

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits

The total liability in respect of post-retirement benefits amounts to R734.185 million as at 30 June 2009 (2008: R705.646 million). Provision for R734.185 million has been made (non-current R703.090 million, current R31.095 million). It is expected that approximately 4% 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		352.003	382.182	734.185		
Health care inflation	1%	426.452	415.109	841.561	15%	107.38
	-1%	293.109	353.022	646.131	-12%	-88.05
Post-retirement mortality	-1 yr	363.408	398.482	761.89	4%	27.71
Average retirement age	-1 yr	379.857	382.182	762.039	4%	27.85
Withdrawal Rate	-50%	381.496	382.182	763.678	4%	29.49

Post-retirement pension benefits

An actuarial valuation as at 30 June 2009 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 R21.034 million, of which R19.046 million relates to the non-current portion. It is expected that approximately 9% of the amount provided will be expensed per annum. This is dependent on the accuracy of the assumptions below.

Sensitivity analysis on the unfunded accrued liability (R)

Assumption and change	Test	Liability	% change	R change
Sensitivity Analysis on the Unfunded Accrued Liability				
Central Assumptions		21033819		
Inflation	+1%	21868128	4%	834309
	-1%	20246558	-4%	-787261
Post-retirement mortality	-1 yr	21640035	3%	606216
Sensitivity Analysis on the Interest Cost for the year ending 30/06/2009				
Central Assumptions		2071585		
Inflation	+1%	2154000	4%	82415
	-1%	1993634	-4%	-77951
Post-retirement mortality	-1 yr	2129117	3%	57532
Sensitivity Analysis on the Interest Cost for the year ending 30/06/2010				
Central Assumptions		1692181		
Inflation	+1%	1762631	4%	70450
	-1%	1625704	-4%	-66477
Post-retirement mortality	-1 yr	1743371	3%	51190

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

RETIREMENT BENEFIT INFORMATION

The Nelson Mandela Bay Municipality makes provision for post-retirement benefits to employees who belong to different pension schemes. These funds are governed by the Pension Funds Act, and include both defined benefit and defined contribution schemes. Contribution of R 114.095 million (R2008: R 103.786 million) to the defined benefit and defined contribution structures are expensed as incurred during the year under review.

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

Centenary Hall Promotions and Feather Market Promotions both contributes to the Old Mutual Orion Provident Fund, a Defined Contribution Plan. This fund has been registered and governed under the Pension Fund Act, 1956 as amended. Mandela Bay Development Agency contributes to the Liberty Corporate Selection Group Life Scheme, a Defined Contribution Plan which is required to be actuarially valued.

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

DEFINED BENEFIT SCHEMES

CAPE JOINT PENSION FUND

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

SALA PENSION FUND

The defined benefit scheme is a multi-employer plan, and the contribution rate payable is 26.67% (8.6% by the members and 18.07% by their councils). This defined benefit plan, is financially sound, and was 110% funded as at 30 June 2007.

DEFINED CONTRIBUTION SCHEMES

CAPE RETIREMENT FUND

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

SALA CONTRIBUTION FUND

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

SOUTH AFRICAN MUNICIPAL WORKERS UNION (SAMWU) NATIONAL PROVIDENT FUND

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

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

OLD MUTUAL ORION PROVIDENT FUND

Centenary Hall Promotions contributes to the Old Mutual Orion Provident Fund, a defined contribution plan. The fund has been registered and governed under the Pension Fund Act, 1956 as amended. Contributions in the amount of R18 040 were made in the current year.

Feather Market Promotions contributes to the Old Mutual Orion Provident Fund, a defined contribution plan. The fund has been registered and governed under the Pension Fund Act, 1956 as amended. Contributions in the amount of R82 375 were made in the current year.

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 its revenue i.e. they are not funded or paid from one of the Employer's formalised pension arrangements. Pensions increase annually each January at the same rate of increase targeted by the Cape Joint Pension Fund, which currently stands at 50% of CPI. The last actuarial valuation was performed at 30 June 2009. The next valuation is due by 30 June 2010.

