

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2009

Name of Grants	Name of Organ of State	Quarterly Receipts					Total Funds Received	Quarterly Expenditure					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	Total Spent			
Financial Management Grant	NT	750,000	0	0	0	750,000	65,203	72,405	584,807	209,121	931,536	N / A	Yes	
National Electrification Programme	DME	0	26,790,000	4,000,000	0	30,790,000	87,681	8,815	14,158,069	4,417,362	28,803,372	N / A	Yes	
Municipal Infrastructure Grant	DPLG	16,164,000	69,923,000	45,858,000	1,447,000	133,392,000	38,107,192	57,979,344	46,759,423	38,275,189	181,121,148	N / A	Yes	
Effective Disaster Management	DPLG	0	0	0	0	0	212,608	1,247,919	254,218	477,518	2,192,263	N / A	Yes	
MSIG-Project Consolidate	DPLG	0	0	0	0	0	0	0	1,288,063	143,202	1,431,265	N / A	Yes	
World Cup Soccer (Construction of Stadium)	NT	88,800,000	29,600,000	195,000,000	194,526,051	507,926,051	204,153,260	265,483,940	24,645,983		494,283,183	N / A	Yes	

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		July-Sept	Oct-Dec	Jan- Mar	April-June	July-Sept		Oct-Dec	Jan- Mar	April-June	Total Spent			
World Cup Soccer (Transport or PTIF)	NT	76,371,000	152,742,000	0	113,897,051	343,010,051	15,188,490	27,795,075	27,719,871	108,240,085	178,943,521	N / A	Yes	
Neighbourhood Development Partnership Grant	NT			5,000,000		5,000,000				13,350,765	13,350,765	N / A	Yes	
Motherwell Urban Renewal Programme	DPLG	4,660,239	4,660,239	4,660,242	0	13,980,720	8,776	3,269,208	0	5,936,966	9,214,950	N / A	Yes	

MEETING OF DONORS' REQUIREMENTS IN RESPECT OF CONDITIONAL GRANTS

Compliance with donor requirements in respect of conditional grants is reflected below:

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	0
Current year receipts	155,608,172
Funding of Capital Projects	0
Conditions met – transferred to revenue	-155,608,172
Conditions still to be met – transferred to liabilities	0

2. Health Subsidies

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

Balance at beginning of year	0
Current year receipts	71,352,824
Funding of Capital Projects	0
Conditions met – transferred to revenue	-71,352,824
Conditions still to be met – transferred to liabilities	0

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
Current year receipts	382,444,090
Funding of Capital Projects	0
Conditions met – transferred to revenue	-382,444,090
Conditions still to be met – transferred to liabilities	0

4. Transportation Subsidies

This subsidy is used to subsidise the provision of roads in the metropolitan area.

Balance unspent at beginning of year	0
Current year receipts	0
Funding of Capital Projects	0
Conditions met – transferred to revenue	0
Conditions still to be met – transferred to liabilities	0

5. Finance Management Grant

This grant is used in the financial reform project under the guidance of National Treasury.

Balance unspent at beginning of year	1,375,119
Current year receipts	750,000
Funding of Capital Projects	0
Conditions met – transferred to revenue	-931,536
Conditions still to be met – transferred to liabilities	1,193,584

6. 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	708,320
Current year receipts	83,102
Funding of Capital Projects	0
Conditions met - transferred to revenue	0
Conditions still to be met - transferred to liabilities	791,422

7. SMME – Development

This Subsidy is used for the development of small businesses in the metropolitan area.

Balance unspent at beginning of year	192,500
Current year receipts	0
Funding of Capital Projects	0
Conditions met – transferred to revenue	0
Conditions still to be met – transferred to liabilities	192,500

8. 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	1,515,757
Current year receipts	0
Funding of Capital Projects	0
Conditions met – transferred to revenue	-1,431,265
Conditions still to be met – transferred to liabilities	84,492

9. Disaster Management Grant

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

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

b) This grant is used to provide aid to those in need following disasters in the metropolitan area.

