary</p>

					<p>to extend the existing contract so that service delivery would not be affected.</p> <p>Having considered the report of Corporate Services Directorate to the Adjudication Committee meeting held on 17 February 2011, the recommendation of that Committee and the reasons for the deviation set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That the existing contract be extended on a month to month basis with the existing supplier, Netconnect for a period not exceeding three (3) months, on the same terms and conditions as the current contract, whilst fresh tenders were being invited.</p>
131	Office space lease agreement for Ward 1 councillor (Summerstrand)		Seagate Property	15 March 2011	<p>A lease agreement for a period of 2 years with an option to renew for a further 2 years was entered into between the NMBM and Seagate Property Trust.</p> <p>The first 2 years expired on 28 February 2011 and needed to be extended until 30 June 2011 to coincide with the Councillor's term of office.</p> <p>At the time the only office space available was for the Councillor and his secretary, there was no space available for a boardroom. The landlord has now informed that space is available for a boardroom for the Councillor. As a boardroom forms part of the Councillor's requirements, it was proposed that it be included in the lease agreement which will also terminate on 30 June 2011.</p> <p>Having considered the report of the Corporate Services Directorate (Facilities Management) to the Adjudication Committee meeting held on 17 February 2011, the recommendation of that Committee and the reasons for the deviation as detailed above, it was</p>

					<p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That the current lease of office No. 9, first floor, Seagate Centre Summerstrand, be extended until 30 June 2011 with Seagate Property under the same terms and conditions.</p> <p>That offer to lease Office No. 10 for a boardroom from Seagate Property until 30 June 2011 in the amount of R1 482,00 inclusive of VAT per month be accepted.</p>
132	Acquisition of goods and services for the kick off of the Mayoral Cup Challenge: 19 March 2011 : Despatch Central Sports fields	R226 900,00	Various service providers	5 April 2011	<p>In 2010 the NMBM launched the Mayoral Cup Challenge with three sporting codes, rugby, football and netball and the Council adopted the event as an annual programme.</p> <p>Although the responsible officials commenced with arrangements for the 2011 Mayoral Cup Challenge in November 2010, the Executive Mayor only announced the kick off date of 19 March 2011 at a meeting held on 8 March 2011. As the timeline was too short to follow formal supply chain management procedures, a deviation from tender procedures was applied for by the EDRS Directorate in order to engage service providers for the provision of goods and services for the event.</p> <p>Having considered the motivation for the deviation as set out above and more fully explained in the report by the EDRS Directorate, it was</p> <p>RESOLVED</p> <p>That authority be granted to deviate from paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That the quotations obtained for services received and rendered that are not catered for under annual contracts in the total amount of R226 900,00 in respect of the Mayoral Cup Kick Off held on 19 March 2011, be approved, i.e.</p> <p>Transport R22 000</p>

					Entertainment R50 000 PA System R65 000 Hiring of tent 16 400 Ambulance services R 3 500 Loud-hailing R70 000
133	Contract SCM 316 : lease of office space (14 th floor Fidelity)	Rental and other payments cost Annual Cost including VAT = R463 336,84 Parking R438,90 per bay including VAT x 10 = R4 389,00 per month Annual Cost including VAT = R52 668,00	Redefine Properties Ltd	12 April 2011	<p>The NMBM has embarked upon a process to meet the requirements that will ultimately lead to full Assignment of Authority (Level 3 Accreditation). Once achieved the NMBM would be required to perform all the functions of the Provincial Department of Human Settlements.</p> <p>Since the NMBM's Human Settlements Directorate (Housing Sub-directorate) is mostly affected by this imminent change it is leading the process with regards to staff complement and office space. National grant funding has been received in order to obtain accreditation.</p> <p>The Sub-directorate is currently occupying office space on the 1st and 8th Floor of Fidelity House and does not have adequate space to accommodate additional staff to be appointed for the new section.</p> <p>In order to enhance efficiency and management of the new section it is imperative that they all be housed under one roof.</p> <p>The only available space in close proximity is the 14th Floor, Fidelity House Building</p> <p>A deviation from tender procedures was required to lease the office space.</p> <p>Having considered the report of the Executive Director: Corporate Services (Facilities Management) to the Adjudication Committee meeting held on 17 February 2011, the recommendation of that Committee and the reasons for the deviation set out in the above motivation, it was</p>