Membership

	Female	Male	Total
Membership 30 June 2009	75	126	201

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

	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011	Year ending 30/06/2012
Opening Accrued Liability	19,213,148	21,033,819	20,737,938	20,361,015
Current-service Cost	-	0	0	
Interest Cost	2,071,585	1,692,181	1,664,926	
Benefit Payments	-1,890,406	-1,988,062	-2,041,848	
Actuarial Loss / (Gain)	1,639,493			
Closing Accrued Liability	21,033,819	20,737,938	20,361,015	

Analysis of accrued liability

Category	Total
Total Past Service liability	21033819
Value of assets	0
Unfunded liability / (asset)	21033819

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

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

Not applicable as there are no planned assets

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

Not applicable as there are no planned assets

Principal assumptions used as at the balance sheet date

Key financial assumptions	Value p.a.
Discount rate	8.44%
Future inflation rate	5.41%
Pension increase rate	2.71%
Net effective discount rate	5.59%
It was assumed that next salary increase will take place in January 2009	
Key demographic assumptions	Value
Mortality in Retirement	PA90 Ultimate - 1 year of age
Age of female spouse	4 years younger
Males proportion married	70%

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 8.44% per annum has been used. This rate does not reflect any adjustment for taxation.

Consumer Price Inflation: This assumption is not used explicitly, but is used to guide some of the other assumptions. The expected inflation assumption of 5.41% was obtained from the differential between index-linked bonds (2.40%) and nominal bonds (8.44%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50). Therefore determined as follows: $(8.44\% - 0.5\% - 2.40\%) / 1.0240$.

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): Information on pensioners' marital status was not available. A proportion of 70% of male pensioners were assumed to be married. An assumption for female pensioners was not necessary. Wives were assumed to be 4 years younger than their husbands.

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.

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

Sensitivity of valuation results to changes in main assumptions

Assumption and change	Test	Liability	% change
Sensitivity Analysis on the Unfunded Accrued Liability			
Central Assumptions		21033819	
Inflation	+1%	21868128	4%
	-1%	20246558	-4%
Post-retirement mortality	-1 yr	21640035	3%
Sensitivity Analysis on the Interest Cost for the year ending 30/06/2009			
Central Assumptions		2071585	
Inflation	+1%	2154000	4%
	-1%	1993634	-4%
Post-retirement mortality	-1 yr	2129117	3%
Sensitivity Analysis on the Interest Cost for the year ending 30/06/2010			
Central Assumptions		1692181	
Inflation	+1%	1762631	4%
	-1%	1625704	-4%
Post-retirement mortality	-1 yr	1743371	3%

Liabilities and experience adjustments for current and previous four annual periods

Not applicable as this is the first annual period

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 R2 580 per principal member. This maximum amount applies to the year beginning 1 July 2008. 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.

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

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	4262
Continuation (retiree and widow) members	1470
Total	5732

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

	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
Opening Accrued Liability	705,646	20,738	20,361
Current-service Cost	23,080	24,465	26,679
Interest Cost	75,027	65,082	70,269
Benefit Payments	-28,298	-31,095	-33,447
Total Annual Expense	69,810	58,452	63,501
Actuarial Loss / (Gain)	-41,271		
Closing Accrued Liability	734,185	792,637	856,139

Analysis of accrued liability (R millions)

Category of Members	30-06-2008	30-06-2009
In-service members	343.872	352.003
Continuation members	361.773	382.182
All members		
Total liability	705.646	734.185
Value of assets	0	0
Unfunded liability	705.646	734.185

Reconciliation of opening and closing plan assets fair values

Not applicable as there are no plan assets.