Balance unspent at beginning of year	6,913,334
Current year receipts	0
Conditions met – transferred to revenue	-6,089,704
Funding of Capital Projects	-781,461
Conditions still to be met – transferred to liabilities	42,169

10. Municipal Infrastructure Grant

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

Balance unspent at beginning of year	134,417,478
Current year receipts	133,392,306
Funding of Capital Projects	-178,638,565
Conditions met – transferred to revenue	-2,482,583
Conditions still to be met – transferred to liabilities	86,688,637

11. Ploughing Fields

This Grant is used to promote Economic development.

Balance unspent at beginning of year	23,758
Current year receipts	2,787
Funding of Capital Projects	0
Conditions met – transferred to revenue	0
Conditions still to be met – transferred to liabilities	26,545

12. Project Generation (DEAET)

This grant is used to promote Economic development.

Balance unspent at beginning of year	6,290,271
Current year receipts	737,992
Funding of Capital Projects	0
Conditions met – transferred to revenue	0
Conditions still to be met – transferred to liabilities	7,028,262

13. Amphitheatre – Uitenhage – UDDI

This grant is used to promote economic development through the Uitenhage and Despatch Development Initiative.

Balance unspent at beginning of year	37,278
Current year receipts	4,374
Funding of Capital Projects	0
Conditions met – transferred to revenue	0
Conditions still to be met – transferred to liabilities	41,652

14. National Treasury – Accreditation of Municipalities

This grant is used for capacity building among employees in the Municipality's Housing and Land Directorate.

Balance unspent at beginning of year	6,761,735
Current year receipts	1,754,386
Funding of Capital Projects	0
Conditions met – transferred to revenue	-4,317,715
Conditions still to be met – transferred to liabilities	4,198,406

15. RSC Levies Replacement Grant

This grant is to compensate for loss of revenue due to the abolishment of RSC Levies

Balance unspent at beginning of year	0
Current year receipts	317,050,916
Funding of Capital Projects	0
Conditions met – transferred to revenue	-317,050,916
Conditions still to be met – transferred to liabilities	0

16. 2010 Soccer World Cup Stadium

This Grant is used to fund the building of the Nelson Mandela Bay Stadium.

Balance unspent at beginning of year	60,558,816
Current year receipts	507,926,051
Funding of Capital Projects	-494,283,183
Conditions met – transferred to revenue	-24,894,413
Conditions still to be met – transferred to liabilities	49,307,271

17. Walmer Youth Development Project

This grant is used for youth development.

Balance unspent at beginning of year	53,623
Current year receipts	0
Funding of Capital Projects	0
Conditions met – transferred to revenue	0
Conditions still to be met – transferred to liabilities	53,623

18. Youth Advisory Centre

This grant is used for youth development.

Balance unspent at beginning of year	126,324
Current year receipts	352
Funding of Capital Projects	0
Conditions met – transferred to revenue	-126,676
Conditions still to be met – transferred to liabilities	0

19. HIV/AIDS Columbia University Project

This grant is used for HIV / AIDS projects.

Balance unspent at beginning of year	0
Current year receipts	2,584,547
Conditions met – transferred to revenue	-2,584,547
Conditions still to be met – transferred to liabilities	0

20. Provincial Government Grants

This grant is received from the Provincial Government and used to subsidise Library Services and the Environmental Services Function.

Balance at beginning of year	0
Current year receipts	17,718,936
Funding of Capital Projects	0
Conditions met – transferred to revenue	-17,718,936
Conditions still to be met – transferred to liabilities	0

21. PTIF Soccer World Cup

This grant is received from National Treasury for the upgrading of infrastructure to support the Nelson Mandela Bay Stadium.

Balance unspent at beginning of year	154,098,228
Current year receipts	343,013,260
Funding of Capital expenditure	-178,943,521
Conditions still to be met – transferred to liabilities	<u>318,167,967</u>

22. DME Subsidy for Electricity Connections

This grant is used to fund electricity connections and application, also the upgrade of electricity infrastructure required for the installation of the electricity connections.