					<p>RESOLVED:</p> <p>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>That the offer of Redefine Properties Ltd for the lease of office space on the 14th Floor Fidelity House be accepted for a period of 3 years as reflected below and escalating annually by 10%.</p> <p>Rental 14th Floor - R38 087,40 (including VAT) 14th Floor - R41 896,14 (including VAT) 14th Floor - R46 085,75 (including VAT)</p> <p>Other Payments 14TH Floor - R440,67 (including VAT)</p> <p>Rental and other payments cost Annual Cost including VAT = R463 336,84</p> <p>Parking R438,90 per bay including VAT x 10 = R4 389,00 per month Annual Cost including VAT = R52 668,00</p>
134	Payment of Metrofile for the provision of documents archiving for learner and driving licence documentation for period with extended contract	R11 000,00 per month including VAT for the period 1 June 2010 to 30 June 2011	Metrofile	12 April 2011	<p>The Archiving of Driving and Learner licence files is a legal requirement in terms of the National Road Traffic Act.</p> <p>The Traffic and Licencing Services are making use of Metrofile as a service provider due to the fact that no alternative filing space that meets the minimum requirements is available</p> <p>Metrofile currently stores approximately 420 000 files</p> <p>The Traffic and Licensing Services followed the tender processes and invited tenders for the archiving of said documents as the contract with Metrofile expired</p> <p>The tender process took longer than planned due to a number of setbacks beyond the Directorate's control.</p>

				<p>The document was taken back to Specifications more than once for changes to be made as the format kept on changing</p> <p>Problems occurred during the placement of the tender advertisement as problems occurred with the ISO</p> <p>The advert was again delayed due to a misunderstanding between Departments</p> <p>Rescheduling of meetings/meetings not taking place further hampered the process</p> <p>The tender could not be allocated due to a lack of funds</p> <p>Should a different service provider be appointed, the retrieval cost for the Directorate will be R109 222.35 . At this point in time there are no funds to accept the tender of the new service provider.</p> <p>Due to the long delay it has become necessary to once again extend the contract period for payment retrospectively from 1 June 2010.</p> <p>Sufficient funds are available to continue with the current service provider until 30 June 2011.</p> <p>Having considered the report of the Safety and Security Directorate to the Adjudication Committee meeting held on 17 February 2011, the recommendation of that Committee and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That Metrofile be retrospectively appointed with effect from 1 June 2010 for the provision of archiving for learner and driving licence documentation in an amount not exceeding R11 000,00 per month including VAT for the period 1 June 2010 until 30 June 2011 and that fresh tenders be invited as soon as finances become available.</p>
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135	Approval to settle outstanding fees for maintenance services rendered on lapsed service level agreements whilst tenders are invited for the purpose of establishing a new three-year service level agreement for the Phillips is1000, s100 and two ips2000 PABX systems servicing the Fire and Emergency services and Disaster Management sub-directorates	R68 481,72 (VAT included) for Fire and Emergency Services R41 981,50 (VAT included) for Disaster Management	Gijima Ast Holdings (Pty) Ltd	12 April 2011	<p>Communication is a vital factor when taking into consideration the nature of the services rendered by the Disaster Management and Fire and Emergency Services Sub Directorates.</p> <p>Both Sub-Directorates require reliable communication systems with an approved multi-year SLA in place for regular maintenance and emergency call-out services.</p> <p>The existing SLAs have expired and Gijima Ast has been carrying out the necessary maintenance to the systems in the interim, particularly during the period of the 2010 FIFA World Cup.</p> <p>It was therefore necessary to enter into a SLA in order not only to continue regular maintenance and call-out services, but also to be able to pay the outstanding accounts for services rendered.</p> <p>Having considered the report by the Safety and Security Directorate to the Adjudication Committee meeting held on 17 February 2011, the recommendation of that Committee and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That the outstanding fees be paid for maintenance services rendered by Gijima Ast Holdings (Pty) Ltd, whilst fresh tenders were being invited, in the amounts of R68 481,72 (VAT included) for Fire and Emergency Services – Vote 08140365 and R41 981,50 (VAT included) for Disaster Management – Vote 01730365.</p> <p>That authority be granted for the payment of maintenance to the system on a monthly basis until 30 June 2011, whilst the tender process for a new three-year SLA is completed.</p>
136	Traditional dancers/artists for entertainment programme of ironman 2011 event	R78 000,00	13 traditional dance groups	8 April 2011	The NMBM has an agreement with Ironman SA to support the biggest national triathlon event in Nelson Mandela Bay. Since the inception of the event, the Arts and Culture Sub-