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

Reconciliation of accrued liability and that reflected in the balance sheet

Unfunded Accrued Liability	30/06/2009	30/06/2010
Opening Balance	705,645,715	734,185,460
Current-service Cost	23,080,429	24,464,721
Interest Cost	75,027,419	65,082,107
Expected Return on Plan Assets	0	0
Actuarial (Gain)/Loss	-41,270,566	0
Past-service Cost	0	0
Effect of Curtailment/Settlement	0	0
Expected Employer Benefit Payments	-28,297,536	-31,095,048
Employer Prefunding Contributions	0	0
Closing Balance	734,185,460	792,637,239
Projected Accrued Liability	775,456,027	792,637,239

Expense items recognised in Profit or Loss

Net Liability in Balance Sheet	30/06/2009	30/06/2010
Opening Balance	705,645,715	893,422,027
Current-service Cost	23,080,429	24,464,721
Interest Cost	75,027,419	65,082,107
Expected Return on Plan Assets	0	0
Transitional Liability Recognised	0	0
Actuarial (Gain)/loss Recognised in P&L	-2,981,000	0
Past-service Cost Recognised	0	0
Effect of Curtailment/Settlement	0	0
Net Periodic Cost Recognised in P&L	95,126,848	89,546,827
Expected Employer Benefit Payments	-28,297,536	-31,095,048
Employer Prefunding Contributions	0	0
Transitional Liability Recognised outside P&L	0	0
Actuarial (Gain)/Loss Recognised outside P&L	0	0
Closing Balance	772,475,027	951,873,806

Recognition in a Statement of Recognised Income and Expense

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

Not applicable as there are no plan assets

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

Principal assumptions used as at the balance sheet date

Key financial assumptions	Value p.a.		
Discount rate	9.05%		
Health care inflation rate	7.57%		
Net effective discount rate	1.38%		
It was assumed that next salary increase will take place in January 2009			
Key demographic assumptions	Value		
Average retirement age	62		
Continuation of membership at retirement	100%		
Proportion assumed married at retirement	90%		
Mortality during employment	SA85-90		
Mortality post-retirement	PA90-1 ultimate		
Withdrawal from service (sample annual rates)	Age	Females	Males
	20	24%	16%
	30	15%	10%
	40	6%	6%
	50	2%	2%
	Greater than 55	0%	0%

Discount Rate: IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 9.05% per annum has been used. This rate was deducted from the yield curve obtained from the Bond Exchange of South Africa after the market close on 18 June 2009. 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 7.56% has been assumed. This is 1.75% in excess of expected CPI inflation over the expected term of the liability, namely 5.81%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1,38% which derives from $(9.05\% - 7.56\%) / 1.756$.

The expected inflation assumption of 5.81% was obtained from the differential between index-linked bonds (2.59%) and nominal bonds (9.05%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50). Therefore determined as follows: $(9.05\% - 0.5\% - 2.59\%) / 1.0259$.

The next contribution increase was assumed to occur with effect from 1 January 2010.

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

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

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

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

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

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

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

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

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.

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

47. Information on Post Retirement Benefits (continued)

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		352.003	382.182	734.185	
Health care inflation	1%	426.452	415.109	841.561	15%
	-1%	293.109	353.022	646.131	-12%
Post-retirement mortality	-1 yr	363.408	398.482	761.89	4%
Average retirement age	-1 yr	379.857	382.182	762.039	4%
Withdrawal Rate	-50%	381.496	382.182	763.678	4%
Sensitivity Analysis on the Current-service and interest Costs for the year ending 30/06/2009					
Central Assumptions		23080400	75027419	98107819	
Health care inflation	1%	27894800	85976869	113871669	16%
	-1%	19260100	65987074	85247174	-13%
Post-retirement mortality	-1 yr	23830800	77992062	101822862	4%
Average retirement age	-1 yr	23957300	78361474	102318774	4%
Withdrawal Rate	-50%	25592600	79893594	105486194	8%
Sensitivity Analysis on the Current-service and interest Costs for the year ending 30/06/2010					
Central Assumptions		24464700	65082100	89546800	
Health care inflation	1%	30062600	74801900	104864500	17%
	-1%	20104800	57111400	77216200	-14%
Post-retirement mortality	-1 yr	25225600	67589900	92815500	4%
Average retirement age	-1 yr	25791700	67603400	93395100	4%
Withdrawal Rate	-50%	27457100	67751800	95208900	6%