Balance unspent at beginning of year	3,990,023
Current year receipts	30,790,000
Funding of Capital projects	0
Funding of Capital projects	-28,803,372
Conditions still to be met – transferred to liabilities	<u>5,976,651</u>

23. European Union Sector Policy Support Project

This grant is received from the European Union to fund various authorised developmental projects.

Balance unspent at beginning of year	48,101,617
Current year receipts	9,688,263
Funding of Capital projects	-6,587,117
Conditions met – transferred to revenue	-13,027,129
Conditions still to be met – transferred to liabilities	<u>38,175,633</u>

24. Other Grants

These are grants received by the Municipality for various purposes.

Balance unspent at beginning of year	166,969,754
Current year receipts	53,277,334
National and Provincial Government Capex Funding	-72,210,596
Conditions met – transferred to revenue	-13,882,127
Conditions still to be met – transferred to liabilities	<u>134,154,365</u>

LONG-TERM CONTRACTS ENTERED INTO BY THE MUNICIPALITY

The Municipality entered into no long-term contracts during the review period.

ANNUAL PERFORMANCE AS PER KEY PERFORMANCE INDICATORS IN FINANCIAL VIABILITY

Refer to the table above on page 114.

Additional performance information is reflected in the table below.

	Indicator Name	Target set for the year (R000)	Achievement (R000)	Achievement %
1	Percentage of expenditure on capital budget	2 326 714 (95%)	2,439,295	99.6%
2	Salary budget as a percentage of the total operating budget	1 475 197 (34%)	1,280,871	29.5%
3	Total actual trade creditors as a percentage of total actual revenue	1 063 443 (20%)	916,045	17.2%
4	Total municipal own revenue as a percentage of the total actual budget	3 477 715 (80%)	3,331,009	76.6%
5	Rate of municipal debt reduction		64,108	4,9%
6	Percentage of MIG budget spent	155 638 (95%)	163,795	99,98%

ARREARS IN PROPERTY RATES AND SERVICE CHARGES

The arrears in property rates and services charges over the review period are reflected in the table below.

	Total Number	R(000)s Value
30 DAYS		30 DAYS
Electricity		16,073
Water		17,308
Sewerage		9,629
Refuse		3,571
General rates		13,428
General service charges		28
Sundry income		3,859
Total 30 days		63,896
60 DAYS		60 DAYS
Electricity		1,943
Water		9,559
Sewerage		4,211
Refuse		1,279
General rates		2,876
General service charges		3
Sundry income		1,785
Total 60 days		21,656
90 + DAYS		90 + DAYS
Electricity		65,658
Water		101,016
Sewerage		58,495
Refuse		42,061
General rates		146,360
General service charges		2,064
Sundry income		120,463
Total 90 + days		536,117
INTEREST		INTEREST
Electricity		34,074
Water		39,019
Sewerage		23,313
Refuse		18,901
General rates		41,062
General service charges		1,790
Sundry income		46,387
Total interest		204,546

PRESSURES FACING THE MUNICIPALITY'S BUDGET

- Global economic meltdown.
- Huge maintenance and service delivery backlogs.
- Decline in the Capital Replacement Reserve.
- Coega IDZ infrastructure requirements.

INTERGOVERNMENTAL CHALLENGES

- Unfunded mandates, especially around provincial road construction, low-income housing delivery, health and libraries.
- Non-gazetting of budgets by provincial departments.
- Escalating cost of electricity.
- Provincial debt.

In the year ahead (2009/10), the Municipality will focus on the following:

- Integrated political intervention to deal with the aforementioned intergovernmental challenges.
- Full identification and mobilisation of all resources at the disposal of the Municipality to promote service delivery.
- Review of credit control policies and revival of an integrated campaign for payment of municipal services.
- Campaign to register ATTP qualifying households.
- Institutional efficiencies.