		R12 000	Thandisizwe Hallam, Siyabulele Fatman and Mninawa Mangweni	<p>directorate of the Economic Development and Recreational Services Directorate has supported the design of an arts programme to assist with marketing the NMBM through the globally televised Ironman SA. The focus has been on traditional dancers choreographed to complement the activities of the Triathlon</p> <p>Traditional dancers is a challenge within the context of the Supply Chain Management Policy due to the fact that:</p> <p>Traditional dance groups are often ephemeral</p> <p>Traditional dance groups are community based and do not have the means to comply with the rigorous requirements of the Supply Chain Management Policy.</p> <p>Traditional dance groups are therefore not registered as legal entities and are not on the NMBM supplier database. The participation of these groups geographically shows that they come from the most impoverished areas in the NMBM.</p> <p>Approval for the services of these types of groups has previously been handled by means of a deviation from Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) thereof which makes provision for the acquisition of artistic services where specifications are difficult to compile.</p> <p>In verifying potential risks to costs and the management of the programme, the EDRS Directorate has consolidated a traditional dance group database. Verification through public consultation has been concluded to avoid duplication of groups and the risk of non-practising and non-existing dance groups.</p> <p>In addition, the logistical management of the 160 persons requires additional coordination and choreographic human resources at a cost of R12 000.</p> <p>The estimated cost for transport of the groups from all areas of the NMBM is R19 000.</p> <p>The total estimated cost for catering for 160 persons at R95 per person for two meals and liquids is R139 400.</p>
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					<p>Having considered the motivation for the deviation as set out above and more fully explained in the report by the EDRS Directorate, it was</p> <p>RESOLVED:</p> <p>That the procurement processes be dispensed with in terms of paragraph 36(1)(a)(iii) of the Municipal Supply Chain Management Policy and that the services to be rendered by the traditional dancers and choreographers for Ironman 2011 be authorised.</p>
137	Contract enquiry 2442: new clubhouse at Finnis Street Sports Fields	increased accordingly by R196 831,01, from R5 321 784,46 to R5 518 615,47, inclusive of VAT.	Pro-Khaya Construction	13 April 2011	<p>Unforeseen circumstances, revised foundation construction, expanded eaves beam design, re-routed drainage layout, expanded apron detail, fire services requirements and construction delays, have led to the increased costs on the contract, resulting in the contract amount being exceeded.</p> <p>These additional costs should not be construed as “fruitless expenditure” as the design and functional elements addressed by these items are essential to the integrity and functioning of this facility.</p> <p>It was not known, right up to completion of project, that there would be a cost over-run in the project.</p> <p>Having considered the report by the Economic Development and Recreational Services Directorate to the Adjudication Committee meeting of 17 February 2011, the recommendation of that Committee and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That the unforeseen extra works necessitated under Contract CE2442 : New Clubhouse at Finnis Street Sports Fields and effected by Pro-Khaya Construction be retrospectively approved and that the contract price be increased accordingly by R196 831,01, from R5 321 784,46 to R5 518 615,47, inclusive of VAT.</p>