Liabilities and experience adjustments for current and previous four annual periods

History of liabilities and assets (R millions)

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

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

	01-07-2002	01-07-2002	30-06-2007	30-06-2008	30-06-2009
(A) Plan liabilities	Unknown	Unknown	Unknown	-99.406	-59.916
(B) Plan assets	0	0	0	0	0

48. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION

Economic Entity

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carrying Value 1 July 2008						
Cost	349,559,800	4,935,677,709	1,558,258,168	66,246,563	567,908,317	7,477,650,557
Transfers/Adjustments	1,768,317,880	(44,288,526)	(1,021,763,981)		5,558,679	707,824,052
Disposal	-	(30,084,128)	(10,335,515)	(2,070,276)	(15,417,904)	(57,907,823)
Accumulated Depreciation	(47,034,832)	(1,563,393,748)	(157,074,914)		(220,433,573)	(1,987,937,067)
	2,070,842,848	3,297,911,307	369,083,758	64,176,287	337,615,519	6,139,629,719
Movement during year ended 30 June 2009						
Aquisition	2,360,000	-	-	1,224,044	76,901,987	80,486,031
Capital Under Construction	118,245,389	1,268,817,919	68,595,584	5,044,812	-	1,460,703,704
Adjustments	151,458,520	(35,466,978)	(97,578,007)	(4,198,419)	(22,377,897)	(8,162,781)
Depreciation - Current	(35,097,262)	(335,137,073)	-	-	(45,667,397)	(415,901,732)
Depreciation - Change in estimate			11,356,034	93,096	-	11,449,130
	236,966,647	898,213,868	(17,626,389)	2,163,533	8,856,693	1,128,574,352
Carrying Value of Disposals during year ended 30 June 2009						
Cost	(639,536)		(9,886,975)		(1,628,286)	(12,154,797)
Depreciation	484,520		3,801,737		330,118	4,616,375
	(155,016)	-	(6,085,238)	-	(1,298,168)	(7,538,422)
Carrying Values at 30 June 2009	2,307,654,479	4,196,125,175	345,372,131	66,339,820	345,174,044	7,260,665,649
Summary - Carrying Values at 30 June 2009						
Summary - Cost	2,452,337,049	6,096,357,189	429,093,914	66,339,820	596,133,163	9,640,261,135
Summary - 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

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

48. PROPERTY, PLANT AND EQUIPMENT RECONCILIATION (CONTINUED)**Municipality**

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Total
Carrying Value 1 July 2008						
Cost	349,559,800	4,935,677,709	1,558,258,168	66,246,563	567,908,317	7,477,650,557
Transfers/Adjustments	1,768,317,880	(44,288,526)	(1,021,763,981)		5,558,679	707,824,052
Disposal	-	(30,084,128)	(10,335,515)	(2,070,276)	(15,417,904)	(57,907,823)
Accumulated Depreciation	(47,034,832)	(1,563,393,748)	(157,074,914)		(220,433,573)	(1,987,937,067)
	2,070,842,848	3,297,911,307	369,083,758	64,176,287	337,615,519	6,139,629,719
Movement during year ended 30 June 2009						
Aquisition	2,360,000	-	-	1,224,044	76,901,987	80,486,031
Capital Under Construction	118,245,389	1,268,817,919	68,595,584	5,044,812	-	1,460,703,704
Adjustments	151,458,520	(35,466,978)	(97,578,007)	(4,198,419)	(23,456,973)	(9,241,857)
Depreciation - Current	(35,097,262)	(335,137,073)	-	-	(45,239,084)	(415,473,419)
Depreciation - Change in estimate			11,356,034	93,096	-	11,449,130
	236,966,647	898,213,868	(17,626,389)	2,163,533	8,205,930	1,127,923,589
Carrying Value of Disposals during year ended 30 June 2009						
Cost	(639,536)		(9,886,975)		(1,628,286)	(12,154,797)
Depreciation	484,520		3,801,737		330,118	4,616,375
	(155,016)	-	(6,085,238)	-	(1,298,168)	(7,538,422)
Carrying Values at 30 June 2009	2,307,654,479	4,196,125,175	345,372,131	66,339,820	344,523,281	7,260,014,886
Summary - Carrying Values at 30 June 2009						
Summary - Cost	2,452,337,049	6,096,357,189	429,093,914	66,339,820	595,054,087	9,639,182,059
Summary - 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

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

49. INTANGIBLE ASSETS RECONCILIATION

Economic Entity

Reconciliation of Carrying Value	Intangible Assets	Change in estimate	Total
Carrying Value 1 July 2008			
Cost	256,721,331	-	256,721,331
Transfers/Adjustments	6,162,986	-	6,162,986
Disposal	-	-	-
Accumulated Amortisation	(16,643,722)	-	(16,643,722)
	246,240,595	-	246,240,595
Movement during year ended 30 June 2009			
Aquisition	57,062,625	-	57,062,625
Adjustments	9,280,360	-	9,280,360
Amortisation	(30,326)	12,428,495	12,398,169
	66,312,659	12,428,495	78,741,154
Carrying Values at 30 June 2009	312,553,254	12,428,495	324,981,749
Summary - Carrying Values at 30 June 2009			
Summary - Cost	329,227,302	-	329,227,302
Summary - Accumulated Amortisation	(16,674,048)	12,428,495	(4,245,553)
	312,553,254	12,428,495	324,981,749

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

49. INTANGIBLE ASSETS RECONCILIATION (CONTINUED)

Municipality

Reconciliation of Carrying Value	Intangible Assets	Change in estimate	Total
Carrying Value 1 July 2008			
Cost	256,721,331	-	256,721,331
Transfers/Adjustments	6,162,986	-	6,162,986
Disposal	-	-	-
Accumulated Amortisation	(16,643,722)	-	(16,643,722)
	246,240,595	-	246,240,595
Movement during year ended 30 June 2009			
Aquisition	57,062,625	-	57,062,625
Adjustments	9,241,856	-	9,241,856
Amortisation	-	12,428,495	12,428,495
	66,304,481	12,428,495	78,732,976
Carrying Values at 30 June 2009	312,545,076	12,428,495	324,973,571
Summary - Carrying Values at 30 June 2009			
Summary - Cost	329,188,798	-	329,188,798
Summary - Accumulated Amortisation	(16,643,722)	12,428,495	(4,215,227)
	312,545,076	12,428,495	324,973,571

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

50. INVESTMENT PROPERTY RECONCILIATION

Economic Entity and Municipality

Reconciliation of Carrying Value	Land & Buildings	Change in estimate	Total
Carrying Value 1 July 2008	1,020,175,329	-	1,020,175,329
Movement during year ended 30 June 2009			
Aquisition	-	-	-
Capital Under Construction	838,618,591		838,618,591
Adjustments	-	-	-
Depreciation	-	6,927,614	6,927,614
	838,618,591	6,927,614	845,546,205
Carrying Values at 30 June 2009	1,858,793,920	6,927,614	1,865,721,534
Summary - Carrying Values at 30 June 2009			
Summary - Cost	1,858,793,920	-	1,858,793,920
Summary - Accumulated Depreciation	-	6,927,614	6,927,614
	1,858,793,920	6,927,614	1,865,721,534

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

51. FINANCIAL INSTRUMENTS

Financial instruments are classified into the following categories:

Financial assets: Loans and receivables

Financial liabilities: At amortised cost

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

Economic Entity	2009		
	Loans and receivables	Non financial assets	Total
	R	R	R
ASSETS			
Property, Plant and Equipment		7,260,666	7,260,666
Intangible Assets		324,982	324,982
Investment Property		1,865,722	1,865,722
Investments	14,308		14,308
Investment in Associate	795		795
Long-term Receivables	93,972		93,972
Inventory	131,228		131,228
Consumer debtors - Exchange Transactions	726,623		726,623
Consumer debtors - Non-exchange Transactions		140,839	140,839
Other Debtors	173,896		173,896
VAT	57,224		57,224
Current portion of long-term receivables	647		647
Short-term investment deposits	784,877		784,877
Bank balances and cash	141,424		141,424
	2,124,994	9,592,208	11,717,203

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

51. FINANCIAL INSTRUMENTS (CONTINUED)

2009

Economic Entity	Measured at	Non financial	Total
	amortised cost	liabilities	
LIABILITIES	R	R	R
Long-term Liabilities	394,988		394,988
Non-current Provisions		836,795	836,795
Consumer deposits	77,114		77,114
Current Provisions		43,607	43,607
Creditors	1,210,259		1,210,259
Unspent Conditional Grants and Receipts	688,599		688,599
VAT Suspense		120,850	120,850
Current Portion of Long-term Liabilities	58,671		58,671
	2,429,632	1,001,252	3,430,886
Net Assets		8,286,320	8,286,320
	-304,638	304,638	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

51. FINANCIAL INSTRUMENTS (CONTINUED)

Municipality

	2009			2008		
	Loans and receivables	Non financial assets	Total	Loans and receivables	Non financial assets	Total
	R	R	R	R	R	R
ASSETS						
Property, Plant and Equipment		7,260,015	7,260,015		6,139,630	6,139,630
Intangible Assets		324,974	324,974		246,241	246,241
Investment Property		1,865,722	1,865,722		1,020,175	1,020,175
Investments	14,308		14,308	20,043		20,043
Investment in Associate	20		20	20		20
Long-term Receivables	93,972		93,972	116,382		116,382
Inventory	131,228		131,228	89,182		89,182
Consumer debtors - Exchange Transactions	726,623		726,623	611,246		611,246
Consumer debtors - Non-exchange Transactions		140,839	140,839		127,996	127,996
Other Debtors	173,896		173,896	149,467		149,467
VAT	57,112		57,112	27,028		27,028
Current portion of long-term receivables	647		647	1,244		1,244
Short-term investment deposits	784,877		784,877	1,839,563		1,839,563
Bank balances and cash	95,383		95,383	67,514		67,514
	2,078,065	9,591,549	11,669,614	2,921,688	7,534,042	10,455,729

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

51. FINANCIAL INSTRUMENTS (CONTINUED)

Municipality	2009			2008		
	Measured at amortised cost	Non financial liabilities	Total	Measured at amortised cost	Non financial liabilities	Total
	R	R	R	R	R	R
LIABILITIES						
Long-term Liabilities	393,472		393,472	450,706		450,706
Non-current Provisions		836,795	836,795		818,816	818,816
Consumer deposits	77,114		77,114	88,730		88,730
Current Provisions		43,398	43,398		32,640	32,640
Creditors	1,207,942		1,207,942	1,128,712		1,128,712
Unspent Conditional Grants and Receipts	646,123		646,123	594,326		594,326
VAT Suspense		120,850	120,850		52,747	52,747
Current Portion of Long-term Liabilities	58,209		58,209	56,438		56,438
	2,382,859	1,001,043	3,383,902	2,318,913	904,203	3,223,115
Net Assets		8,285,713	8,285,713		7,232,616	7,232,616
	-304,792	304,792	0	602,775	-602,775	0

2009

Loans and receivables at amortised cost

Opening balance	2,921,688
<i>Net other movements</i>	-843,622
Closing balance	2,078,065

Financial liabilities at amortised cost

Opening balance	2,318,913
<i>Net other movements</i>	63,946
Closing balance	2,382,859