138	Contract C375W : repairs and rehabilitation of the Van Stadens river pipe bridge and associated pipeline	increased by R536 821,26 from R4 079 621,87 to R4 616 443,13, inclusive of 15% contingencies and VAT	Stefanutti Stocks (Pty) Limited	13 April 2011	<p>The additional repair work to the piles was necessary as the concrete had deteriorated substantially and needed repair.</p> <p>In addition to this, the access for the repairs was available and with the installation of the cathodic protection system to each of the piles, all repairs needed to be finalised before the system could be installed.</p> <p>Should the repairs not have been completed under the current contract, the cathodic protection system would have to be removed from within the piles, resulting in damage to both the cathodic system and the already repaired concrete.</p> <p>Having considered the report by the Infrastructure and Engineering Directorate to the Adjudication Committee meeting held on 17 February 2011, the recommendation of that Committee and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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>That the appointment of Stefanutti Stocks (Pty) Limited, under Contract C375W: Repair and Rehabilitation of the Van Stadens Pipe bridge and Associated Pipeline, to undertake necessary additional repair work to the piles of the piers as well as other minor additional works be approved and that the contract sum of C375W be accordingly increased by R536 821,26 from R4 079 621,87 to R4 616 443,13, inclusive of 15% contingencies and VAT.</p>
139	Procurement of various goods and services : solar heater launch : ward 60	R129 400	Various service providers	16 May 2011	<p>The Electricity and Energy Directorate was informed on 6 May 2011 that the Ward 60 Solar Heater launch would take place on 13 May 2011.</p> <p>The date of the launch could only be determined after confirmation of the national delegation by the Presidency in order for it to coincide with the visit of President Jacob Zuma to Nelson Mandela Bay as he would be the guest speaker.</p>

					<p>Due to limited time frames and the challenge that annual contracts are not in place for the goods and services to be procured, i.e. t-shirts, transport, hiring of tents and portable toilets, tables and chairs and loud-hailing, it was not possible to follow formal Supply Chain Management procedures and three quotes were obtained to procure these goods and services.</p> <p>A deviation from Supply Chain Management procedures was therefore required to authorise the procurement of goods and services.</p> <p>Having considered the report of the Electricity and Energy Directorate and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That authority be granted for the procurement of various goods and services for the Solar Water Heater launch in Ward 60 on 13 May 2011 at a cost of approximately R129 400.</p>
140	Contract enquiry 2265 : support, development and maintenance of on-line web-based financial management tool		Macrovest (Pty) Limited	10 May 2011	<p>The current contract which was extended on a month to month basis from 1 December 2010 expired on 30 April 2011. The bid process re-commenced in February 2011.</p> <p>The new tender advertisement date was 16 March 2011 and the tender closed 21 April 2011. In order to maintain the decision support platform and to continue providing a mechanism that allows for meaningful reporting it was necessary to have the current service provider, Macrovest (Pty) Ltd, available until the new contract is awarded.</p> <p>Having considered the report by the Chief Financial Officer and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of</p>

					<p>paragraph 36(1)(a)(v) thereof.</p> <p>That the current contract with Macrovest (Pty) Limited trading as Business Intelligence be extended with effect from 1 May 2011 on a month-to-month basis not exceeding 30 June 2011 pending the completion of the tender process for the award of a fresh tender for this service.</p>
141	Contract SCM 311: design, supply, installation and maintenance of electronic traffic law enforcement equipment and related software: TCS (formerly known as Labat Traffic Solutions (Pty Ltd)		TCS (formerly known as Labat Traffic Solutions (Pty) Limited)	10 May 2011	<p>The Adjudication Committee has not been able to adjudicate the item for the tenders received for the design, supply, installation and maintenance of electronic traffic law enforcement equipment and related software as there was no quorum.</p> <p>The current service provider TCS (formerly known as Labat Traffic Solutions (Pty) Limited) must therefore be appointed for an additional period of one month to allow for the new contract to be awarded.</p> <p>The Safety and Security Directorate is applying for a deviation from tender procedures in order to extend the contract of the current service provider.</p> <p>Having considered the report by the Acting Executive Director: Safety and Security and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That the provisions of paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That TCS (formerly known as Labat Traffic Solutions (Pty) Limited) be re-appointed for a further month, i.e. until 31 May 2011, pending the award and the commencement of the required service by a newly appointed contractor in due course.</p>
142	Procurement of various services: Human Settlements Directorate: launch of Kwanobuhle areas 9 and 10	R608 390	Various service providers	6 May 2011	<p>After postponement of the original launch date, the Human Settlements Directorate was only advised on 19 April 2011 that the launch will proceed on 9 May 2011.</p> <p>Although immediate action was taken by the Directorate to submit the required documentation to Purchasing and Supplies so that tender procedures could be followed for the</p>

					<p>acquisition of goods and services, this was not possible due to the intervening public holidays.</p> <p>A deviation was therefore required by the Directorate for the acquisition of goods and services for the launch.</p> <p>Having considered the report by the Human Settlements Directorate and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</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 for the procurement of goods and services by the Human Settlements Directorate for the KwaNobuhle Area 9 and 10 launch on 9 May 2011 at an approximate cost of R608 390, subject to compliance with Supply Chain Management procedures.</p>
143	Extension of annual contract SCM 74: plastic refuse bags		Izakhamzi Plastic (Pty) Limited	10 May 2011	<p>Tenders were advertised but were withdrawn at the BAC meeting held in June 2010 as it was under investigation by the Internal Audit Division.</p> <p>On 16 August 2010 the Acting Municipal Manager approved a deviation (resolution 1727) for the extension of the contract for a further period of six months ending 31 December 2010.</p> <p>Currently there is no contract in place for the service under Contract 74 as it expired on 31 December 2010 and the process cannot be finalised as the investigation is still ongoing by the Internal Audit Division.</p> <p>In order to avoid a situation where non-service delivery could occur, and until such time that the contract could be finalised, the Municipality required an adequate supply of materials under this contract.</p> <p>It was therefore in the Municipality's interest to re-appoint the contractor under contract 74 for a period of 6 months i.e. 1 January 2011 to 30 June 2011.</p> <p>Having considered the reasons for the deviation as set out in the above motivation, it was</p>

					<p>RESOLVED:</p> <p>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>That Izakhamzi Plastic (Pty) Limited previously appointed under SCM 74 : Plastic Refuse Bags be retrospectively reappointed on a month-to-month basis not exceeding 30 June 2011, on the same terms and conditions as the recently expired contract</p>
144	Procurement of goods and services for Human Rights day : 21 March 2011	R24 000 R85 800	Liyema Advertising and Promotion Events cc FNQ Bus Services	10 May 2011	<p>The Constituency Services Sub-directorate coordinated the procurement of goods and services for the Human Rights Day event held on 21 March 2011</p> <p>Loudhailing, sound equipment and stage were procured following normal Supply Chain Management Procedures</p> <p>At a very late stage the sub-directorate was advised to organize entertainment and due to the limited time available, entertainment could not be procured by following Supply Chain Management procedures and three quotations were obtained instead.</p> <p>Although Algoa Bus Company tendered for the provision of 22 buses, its buses could not be utilised as due to an administrative error no prior order was obtained and Algoa Bus would not provide the service without an order. The only option available was to obtain the services of FNQ Bus Services.</p> <p>The Constituency Services Sub-directorate requested that a deviation from Supply Chain Management procedures be authorised for the appointment of service providers for entertainment and the hiring of 22 buses.</p> <p>Having considered the report of the Director: Constituency Services and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That the provisions of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p>

					<p>That authority be granted to pay Liyema Advertising and Promotion Events cc for providing entertainment at the Human Rights Day event on 21 March 2011 at a cost of R24 000</p> <p>That authority be granted to pay FNQ Bus Services for the hiring of 22 buses for the event at a cost of R85 800.</p>
145	Acquisition of goods and services for the Mayoral Cup challenge finals	R1 020 000	Various service providers	16 May 2011	<p>In 2010 the NMBM launched the Mayoral Cup Challenge and the Council adopted the event as an annual project.</p> <p>The finals of the Mayoral Cup Challenge for 2011 took place at Gelvandale Stadium on 15 May 2011.</p> <p>Adequate budget provision was not available for the event. When the shortfall of funds was resolved, it was too late for the EDRS Directorate to follow normal Supply Chain Management procedures for the acquisition of goods and services and quotations were obtained.</p> <p>A deviation from tender procedures was therefore required for payment of service providers who provided goods and services that were not covered by annual contracts, that is, having considered the report of the EDRS Directorate and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>That the provisions of paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That authority be granted for the acquisition of goods and services for the Mayoral Cup Challenge Finals held on 15 May 2011 at the Gelvandale Stadium</p>
146	Freedom of the City to Dr NR Mandela and Freedom Day celebrations : 27 April 2011	R1 340 500,00	Various service providers	21 April 2011	<p>The Council during the latter part of 2010 resolved to honour Dr Mandela as a symbol of love through the sacrifices of undying commitment for the freedom and democracy our country has achieved. Following the above decision the Executive Mayor instructed that the bestowing of the Freedom of the City on behalf of the residents of the Nelson Mandela Bay Municipality should take place on 27 April 2011 as part of the Freedom Day Celebrations. A task team was</p>

				<p>formed and the necessary arrangements were made which culminated in:</p> <p>Bestowing of the Freedom of the City on 27 April 2011 between 09-00 and 11h00 at Vuyisile Mini Square.</p> <p>As part of the National Pride Celebrations, Freedom Day would be celebrated at NU1 Stadium, Motherwell immediately following bestowing of Freedom of the City.</p> <p>Quotations were received in respect of the Freedom of the City celebrations at the Vuyisile Mini Square together with Freedom Day Celebrations at NU 1 Stadium Motherwell.</p> <p>Based on the above, it was</p> <p>RESOLVED:</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:</p> <p>FREEDOM OF THE CITY – VUYISILE MINI SQUARE</p> <ul style="list-style-type: none"> -Stage, sound and daylight big screen (Event Hire Network) -Calligraphy Services, Preparation of Scroll and Framing (Sue Williams/Perspective Engravers) -Manufacturing and supply of Golden key in wooden kist and engraving (Perspective Engravers) -Catering for VIP's in holding room – 60 pax Allocation as per contract -Catering VIP lunch – Reception Room – 200 pax Allocation as per contract -Bottled water – 5 000 pax- Barkley Street Theatre -Décor, inclusive of crockery, cutlery , marquee tent and 2 000 chairs (Ansie) -Provision of granite plaque and engraving – Belvanjar Monumental Works
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147	Contract CSQ 080637 and Contract enquiry 2445: continued use of Business Connexion to provide web hosting, connectivity and management support		Business Connexion	18 May 2011	<p>There are two components necessary for the NMBM website to function:</p> <p>Hosting, bandwidth, infrastructure and management services. (CSQ 080637)</p> <p>Consultancy services and development (coding). (CE 2445)</p> <p>The above two components go hand in hand and are essential in maintaining this website which is a legislative requirement.</p> <p>During the course of the contract the growth of the websites increased the need for more bandwidth and additional agreements were signed. Such agreements all end at</p>

					<p>different times.</p> <p>After numerous discussions with Business Connexion by the Office of the Chief Operating Officer, it was agreed that all the contracts will be synchronised to end on one date.</p> <p>Having considered the report of the Chief Operating Officer and the reasons for the deviation as set out in the above motivation, it was</p> <p>RESOLVED:</p> <p>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, as follows:</p> <p>That Business Connexion be retrospectively appointed with effect from the date of expiry of their previous contracts.</p>
148	Procurement of goods and services for memorial lecture of Mr John Gomomo on 30 April 2011 and May day celebrations on 1 May 2011	R310 640 and R1 755 050 respectively	Various service providers	25 May 2011	<p>National Pride Days are commemorated annually by the Council as a platform to enhance participatory democracy by celebrating these historic dates with NMB's residents, communities and social partners.</p> <p>The Executive Mayor resolved that a memorial lecture be hosted on 30 April 2011 in honour of Mr John Gomomo followed by a civic reception at the Feather Market Centre and that a Mass Rally be held at Dan Qeqe Stadium on 1 May 2011 in respect of May Day Celebrations.</p> <p>Due to inadequate time to follow Supply Chain Management procedures, a deviation was applied for in order to pay for goods and services procured for these events at a cost of R310 640,00 in respect of the Memorial Lecture and Civic Reception on 30 April 2011 and R1 755 050,00 for the May Day Celebrations on 1 May 2011.</p> <p>Details of goods and services procured were set out in the report of the Director: Office of the Executive Mayor.</p> <p>RESOLVED:</p> <p>That the provisions of paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p>

					That payment of the service providers who provided goods and services for the memorial lecture and civic reception on 30 April 2011 and May Day Celebrations on 1 May 2011 amounting to R310 640 and R1 755 050 respectively, as detailed in the report by the Director: Office of the Executive Mayor, be authorised.
149	Contract SCM 328: further extension of existing contract: provision and maintenance of internet services		NetConnect	25 May 2011	<p>Tenders were called for but all the tenders were deemed non-responsive.</p> <p>The current maintenance contract awarded to NetConnect expired on 18 February 2011.</p> <p>The Adjudication Committee at its meeting held on 17 February 2011 recommended to the Acting Municipal Manager to authorise a deviation from tender procedures to appoint the current service provider on a month-to-month basis for a period of six months whilst fresh tenders were being invited.</p> <p>MM resolution No. 1799 dated 15 March 2011 granted the extension but for a period of three months only.</p> <p>The three month extension granted was until the end of May 2011. Due to the postponement/ cancellation of Bid Specification Committee meetings the process to re-tender was delayed. The new tender closed 5 May 2011 and tender documents still had to be processed by Supply Chain Management, evaluated and submitted to Bid Evaluation and Bid Adjudication Committees. These requirements did not allow for sufficient time to conclude the process by end of May 2011.</p> <p>It was therefore necessary to apply for a deviation to extend the existing contract for a further period of three months to ensure that service delivery would not be affected.</p> <p>Having considered the request of Corporate Services Directorate (MIS) and the reasons for the deviation set out in the above motivation, it was</p>

					<p>RESOLVED:</p> <p>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>That the existing contract with NetConnect be extended on a month to month basis for a further period not exceeding three (3) months, i.e. until 31 August 2011, on the same terms and conditions as the current contract.</p>
150	Procurement of goods and services under contract secured by another organ of state: VAT recovery review contract secured by Siyathemba Municipality		Maximum Profit Recovery (Pty) Limited	6 May 2011	<p>The NMBM is currently experiencing financial challenges. There is inadequate revenue collection and recovery of monies that are due to the municipality from various sources including SARS. Noting that currently there is no appointed service provider responsible for the review of VAT recovery that is due to the NMBM and in addition to the municipality's recovery plan as adopted by Council, the Acting Municipal Manager has identified the VAT recovery services as an intervention to a long term solution.</p> <p>The NMBM intends to improve its revenue collection and recover all monies that are due to it. The review of VAT Recovery shall mean the identification of overpayments and/or under deductions and/or undue assessment and/or undue penalties and interest of the NMBM viz a viz its suppliers or the South African Revenue Services. In order to expedite recovery of the said monies the Acting Municipal Manager has invoked the Section 32 of the Municipal Supply Chain Management Policy.</p> <p>Noting that Siyathemba Municipality has secured a contract through a competitive bidding process which complies with the provisions of Section 32(1)(a) to (d), the Acting Municipal Manager hereby resolved to utilise the services of Maximum Profit Recovery (Pty) Limited.</p> <p>RESOLVED:</p> <p>That subject of compliance with paragraph 32 (1)(a) to (d) of the Municipal Supply Chain Management Policy authority was granted to appoint Maximum Profit Recovery (Pty) Limited to conduct a VAT Review Recovery for the NMBM, based on the same contract that the service provider has with Siyathemba Municipality for a period of three (3) years at a contingency</p>

151	Contracts WM0003, WM0004 and WM0009 : tri-annual tender for the collection, transport and disposal of waste		Ntinga Ntaka Ndini Co-operative (Motherwell) Masiphuhle Cleansing Co-operative (Kuyga)	17 May 2011	<p>fee basis of 15%, excluding VAT</p> <p>In order to allow for sufficient time to finalise the processes for the award of a fresh tender, which also includes consultation with the community, Councillors, etc., an application for a deviation was submitted by the Public Health Directorate (Waste Management) for consideration.</p> <p>Having considered the report of Executive Director: Public Health and the motivation for the deviation, it was</p> <p>RESOLVED:</p> <p>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, as follows:</p> <p>That Ntinga Ntaka Ndini Co-operative (Motherwell) and Masiphuhle Cleansing Co-operative (Kuyga) be retrospectively appointed from 1 March 2011 on the same terms and conditions as per their previous contracts for the provision of services for the collection, transport and disposal of waste, on a month-to-month basis but not later than 30 September 2011.</p> <p>That the contracts with Missionvale and Kleinskool Cleansing Co-operative (Missionvale, Kleinskool and Kliprand) be extended from 30 June 2011 on the same terms and conditions as per their current contract for the provision of services for the collection, transport and disposal of waste, on a month to month basis but not later than 30 September 2011.</p>
152	SCM 311: design, supply, installation and maintenance of electronic traffic law enforcement equipment and related software: TCS (formerly known As Labat Traffic Solutions (Pty Ltd)		TCS (formerly known as Labat Traffic Solutions (Pty) Limited)	3 June 2011	<p>The Adjudication Committee has adjudicated the tenders received for the design, supply, installation and maintenance of electronic traffic law enforcement equipment and related software and awarded the contract at its meeting held on 30 May 2011.</p> <p>The current service provider TCS (formerly known as Labat Traffic Solutions (Pty) Limited) must continue to operate to allow the new service provider adequate time to install its equipment. The contract will then terminate site by site as the new equipment is installed.</p>

				<p>The Safety and Security Directorate applied for a deviation from tender procedures for a period not exceeding four months from 1 June 2011 to 30 September 2011 to allow for this process to ensue.</p> <p>RESOLVED:</p> <p>That the provisions of paragraph 19 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof.</p> <p>That TCS (formerly known as Labat Traffic Solutions (Pty) Limited) be re-appointed with effect from 1 June 2011 for a period not exceeding four months, i.e. from 1 June 2011 to 30 September 2011, on the same terms and conditions as the contract awarded to it in 2002, to allow the new service provider adequate time to establish new sites and equipment.</p> <p>The extension will be on a month-to-month basis and be suspended site by site as soon as the new service provider is ready to provide a service.</p>
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